

GLOUCESTER CITY HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025
WITH
REPORT OF INDEPENDENT AUDITORS

GLOUCESTER CITY HOUSING AUTHORITY
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FOR THE YEAR ENDED JUNE 30, 2025

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Gloucester City Housing Authority:

Opinion

We have audited the accompanying financial statements of the Gloucester City Housing Authority (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension information and other post employment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of federal awards, findings and responses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statement of financial position data, statement of activities data, statement of cash flows data, computation of surplus cash and schedule of reserve for replacements, and the schedule of changes in fixed asset accounts ("Supplementary Data Required by HUD") is also presented for the purpose of additional analysis as required by the United States Department of Housing and Urban Development and also not a required part of the financial statements.

The schedule of federal awards, findings and responses and the Supplementary Data Required by HUD are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In our opinion, the schedule of federal awards, findings and responses and the Supplementary Data Required by HUD are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The certification of mortgagor and the management agent's certification have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

September 3, 2026
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A - Financial Highlights

- 1 – The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,032,533 (net position) as opposed to \$1,085,443 for the prior fiscal year.
- 2 – As of the close of the current fiscal year, the Authority's proprietary fund reported ending unrestricted net position of \$90,149.
- 3 – The Authority's cash and cash equivalents balance (including tenant security deposits) at June 30, 2025 was \$890,242, representing a decrease of \$37,359 from the prior fiscal year.
- 4 – The Authority had total operating revenues of \$1,014,601 and total operating expenses of \$1,067,511 for the year ended June 30, 2025.
- 5 – The Authority had capital outlays totaling \$64,802 for the fiscal year.
- 6 – The Authority's expenditures of federal awards amounted to \$531,235 for the fiscal year.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and Notes to Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

B – Using the Annual Report (continued)

2 – Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and deferred outflows and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The Statement of Cash Flows reports the cash flows from operating, investing, capital and related financing activities.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 9 through 12.

3 – Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found in this report after the financial statements.

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

C – The Authority as a Whole

The Authority's net position decreased during the fiscal year. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. The Authority's revenues were not sufficient to cover all expenses, including depreciation during the fiscal year.

A large portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

D – Budgetary Highlights

For the year ended June 30, 2025, an individual program budget was prepared by the Authority and was approved by the Board of Commissioners. The budget was prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the excess of expenses over revenues, the Authority's net position decreased during the fiscal year.

E – Capital Assets and Debt Administration

1 - Capital Assets

As of June 30, 2025, the Authority's net investment in capital assets for its proprietary fund was \$337,427 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress less related debt.

The Authority spent \$64,802 on capital assets during the year ended June 30, 2025.

Additional information on the Authority's capital assets can be found in Note 5 to the Financial Statements, which is included in this report.

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

F – Significant Changes from FYE June 30, 2024 to June 30, 2025

Cash and cash equivalents (including restricted cash) decreased by \$37,359 during the year ended June 30, 2025.

Capital assets, net decreased by \$61,963 due to depreciation expense of \$126,765 exceeding purchases of \$64,802 for the year.

HUD grants increased by \$11,043 due to an increase in Section 8 Housing Assistance Payments Program grant income during the year.

Other income decreased by \$176,041 due to insurance proceeds received in the prior year related to an apartment fire in FY2024.

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

G – Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2026.

- 1 – The state of the economy, particularly in light of current world affairs.
- 2 – The desire for Congress to reduce the national deficit through cutbacks to federal programs.
- 3 – The use of the Authority's unrestricted net position to fund any shortfalls arising from a possible economic downturn and reduced subsidies and grants. The Authority's unrestricted net position appears sufficient to cover any shortfall.

H – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Darryl Yorkman at PRD Management Inc. (856-485-1990) or to the Gloucester City Housing Authority, 587 Haddon Avenue, Collingswood, NJ 08108.

FINANCIAL STATEMENTS

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets:	
Cash and cash equivalents	\$ 246,270
Tenant security deposits	39,015
Accounts receivable, net	9,591
Prepaid assets	<u>102,779</u>
Total current assets	<u>397,655</u>
Non-current assets:	
Restricted cash	604,957
Capital assets, net	<u>337,427</u>
Total non-current assets	<u>942,384</u>
Total assets	<u><u>\$ 1,340,039</u></u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 142,275
Accrued expenses	124,943
Tenant security deposits	38,631
Prepaid rent	<u>1,657</u>
Total liabilities	<u>307,506</u>

NET POSITION

Net position:	
Net investment in capital assets	337,427
Restricted	604,957
Unrestricted	<u>90,149</u>
Total net position	<u>1,032,533</u>
Total liabilities and net position	<u><u>\$ 1,340,039</u></u>

See accompanying notes to financial statements.

**GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Operating revenues:	
Tenant revenue	\$ 483,366
HUD operating grants	<u>531,235</u>
Total operating revenues	<u>1,014,601</u>
Operating expenses:	
Administrative	392,695
Utilities	130,116
Ordinary repairs and maintenance	173,602
Taxes and insurance	244,333
Depreciation	<u>126,765</u>
Total operating expenses	<u>1,067,511</u>
Operating loss	<u>(52,910)</u>
Change in net position	(52,910)
Net position, beginning of year	<u>1,085,443</u>
Total net position, end of year	<u><u>\$ 1,032,533</u></u>

See accompanying notes to financial statements.

**GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 487,692
Cash received from grantors	531,366
Cash paid to employees	(304,592)
Cash paid to vendors and suppliers	<u>(687,023)</u>
Net cash provided by operating activities	<u>27,443</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	<u>(64,802)</u>
Net cash used in capital and related financing activities	<u>(64,802)</u>
Net decrease in cash, cash equivalents, and restricted cash	(37,359)
Cash, cash equivalents, and restricted cash, beginning of year	<u>927,601</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 890,242</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 246,270
Tenant security deposits	39,015
Restricted cash	<u>604,957</u>
Cash, cash equivalents, and restricted cash	<u><u>\$ 890,242</u></u>

See accompanying notes to financial statements.

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2025

Reconciliation of operating loss to net cash provided by
operating activities:

Operating loss	\$	(52,910)
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Adjustments to reconcile operating loss to net cash
provided by operating activities:

Depreciation		126,765
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Changes in operating assets, deferred outflows of resources,
liabilities, and deferred inflows of resources:

Accounts receivable, net		3,402
Prepaid expenses		(11,164)
Accounts payable		(135,567)
Accrued expenses		95,862
Tenant security deposits		861
Prepaid rent		<u>194</u>

Net cash provided by operating activities	\$	<u><u>27,443</u></u>
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GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Gloucester City Housing Authority (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Borough of Highlands (the "Borough"). The Authority is responsible for operating certain low-rent housing programs in the Borough under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous, but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

The Authority receives project based rental assistance from HUD for its ninety (90) unit senior high-rise and fifteen (15) single-family homes (the "Projects"). Pursuant to the terms and conditions of the Housing Assistance Payment ("HAP") contract, HUD agreed to make housing assistance payments monthly to the Projects, on behalf of each eligible tenant, in the amount equal to the difference between the amount specified in the HAP contract as the rental for the leased unit occupied by said tenant and that portion of such rental which is payable by the tenant in accordance with prescribed formulas, but which shall not exceed 30% of the tenant's adjusted gross income. HUD has notified the Projects that it has reserved its annual commitment for housing assistance payments under the HAP contract and the amount is based upon the initial schedule of approved contract rents. The terms of the HAP contract will provide for increases and decreases in contract rents and subsidies thereto subject to certain conditions.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB 14 and 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report does not include any component units.

D. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash, Cash Equivalents and Restricted Cash

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities.

The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit, or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements. For the Statement of Cash Flows, cash, cash equivalents and restricted cash include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

F. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, accounts receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

The Authority also recognizes a receivable from other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

G. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

H. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

•	Buildings	27.5 Years
•	Building Improvements	10-15 Years
•	Furniture and Equipment	3 -7 Years
•	Machinery	3 - 7 Years

The Authority has established a capitalization threshold of \$1,000.

J. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended June 30, 2025 there were no impairment losses incurred.

K. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

L. Prepaid Rent

The Authority recognizes a liability for prepaid rents, which consists of the prepayment of rent by residents applicable to future periods.

M. Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2025, rental revenue earned under the aforementioned leases totaled \$463,409.

O. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets".

P. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded in accordance with GASB 33 and are accounted for as revenue. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

Q. Taxes

The Authority is a unit of local government under the New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the City.

R. Economic Dependency

The Authority is economically dependent on subsidies from HUD. The Section 8 Project Based Rental Assistance program operates at a loss prior to receiving the grants.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Budgets and Budgetary Accounting

The Authority adopts an annual operating budget which is used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

Pursuant to N.J.S.A 40A:5A-10 and N.J.A.C. 5:31, the Authority is also required to submit an authority wide budget for each fiscal year to the Director of the Division of Local Government Services sixty (60) days prior to the end of the fiscal year.

T. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF").

The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the past three years.

NOTE 2. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

As of June 30, 2025, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the Authority's cash, cash equivalents and restricted cash was \$890,242, and the bank balances approximated \$895,193.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 246,270
Tenant security deposits	39,015
Restricted	<u>604,957</u>
Total cash and cash equivalents	<u>\$ 890,242</u>

Of the bank balances, \$461,194 was covered by federal depository insurance and the remaining \$433,999 was collateralized by GUDPA as of June 30, 2025.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of June 30, 2025, the Authority's bank balances were not exposed to custodial credit risk.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following at June 30, 2025:

<u>Description</u>	<u>Amount</u>
Accounts receivable - tenants, net	\$ <u><u>9,591</u></u>

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$3,500.

NOTE 4. RESTRICTED DEPOSITS

As of June 30, 2025, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Amount</u>
Reserve for replacements escrows	\$ 604,957
Tenant security deposits	<u>39,015</u>
Total restricted deposits	\$ <u><u>643,972</u></u>

Reserve for replacements escrows are required to be set aside for future project expenditures in accordance with the Authority's HAP contract.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the Authority, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the changes in capital assets for the year ended June 30, 2025:

Description	June 30, 2024	Additions	Dispositions	Transfers	June 30, 2025
<u>Non-depreciable:</u>					
Land	\$ <u>15,000</u>	\$ -	\$ -	\$ -	\$ <u>15,000</u>
<u>Depreciable:</u>					
Buildings and improvements	9,843,362	55,616	-	-	9,898,978
Furniture and equipment	<u>87,674</u>	<u>9,186</u>	<u>-</u>	<u>-</u>	<u>96,860</u>
Subtotal	<u>9,931,036</u>	<u>64,802</u>	<u>-</u>	<u>-</u>	<u>9,995,838</u>
Less: accumulated depreciation	<u>9,546,646</u>	<u>126,765</u>	<u>-</u>	<u>-</u>	<u>9,673,411</u>
Net capital assets	\$ <u><u>399,390</u></u>	\$ <u><u>(61,963)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>337,427</u></u>

Depreciation expense for the year ended June 30, 2025 amounted to \$126,765.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 6. ACCOUNTS PAYABLE

As of June 30, 2025, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts payable - vendors	\$ 116,717
Accounts payable - other governments	<u>25,558</u>
Total accounts payable	<u>\$ 142,275</u>

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - Other Governments

Accounts payable - other governments represents amounts due to the City of Gloucester for payments in lieu of taxes ("PILOT").

NOTE 7. PAYMENTS IN LIEU OF TAXES

Under Federal, State and Local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a PILOT for Authority owned properties in accordance with the provisions of its Tax Abatement Agreement with the City. Under the Tax Abatement Agreement, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the year ended June 30, 2025, the Authority incurred PILOT expense in the amount of \$46,328.

NOTE 8. MANAGEMENT AND BOOKKEEPING FEES

The Authority has engaged PRD Management, Inc. ("PRD") to provide management services for the Project. The fees for the services under the agreement are paid monthly in the original amount of \$70.13 per unit per month, to be increased annually by the operating cost adjustment factor published by HUD. For the year ended June 30, 2025, management fees totaled \$102,200.

PRD is also entitled to a bookkeeping fee chargeable to operations for all costs related to maintaining centralized or project-based accounting functions of the Project, including resident certifications, worksheets, monthly subsidy billings, and accounting reports required by the Project or government agencies. For the year ended June 30, 2025, bookkeeping fees totaled \$13,495.

NOTE 9. RETIREMENT PLAN

Starting January 1, 2019, the Authority adopted a safe harbor 401k Plan. The plan is funded by employees and the Authority matches 100% of employees up to 3% of employee contribution, then 50% match up to 5% contribution of employees' gross wages. Under both plans, the employees of the Authority direct their investments. The cost to the Authority for the employer's matching contribution for the year ended June 30, 2025 was \$4,648.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2025

NOTE 10. RESTRICTED NET POSITION

As of June 30, 2025, restricted net position consisted of reserve for replacements escrows in the amount of \$604,957 which are required to be set aside for future project expenditures in accordance with the Authority's HAP contract.

NOTE 11. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of June 30, 2025, the Authority estimates that no material liabilities will result from such audits.

NOTE 12. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through September 3, 2026 (the date the financial statements were available to be issued) 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.

**INDEPENDENT AUDITORS' 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 Board of Commissioners
Gloucester City Housing Authority:

We have audited, in accordance with the 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Gloucester City Housing Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 3, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of federal awards, findings, and responses as item 2025-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose 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 the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

September 3, 2026
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**GLOUCESTER CITY HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS, FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

I. Federal Awards

For the year ended June 30, 2025, the Authority received federal funding under the following programs:

<u>Federal Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>Pass- through Identifying Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	N/A	\$ <u>531,235</u>
Total Expenditures of Federal Awards			\$ <u><u>531,235</u></u>

II. Financial Statement Findings

Finding 2025-001

Criteria: The Authority's approved Procurement Policy requires that procurement by non-competitive proposals (sole-source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, competitive purchasing, or competitive proposals, and if one of the following applies:

1. The item is available only from a single source, based on a good faith review of available sources;
2. Direct from the manufacturer;
3. Public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
4. HUD/State authorizes the use of non-competitive proposals; or
5. After solicitation of a number of sources, competition is determined inadequate.

In addition, the Authority must maintain records sufficient to detail the history of procurement. These records should include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract price. The Authority has adopted a procurement policy that requires the Authority to meet certain conditions in order to use their sole-source procurement. The Authority must also obtain approval from the board of commissioners prior to entering into contract.

Condition: Based upon review of the Authority's vendor history report, there was one (1) vendor who was contracted utilizing a non competitive (sole source) process in violation of the Authority's approved Procurement Policy.

Context: As part of the vendor history report review, we selected a sample of vendors that were paid in excess of the Authority's procurement threshold of \$5,000 during the audit period. Based on the Authority's vendor history report, there were twenty nine (29) vendors paid in excess of the Authority's procurement threshold during the audit period. Of a sample size of three (3) vendors, one (1) vendor was engaged without a competitive process.

GLOUCESTER CITY HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS, FINDINGS AND RESPONSES (continued)
FOR THE YEAR ENDED JUNE 30, 2025

II. Financial Statement Findings (continued)

Finding 2025-001 (continued)

Cause: The Authority was not in compliance with their Procurement Policy which was approved by the Board of Commissioners.

Effect: The Authority's non-compliance with their Procurement Policy resulted in a significant deficiency in internal controls that precluded other potential bidders from qualifying for the award and thus potentially providing a better price and service to the Authority.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Authority's Procurement Policy.

Authority's Response: Management agrees with the Auditors' finding and will implement the required safeguards to ensure that the Authority follows its approved Procurement Policy to remedy the aforementioned deficiencies.

III. Schedule of Prior Year Audit Findings

There were no findings or questioned costs in the prior year.

SUPPLEMENTARY DATA REQUIRED BY HUD

**GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF FINANCIAL POSITION DATA
JUNE 30, 2025**

Account
Number

ASSETS

CURRENT ASSETS

1120	Cash	\$ 246,270
1130	Tenant accounts receivable	9,591
1200	Prepaid expenses	<u>102,779</u>
1100T	Total current assets	<u>358,640</u>
1191	Tenant deposits held in trust	<u>39,015</u>

RESTRICTED DEPOSITS

1320	Replacement reserve	<u>604,957</u>
1300T	Total deposits	<u>604,957</u>

PROPERTY AND EQUIPMENT

1410	Land	15,000
1420	Building	9,898,978
1440	Building equipment (portable)	<u>96,860</u>
1400T	Total fixed assets	10,010,838
1495	Accumulated depreciation	<u>(9,673,411)</u>
1400N	Net fixed assets	<u>337,427</u>
1000T	Total assets	<u>\$ 1,340,039</u>

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF FINANCIAL POSITION DATA (continued)
JUNE 30, 2025

Account
Number

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

2110	Accounts payable - operations	\$ 116,717
2150	Accrued property taxes	25,558
2190	Miscellaneous current liabilities	124,943
2210	Prepaid revenue	<u>1,657</u>
2122T	Total current liabilities	<u>268,875</u>
2191	Tenant deposits held in trust	<u>38,631</u>
2000T	Total liabilities	<u>307,506</u>

NET ASSETS

3131	Net assets without donor restrictions	<u>1,032,533</u>
3130	Total net assets	<u>1,032,533</u>
2033T	Total liabilities and net assets	<u><u>\$ 1,340,039</u></u>

**GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF ACTIVITIES DATA
FOR THE YEAR ENDED JUNE 30, 2025**

Account
Number

REVENUES

5120	Rent revenue - gross potential	\$ 498,367
5121	Tenant assistance payments	<u>531,366</u>
5100T	Total rent revenue	<u>1,029,733</u>
5220	Vacancies - apartments	<u>35,089</u>
5200T	Total vacancies	<u>35,089</u>
5152N	Net rental revenue	<u>994,644</u>
5910	Laundry and vending revenue	7,335
5990	Miscellaneous	<u>12,622</u>
5900T	Total other revenue	<u>19,957</u>
5000T	Total revenue	<u>1,014,601</u>

EXPENSES

6210	Advertising and marketing	362
6310	Office salaries	97,819
6311	Office expenses	25,398
6320	Management fee	102,200
6330	Manager or superintendent salaries	73,126
6340	Legal expense - project	18,617
6350	Audit expense	14,191
6351	Bookkeeping fee / accounting services	13,495
6390	Miscellaneous administrative expenses	<u>47,487</u>
6263T	Total administrative expenses	<u>392,695</u>

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF ACTIVITIES DATA (continued)
FOR THE YEAR ENDED JUNE 30, 2025

Account
Number

EXPENSES (continued)

6450	Electricity	\$ 3,670
6451	Water	35,746
6452	Gas	7,239
6453	Sewer	<u>83,461</u>
6400T	Total utilities expense	<u>130,116</u>
6510	Payroll	51,962
6515	Supplies	13,337
6520	Contracts	39,489
6525	Garbage and trash	7,770
6548	Snow removal	100
6570	Vehicle and maintenance equipment	2,381
6590	Miscellaneous operating and maintenance	<u>58,563</u>
6500T	Total operating and maintenance expenses	<u>173,602</u>
6710	Real estate taxes	46,328
6711	Payroll taxes	21,357
6720	Property and liability insurance	145,191
6722	Workmen's compensation	1,260
6723	Health insurance and other benefits	<u>30,197</u>
6700T	Total taxes and insurance	<u>244,333</u>
6000T	Total cost of operations before depreciation	<u>940,746</u>
5060T	Profit before depreciation	73,855
6600	Depreciation expense	<u>126,765</u>
5060N	Operating loss	<u>(52,910)</u>
3247	Change in net assets without donor restrictions	<u>(52,910)</u>
3250	Change in total net assets from operations	<u>\$ (52,910)</u>

**GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF ACTIVITIES DATA (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Account Number</u>		
S1000-010	Total loan principal payments required during the year.	\$ <u><u>-</u></u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement.	\$ <u><u>53,540</u></u>
S1000-030	Replacement reserve or residual receipts releases, which are included as expense items on this profit and loss statement.	\$ <u><u>-</u></u>
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	\$ <u><u>-</u></u>
S1100-060	Previous year net assets without donor restrictions	\$ 1,085,443
3247	Change in net assets without donor restrictions	<u>(52,910)</u>
3131	Net assets without donor restrictions	\$ <u><u>1,032,533</u></u>
S1100-050	Previous year total net assets	\$ 1,085,443
3250	Change in total net assets from operations	<u>(52,910)</u>
3130	Total net assets	\$ <u><u>1,032,533</u></u>

**GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS DATA
FOR THE YEAR ENDED JUNE 30, 2025**

Account
Number

Cash flows from operating activities:

S1200-010	Rental receipts	\$ 1,017,820
S1200-040	Total receipts	<u>1,017,820</u>
S1200-050	Administrative	(138,830)
S1200-070	Management fees	(102,200)
S1200-090	Utilities	(130,116)
S1200-100	Salaries and wages	(304,592)
S1200-110	Operating and maintenance	(121,640)
S1200-120	Real estate taxes	(43,080)
S1200-140	Property insurance	<u>(151,157)</u>
S1200-230	Total disbursements	<u>(991,615)</u>
S1200-240	Net cash provided by operating activities	<u>26,205</u>

Cash flows from investing activities:

S1200-250	Net withdrawals from the reserve for replacements	7,405
S1200-330	Purchases of property and equipment	<u>(64,802)</u>
S1200-350T	Net cash used in investing activities	<u>(57,397)</u>

S1200-470	Net decrease in cash and cash equivalents	(31,192)
S1200-480	Cash - beginning of period	<u>277,462</u>
S1200T	Cash - end of period	<u>\$ 246,270</u>

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS DATA (continued)
FOR THE YEAR ENDED JUNE 30, 2025

Account
Number

Reconciliation of change in net assets to net cash
provided by operating activities:

3250	Change in net assets	\$ (52,910)
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Adjustments used to reconcile the change in net assets
to net cash provided by operating activities:

6600	Depreciation expense	126,765
S1200-500	Account receivable	3,402
S1200-520	Prepaid expenses	(11,164)
S1200-530	Tenant security deposits	(1,238)
S1200-540	Accounts payable	(135,567)
S1200-560	Accrued expenses	95,862
S1200-580	Increase in tenant security deposits held in trust	861
S1200-590	Deferred rent	<u>194</u>
S1200-610	Net cash provided by operating activities	<u>\$ 26,205</u>

**GLOUCESTER CITY HOUSING AUTHORITY
COMPUTATION OF SURPLUS (DEFICIT) CASH AND
SCHEDULE OF RESERVES FOR REPLACEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Computation of Surplus (Deficit) Cash

S1300-010	Cash and other specified assets	\$ <u>285,285</u>
S1300-040	Total cash	<u>285,285</u>
	Current obligations:	
S1300-075	Accounts payable due within 30 days	116,717
S1300-100	Accrued expenses	124,943
2210	Prepaid revenue	1,657
2191	Tenant security deposits	38,631
S1300-110	Other current obligations	<u>25,558</u>
S1300-140	Total current obligations	<u>307,506</u>
S1300-210	Surplus (deficit) cash	\$ <u><u>(22,221)</u></u>

Schedule of Reserves for Replacements

1320P	Balance at the beginning of year	\$ 612,362
1320DT	Total monthly deposits	53,540
	Other deposits	50,000
1320WT	Approved withdrawals	<u>(110,945)</u>
1320	Balance at end of year	\$ <u><u>604,957</u></u>
1320R	Deposits Suspended or Waived Indicator	<u><u>No</u></u>

GLOUCESTER CITY HOUSING AUTHORITY
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Building	9,843,362	55,616	-	9,898,978
Furnishings	<u>87,674</u>	<u>9,186</u>	<u>-</u>	<u>96,860</u>
Total	9,946,036	64,802	-	10,010,838
Accumulated depreciation	<u>9,546,646</u>	<u>126,765</u>	<u>-</u>	<u>9,673,411</u>
Net book value	\$ <u><u>399,390</u></u>	\$ <u><u>(61,963)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>337,427</u></u>

See Report of Independent Auditors.

**GLOUCESTER CITY HOUSING AUTHORITY
CERTIFICATION OF MORTGAGOR
FOR THE YEAR ENDED JUNE 30, 2025**

I hereby certify that I have examined the accompanying financial statements and supplementary information of the Gloucester City Housing Authority and, to the best of my knowledge and belief, the same are accurate and complete.

Gloucester City Housing Authority



Signature

Date



Signature

2026 / 09 / 03

Date

Name of Signatory 1

Title of Certifying Official 1

Name of Signatory 2

Title of Certifying Official 2

Auditee Telephone Number

Darryl Yorkman

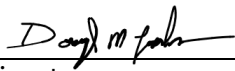
Controller

856-485-1990

**GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT AGENT'S CERTIFICATION
FOR THE YEAR ENDED JUNE 30, 2025**

I hereby certify that I have examined the accompanying financial statements and supplementary information of the Gloucester City Housing Authority and, to the best of my knowledge and belief, the same are accurate and complete.

PRD Management Inc.



Signature

2026 / 09 / 03
Date

Name of Signatory Darryl Yorkman

Managing Agent Tax Identification Number 22-2158031

Name of Property Manager Lisa Warner