

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2024 AND 2023**



**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**

**Table of Contents**

	Page Number
Independent Auditor's Report	1
Basic Financial Statements	
Balance Sheets	4
Statements of Operations	5
Statements of Changes in Partners' Capital (Deficit)	6
Statements of Cash Flows	7
Notes to Financial Statements	9
Supplementary Information	
Schedule A – Receivables Other Than From Tenants	20
Schedule B – Accounts Payable and Accrued Liabilities	20
Schedule C – Loans, Notes or Mortgage Notes Payable	20
Schedule D – Changes in Reserve Balances	21
Schedule E – Changes in Property and Equipment Accounts	22
Schedule F – Other Income	23
Schedule G – Administrative Expenses	23
Schedule H – Salaries and Related Charges (contracted)	24
Schedule I – Maintenance and Repairs	24
Schedule J – Maintenance Contracts	25
Schedule K - Utilities	25
Schedule L – Computation of Management Agent Fee	25
Schedule M – Computation of Payment in Lieu of Taxes (PILOT)	26
Schedule N – Available Cash Flow Schedule	27
Schedule O – Cumulative Return on Equity	28
Schedule P – Related Party Transactions	29
Schedule Q – Schedules of Operations – Regulatory Basis	30
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	31
Schedule of Findings	33
Schedule of Prior Year Findings as Prepared by Management	34
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	35

## **INDEPENDENT AUDITOR'S REPORT**

To the Partners of  
Colonial Park, L.P.

### **Report on Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Colonial Park, L.P., (a New Jersey limited partnership), NJHMFA Project No. 2659, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in partners' capital (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colonial Park, L.P. as of December 31, 2024 and 2023, the results of its operations, the changes in partners' capital (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colonial Park, L.P. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Colonial Park, L.P.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's 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 auditor's 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 generally accepted auditing standards and Government Auditing Standards 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Colonial Park, L.P.'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 Colonial Park, L.P.'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules required by the New Jersey Housing and Mortgage Finance Agency, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate 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 audits 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 supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole, except for Schedule Q, which has been presented in accordance with accounting principles prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of Colonial Park, L.P.'s internal control over financial reporting and 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 Colonial Park, L.P.'s internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
March 27, 2025

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Balance Sheets**  
**As of December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current assets		
Cash - operating	\$ 1,304,582	\$ 1,679,656
Tenant accounts receivable - current tenants (net of allowance for doubtful accounts of \$5,378 in 2024 and \$0 in 2023)	19,161	10,978
Accounts receivable - HUD	194,609	1,200
Miscellaneous receivables	25,167	27,881
Prepaid expenses	84,229	78,503
Other assets	13,561	13,561
Total current assets	1,641,309	1,811,779
Tenant security deposits	79,101	76,343
Restricted deposits and funded reserves	2,653,328	2,424,550
Property and equipment, net of accumulated depreciation	16,754,125	17,307,704
Right-of-use asset - operating lease	1,402,913	1,450,490
Total assets	<b>\$ 22,530,776</b>	<b>\$ 23,070,866</b>
 <b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Current liabilities		
Accounts payable	\$ 190,065	\$ 200,298
Accrued liabilities	25,736	19,311
Prepaid rents	12,262	13,403
Accrued real estate taxes (PILOT)	20,018	6,933
Due to Housing Authority of Gloucester County	156,238	126,404
Current portion of long-term debt	100,337	95,454
Current portion of lease liability - operating lease	62,427	55,000
Unclaimed funds	1,179	783
Deferred development fee	-	482,306
Total current liabilities	568,262	999,892
Deposits liability		
Tenant security deposits payable	79,101	76,343
Long-term liabilities		
Lease liability - operating lease, net of current portion	1,333,218	1,395,645
Mortgages payable	13,480,525	13,549,383
Deferred development fee, net of current portion	545,364	545,364
Ground lease payable	1,690,850	1,464,550
Accrued interest payable	4,070,578	3,778,227
Total long-term liabilities	21,120,535	20,733,169
Total liabilities	21,767,898	21,809,404
Partners' capital (deficit)		
Partners' capital (deficit)	(1,547,577)	(818,520)
Repairs and replacement reserve	2,310,455	2,079,982
Total partners' capital	762,878	1,261,462
	<b>\$ 22,530,776</b>	<b>\$ 23,070,866</b>

The accompanying notes are an integral part of the financial statements.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Statements of Operations**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Revenue		
Gross potential rent	\$ 3,080,262	\$ 2,952,262
Less vacancy loss and collection losses	64,748	139,344
	<u>3,015,514</u>	<u>2,812,918</u>
Net rental income	3,015,514	2,812,918
Other income	78,636	37,467
	<u>3,094,150</u>	<u>2,850,385</u>
Expenses		
Administrative expenses	82,815	76,853
Salaries & related charges (contracted)	1,326,375	1,086,695
Tenant services	-	3,954
Maintenance contracts	140,405	112,854
Maintenance and repairs	183,489	158,881
Management fee	170,560	166,120
Payment in lieu of taxes	13,085	12,268
Property and liability insurance	212,146	198,478
Utilities	256,786	241,380
	<u>2,385,661</u>	<u>2,057,483</u>
Income from operations before interest, depreciation, and fees and changes	<u>708,489</u>	<u>792,902</u>
Interest and other		
Insurance recovery	110,378	-
Interest on mortgages and lease	(637,368)	(629,795)
	<u>(526,990)</u>	<u>(629,795)</u>
Income from operations before depreciation and fees and changes	181,499	163,107
Depreciation expense (equal to mortgage principal amortization)	<u>(95,454)</u>	<u>(90,838)</u>
Income (loss) from operations before excess depreciation and fees and charges	86,045	72,269
Depreciation expense (in excess of mortgage principal)	(566,455)	(563,436)
Fees and charges (NJHMFA)	<u>(18,174)</u>	<u>(18,174)</u>
Net loss	<u>\$ (498,584)</u>	<u>\$ (509,341)</u>

The accompanying notes are an integral part of the financial statements.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Statements of Changes in Partners' Capital (Deficit)**  
**Years Ended December 31, 2024 and 2023**

	<u>Total</u>	<u>General Partner</u>	<u>Limited Partner</u>	<u>Repair and Replacement Reserve</u>
Balance December 31, 2022	\$ 1,770,803	\$ 92,309	\$ (216,668)	\$ 1,895,162
Capital contributions	-	-	-	-
Net loss	<u>(509,341)</u>	<u>(69)</u>	<u>(694,092)</u>	<u>184,820</u>
Balance December 31, 2023	1,261,462	92,240	(910,760)	2,079,982
Capital contributions	-	-	-	-
Net loss	<u>(498,584)</u>	<u>(73)</u>	<u>(728,984)</u>	<u>230,473</u>
Balance December 31, 2024	<u>\$ 762,878</u>	<u>\$ 92,167</u>	<u>\$ (1,639,744)</u>	<u>\$ 2,310,455</u>

The accompanying notes are an integral part of the financial statements.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities		
Rental receipts	\$ 2,815,539	\$ 2,810,950
Other receipts	182,048	146,169
Total receipts	2,997,587	2,957,119
Administrative expenses	58,632	5,196
Salaries & related charges (contracted)	1,292,587	995,193
Maintenance contracts	140,404	112,853
Maintenance and repairs	111,988	35,053
Management fee	170,560	166,120
Payment in lieu of taxes	-	12,268
Property and liability insurance	212,146	198,478
Utilities	253,306	235,375
Interest	197,238	201,855
Fees and charges	18,174	18,174
Deferred development fee paid	482,306	37,475
Total disbursements	2,937,341	2,018,040
Net cash provided by operating activities	60,246	939,079
Cash flows from investing activities		
Purchase of property and equipment	(108,330)	(162,229)
Cash flows from financing activities		
Principal payments on note payable, secured by mortgage	(95,454)	(90,838)
Net increase (decrease) in cash	(143,538)	686,012
Cash, beginning	4,180,549	3,494,537
Cash, ending	\$ 4,037,011	\$ 4,180,549
Reconciliation of cash, security deposits, and restricted deposits and funded reserves within the balance sheet that sum to the total of the same amounts shown in the statement of cash flows:		
Cash - operating	\$ 1,304,582	\$ 1,679,656
Tenant security deposits	79,101	76,343
Restricted deposits and funded reserves	2,653,328	2,424,550
	\$ 4,037,011	\$ 4,180,549

**(Continued)**

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities		
Net loss	\$ (498,584)	\$ (509,341)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	661,909	654,274
Amortization of the right-of-use assets - operating leases	47,577	45,441
Amortization	31,479	32,221
Accrued ground lease payable	226,300	208,350
Accrued interest payable	292,351	292,369
Provision for bad debt	5,378	(66,292)
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable - tenants	(13,561)	64,883
Accounts receivable - HUD	(193,409)	(1,042)
Miscellaneous receivables	2,714	121,262
Prepaid expenses	(5,726)	(12,560)
Increase (decrease) in		
Accounts payable	(10,233)	108,994
Accrued liabilities	6,425	(6,597)
Accrued real estate taxes (PILOT)	13,085	-
Prepaid rents	(1,141)	(2,134)
Lease liability - operating lease	(55,000)	(47,863)
Due to Housing Authority of Gloucester County	29,834	91,502
Deferred development fee	(482,306)	(37,475)
Unclaimed funds	396	470
Tenant security deposits	2,758	2,617
	<u>\$ 60,246</u>	<u>\$ 939,079</u>
Net cash provided by operating activities		
	<u>\$ 60,246</u>	<u>\$ 939,079</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 197,239	\$ 201,885
	<u>\$ 197,239</u>	<u>\$ 201,885</u>

The accompanying notes are an integral part of the financial statements.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements**

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**Note 1: ORGANIZATION**

Colonial Park, L.P. (the Partnership) was formed as a limited partnership under the laws of the State of New Jersey on December 29, 2011. The purpose of the Partnership includes, but not limited to, rehabilitating and operating an affordable housing project consisting of 199 rental units for senior citizens and disabled families. The Partnership utilizes 1 rental unit for a superintendent. The property is located in Woodbury, New Jersey. The building which houses an apartment complex was purchased in February 2011 and renovation activities commenced at that time. Renovations were completed December 12, 2013. By agreement, the Partnership is to be terminated by December 31, 2070.

Rents are subsidized by the United States Department of Housing and Urban Development (HUD) under Section 8 Contract #NJ160029002, dated May 20, 2011, and effective for a period of 20 years. This contract was a renewal of the contract which was previously between Seniors Housing Development Corporation of Gloucester County ("SHDC") and HUD originally dated September 21, 1979, and effective May 20, 1981.

Substantially all of the assets of the partnership are encumbered by mortgages. The mortgages are nonrecourse to the partnership and the partners.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

Concentration of Credit Risk

Financial instruments that potentially subject the Partnership to concentration of credit risk are cash and restricted reserve deposits. The Partnership deposits its cash with high credit, quality financial institutions. At various times during the fiscal year, the Partnership's cash in bank balances exceeded the Federally insured limits. At December 31, 2024 and 2023, the Partnership's uninsured cash balances totaled \$1,134,267 and \$1,513,735, respectively.

Accounts Receivable and Bad Debts

Accounts receivable are stated at the amount the Partnership expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

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Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Rental Property and Equipment

Property and equipment are recorded at cost. Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of one year. Assets with net book balances of less than the capitalization threshold were written off. Depreciation is provided using primarily the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

The Partnership reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if both (a) the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets and (b) the carrying amount exceeds its fair value. If both criteria are met, then the recorded amounts of the assets will be reduced to their fair value.

For tax purposes, accelerated methods are used to depreciate the land improvements, building, and equipment over shorter useful lives.

The Partnership does not own the land on which the building is situated, but rents the land from the previous owner of the building. (See Note 7.) Rental property is recorded at cost. Rental property is depreciated over the respective assets' estimated useful lives using the straight-line method for financial reporting purposes.

Leases

The Partnership determines if a contract is a leasing arrangement and the classification of that lease, if applicable, at inception. Operating lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. For operating leases, the Partnership uses the risk-free rate of return. The Partnership recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

The Partnership has a 50-year ground lease with SHDC. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space.

Rental Property

Debt Issuance Costs

The Partnership presents debt issuance costs as a reduction of the carrying amount of the debt. Amortization of the debt issuance costs is reported as interest expense in the statements of operations.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

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Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition

The Partnership's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The Partnership records revenue for such leases at gross potential rent as prescribed by New Jersey Housing Mortgage Finance Agency (NJHMFA). Under the Operating Agreement, the Partnership may not increase rents charged to tenants without prior NJHMFA approval. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated subsidy and the contract rent is paid by HUD. The current contract expires on May 21, 2031. For the years ended December 31, 2024 and 2023, subsidy revenue of \$2,125,432 and \$2,075,884, respectively, was included in rental income. These totals represent 70% and 74% of net rental income for the years ended December 31, 2024 and 2023, respectively.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Partnership believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams involving tenants which are subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, and damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Income Taxes

The entity is recognized as a partnership for federal and state purposes. No provision for income taxes is presented in the accompanying financial statements since taxable income or loss is reported by the partners on their individual income tax returns.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

**Note 3: CAPITAL CONTRIBUTIONS**

In accordance with the Third Amended and Restated Partnership Agreement, the limited partner is required to make capital contributions of up to \$7,517,529. The first payment in the amount of \$700,000 was made in December 2011 and an additional payment of \$6,054,970 was made in June 2014, satisfying the second and third installments of the Capital Contribution requirements. In 2021, the general partner contributed \$10,930 to pay for repairs to the lobby's walls.

**Note 4: RESTRICTED DEPOSITS AND FUNDED RESERVES**

The financing documents for the partnership's debt with the NJHMFA require the partnership to maintain with the NJHMFA certain restricted cash accounts. All reserve and escrow accounts are required to be held in accounts under the sole control of the NJHMFA and paid out for the benefit of the project as needed on request of the partnership. Monthly payments to fund the escrow accounts in amounts determined by NJHMFA are required in conjunction with the payments of principal and interest on the debt. Any interest that may be earned on the accounts remains in the escrow accounts and is available to be used for similar purposes unless the partnership and NJHMFA mutually agree to apply the funds to some other project purpose. The summary of escrow balances are as follows:

	December 31,	
	2024	2023
Repairs and replacement reserve	\$ 2,316,289	\$ 2,085,816
Insurance escrow	51,419	69,596
Operating reserve	207,916	205,060
Debt service escrow	41,472	41,472
Tax escrow	25,397	12,837
Mortgage insurance premium escrow	10,835	9,769
Total restricted deposits and funded reserves	\$ 2,653,328	\$ 2,424,550

**Note 5: LEASES**

Leases - The Partnership has a ground lease from SHDC. (See Note 8) under a noncancelable lease agreement. The following summarizes the line items in the statements of the Partnership which include amounts for operating leases as of:

	December 31,	
	2024	2023
<b>Operating Leases</b>		
Operating lease right-of-use assets	\$ 1,402,913	\$ 1,450,490
Operating lease liabilities – current portion	\$ 62,427	\$ 55,000
Operating lease liabilities – long-term portion	1,333,218	1,395,645
	\$ 1,395,645	\$ 1,450,645

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
Notes to Financial Statements (continued)

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Note 5: **LEASES (continued)**

The following summarizes the weighted average remaining lease term and discount rate as of:

	December 31,	
	<u>2024</u>	<u>2023</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating lease	18.15 years	19.15 years
<b>Weighted Average Discount Rate</b>		
Operating lease	4.00%	4.00%

The maturities of lease liabilities as of December 31, 2024 are as follows:

Year Ending December 31:

2025	\$ 115,000
2026	120,000
2027	125,000
2028	130,000
2029	130,000
Thereafter	<u>1,235,000</u>
Total lease payments	1,855,000
Less: imputed interest	<u>459,355</u>
Present value of lease liabilities	<u>\$ 1,395,645</u>

See also Note 8 for information related to interest on unpaid lease liability.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
Notes to Financial Statements (continued)

**Note 6: PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION**

The Partnership's property and equipment activity for the years ended December 31, 2024 and 2023, was as follows:

	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024
Buildings and improvements	\$ 24,130,557	\$ 58,515	\$ -	\$ 24,189,072
Furniture and fixtures	326,969	49,815	-	376,784
	24,457,526	108,330	-	24,565,856
Less: accumulated depreciation	7,149,822	661,909	-	7,811,731
Net property and equipment	<u>\$ 17,307,704</u>	<u>\$ (553,579)</u>	<u>\$ -</u>	<u>\$ 16,754,125</u>
	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Buildings and improvements	\$ 24,014,984	\$ 115,573	\$ -	\$ 24,130,557
Furniture and fixtures	280,313	46,656	-	326,969
	24,295,297	162,229	-	24,457,526
Less: accumulated depreciation	6,495,548	654,274	-	7,149,822
Net property and equipment	<u>\$ 17,799,749</u>	<u>\$ (492,045)</u>	<u>\$ -</u>	<u>\$ 17,307,704</u>

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

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**Note 7: NOTES PAYABLE SECURED BY MORTGAGES**

In connection with the development of the property, the Partnership has the following nonrecourse notes secured by mortgages:

Note secured by first mortgage

In 2011, New Jersey Housing and Mortgage Finance Agency issued a commitment to finance a note secured by a first mortgage for the acquisition and renovation of the project in the amount of \$5,872,659, of which \$4,808,894 was drawn. The note bears interest at 6.55%, which was amended to 5% on May 30, 2012. From the date of the note, December 2011, to January 1, 2014, accrued interest only was due on amounts drawn and billed monthly. This note was amended effective December 1, 2016, to update the principal in the amount of \$4,543,601 and extend the maturity date to November 1, 2046. Accrued interest on this note was \$16,219 and \$16,617 at December 31, 2024 and 2023, respectively. Monthly payments of principal and interest were due in the amount of \$24,391. The balance of this note was \$3,892,675 and \$3,988,129 at December 31, 2024 and 2023, respectively.

Note secured by second mortgage

The note secured by the second mortgage is an interest subsidy loan provided by NJHMFA in the amount of \$512,723. The note was paid in full in 2017.

Note secured by third mortgage

The note secured by the third mortgage in the amount of \$1,880,003 is payable to Fulton Home Bank of New Jersey, a member bank of the Federal Home Loan Bank (FHLB) of NY. The loan was provided by the FHLB's affordable housing program. No repayment is required so long as the Partnership maintains the property as an affordable housing project for 15 years. The note is non-interest bearing. SHDC is the sponsor/guarantor of the note. Proceeds were used to make final payments on the second note secured by the first mortgage.

Note secured by fourth mortgage

The note secured by the fourth mortgage is owed to Seniors Housing Development Corporation of Gloucester County (SHDC), the principal shareholder of the General Partner. The amount outstanding is \$8,200,222 at December 31, 2024 and 2023. Interest is payable on the note at the rate of 3.57% calculated on a 365 day year. The note has no specific maturity date. This loan is a nonrecourse loan to all general partners of CPLP and is due to be repaid in annual principal payments plus accrued interest beginning June 1, 2012, from available cash flow after payment of certain expenses and fees as defined in the Third Amended and Restated Partnership Agreement of CPLP. No payments were made in 2024 or 2023. Accrued interest on this note was \$4,054,358 and \$3,761,610 at December 31, 2024 and 2023, respectively.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

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**Note 7: NOTES PAYABLE SECURED BY MORTGAGES (continued)**

Aggregate annual maturities of all mortgage loans payable are as follows:

Year Ending December 31,	
2025	\$ 100,337
2026	105,471
2027	110,867
2028	116,539
2029	122,501
Thereafter	<u>13,417,184</u>
	13,972,899
Less: Debt issuance costs, net	<u>392,037</u>
	<u>\$ 13,580,862</u>

**Note 8: RELATED PARTY TRANSACTIONS**

Development fee

SHDC served as developer for the substantial renovation of the Colonial Park Apartments. For the performance of this function, SHDC earned a development fee of \$3,065,643. SHDC was paid \$482,306 and \$37,475 during 2024 and 2023, respectively. Development fee payable is \$545,364 and \$1,027,670 as of December 31, 2024 and 2023, respectively. Any amount of the deferred development fee that has not been paid in full will become due on December 31, 2025.

Management Company

SHDC serves as the management company for the Partnership. SHDC charges the project a fee for bookkeeping and management services. The fees are \$7.61 and \$63.80 per unit per month, respectively. The bookkeeping fee is capped at \$1,105 per month. For the year ended December 31, 2024 and 2023, the organization paid an additional \$13,000 and \$13,000 in bonus management fee, respectively. Management and bookkeeping fees were \$170,560 and \$14,928, respectively, for 2024 and \$166,120 and \$14,040, respectively, for 2023.

Partnership profits, losses, and distributions

The third amended and restated partnership agreement, which was effective December 8, 2011, provides that items of Partnership income or loss, other than from sales or other dispositions, are allocated .01% to the general partner, and 99.99% to the limited partner. Specific allocations are determined and governed by the Partnership agreement.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

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Note 8: **RELATED PARTY TRANSACTIONS (continued)**

Ground lease

The Partnership entered into a ground lease agreement with SHDC to lease the land on which the building stands for a period of 32 years. The annual lease payment varies from a low of \$10,000 in 2011 to a high in 2028 and 2029 at \$130,000 per year. Interest accrues on the unpaid balance of principal and interest at a rate of 1% per month. No ground lease payments were made in 2024 or 2023. Lease expense and principal at December 31, 2024 and 2023, is \$102,577 and \$102,577, respectively. Accrued interest on the ground lease payable at December 31, 2024 and 2023, is \$1,015,155 and \$905,155, respectively. See also Note 5.

Notes payable

As described in Note 7, the Partnership has a note payable to its management Partnership.

General partner

The general partner is a corporation, eMurphyg, Inc. The stock of eMurphyg is owned 79% by SHDC.

Contracted employees

The Partnership does not have its own employees, but instead utilizes employees of the Housing Authority of Gloucester County ("HAGC"). Salaries, payroll taxes and related expenses are charged to the Partnership at cost. If an employee does not work full-time for the Partnership, his or her time is allocated to the Partnership based on percentage of time spent on duties associated with the project.

Note 9: **ALLOWABLE DISTRIBUTIONS TO PARTNERS**

Under the terms of the Third Amended and Restated Partnership Agreement, distributions to partners from funds provided by rental operations are allowed, provided that cash flow is available after payment of operating expenses, deposits to reserves, permanent debt service, and other required payments. For the year ended December 31, 2024 and 2023, there was no surplus cash available for allowable distributions to partners.

Note 10: **COMMITMENTS AND CONTINGENCIES**

The Partnership received a commitment for an annual allocation of \$841,825 of low income housing tax credits from New Jersey Housing and Mortgage Finance Agency.

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable provisions of Section 42 of the Internal Revenue Code (IRC 42), as amended, through 2028. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the limited partner. Management believes it is operating in compliance with IRC 42.

The Partnership has no significant contracts outstanding at the end of the year.

Certain claims have been filed against the Partnership. In the opinion of management, all matters are adequately covered by insurance or are without merit.

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Notes to Financial Statements (continued)**

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**Note 11: VULNERABILITY DUE TO CONCENTRATION**

The Partnership's sole revenue producing asset is the housing project; operations are concentrated in the multi-family real estate market. In addition, the Partnership operates in a regulated environment. Operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, NJDCA. Such administrative directives, rules and regulations are subject to change. Changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**Note 12: SUBSEQUENT EVENTS**

The Partnership has evaluated subsequent events through March 27, 2025, the date the financial statements were available to be issued.

**COLONIAL PARK, L.P.**

**NJHMFA PROJECT NO. 2659**

**SUPPLEMENTARY INFORMATION**

**(AS REQUIRED BY NJHMFA)**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2024 AND 2023**

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information**  
**As of December 31, 2024 and 2023**

	2024	2023
<b><u>SCHEDULE A - RECEIVABLES OTHER THAN FROM TENANTS</u></b>		
Solar credits	\$ 22,458	\$ 26,797
Other receivables	2,709	1,084
	\$ 25,167	\$ 27,881

**SCHEDULE B - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2024	2023
<u>Accounts payable</u>		
Utilities	\$ 59,006	\$ 55,526
Maintenance	114,029	143,569
Administrative	17,030	1,203
	\$ 190,065	\$ 200,298
<u>Accrued liabilities</u>		
Estimated incurred but not reported insurance claims - self-insurance	\$ 22,736	\$ 16,311
Investor service fee	3,000	3,000
	\$ 25,736	\$ 19,311

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

SEE NOTES 7 AND 8.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

SCHEDULE D - CHANGES IN RESERVE BALANCES

	Balance December 31, 2023	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2024
Repair and replacement reserve	\$ 2,085,816	\$ 200,100	\$ -	\$ 30,373	\$ 2,316,289
Insurance escrow	69,596	182,100	(202,059)	1,782	51,419
Operating reserve	205,060	-	-	2,856	207,916
Minimum escrow requirement account	41,472	-	-	-	41,472
Real estate tax escrow	12,837	12,300	-	260	25,397
MIP	9,769	22,533	(21,697)	230	10,835
Working capital	-	-	-	-	-
	<u>\$ 2,424,550</u>	<u>\$ 417,033</u>	<u>\$ (223,756)</u>	<u>\$ 35,501</u>	<u>\$ 2,653,328</u>
	Balance December 31, 2022	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2023
Repair and replacement reserve	\$ 1,895,162	\$ 200,100	\$ (15,778)	\$ 6,332	\$ 2,085,816
Insurance escrow	63,441	194,265	(188,318)	208	69,596
Operating reserve	204,427	-	-	633	205,060
Minimum escrow requirement account	41,472	-	-	-	41,472
Real estate tax escrow	12,762	12,300	(12,268)	43	12,837
MIP	9,197	22,812	(22,270)	30	9,769
Working capital	-	-	-	-	-
	<u>\$ 2,226,461</u>	<u>\$ 429,477</u>	<u>\$ (238,634)</u>	<u>\$ 7,246</u>	<u>\$ 2,424,550</u>

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

**SCHEDULE E - CHANGES IN PROPERTY AND EQUIPMENT ACCOUNTS**

	Assets			Accumulated Depreciation			Balance December 31, 2024	Net Book Value
	Balance December 31, 2023	Additions	Disposals	Balance December 31, 2023	Current Provision	Disposals		
Building and improvements	\$ 24,130,557	\$ 58,515	\$ -	\$ 24,189,072	\$ 6,943,215	\$ 613,778	\$ 7,556,993	\$ 16,632,079
Furniture and fixtures	326,969	49,815	-	376,784	206,607	48,131	254,738	122,046
	<u>\$ 24,457,526</u>	<u>\$ 108,330</u>	<u>\$ -</u>	<u>\$ 24,565,856</u>	<u>\$ 7,149,822</u>	<u>\$ 661,909</u>	<u>\$ 7,811,731</u>	<u>\$ 16,754,125</u>

  

	Assets			Accumulated Depreciation			Balance December 31, 2023	Net Book Value
	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2022	Current Provision	Disposals		
Building and improvements	\$ 24,014,984	\$ 115,573	\$ -	\$ 24,130,557	\$ 6,334,673	\$ 608,542	\$ 6,943,215	\$ 17,187,342
Furniture and fixtures	280,313	46,656	-	326,969	160,875	45,732	206,607	120,362
	<u>\$ 24,295,297</u>	<u>\$ 162,229</u>	<u>\$ -</u>	<u>\$ 24,457,526</u>	<u>\$ 6,495,548</u>	<u>\$ 654,274</u>	<u>\$ 7,149,822</u>	<u>\$ 17,307,704</u>

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<u>SCHEDULE F - OTHER INCOME</u>		
Laundry machines	\$ 8,650	\$ 5,092
Miscellaneous service income	7,448	6,120
Income from investments	35,642	1,058
Late charges	484	162
Solar credits	26,412	25,035
	<u>\$ 78,636</u>	<u>\$ 37,467</u>

SCHEDULE G - ADMINISTRATIVE EXPENSES

Stationery supplies	\$ 762	\$ 3,018
Telephone	19,384	19,732
Inspection and other fees	12,469	3,056
Other professional fees	-	75
Legal services	5,064	1,747
Credit check fees	935	798
Annual audit	18,200	17,300
Social services	3,046	2,544
Bookkeeping, accounting	14,928	14,040
Miscellaneous administrative expenses	6,692	4,451
Other - office expenses	1,335	10,092
	<u>\$ 82,815</u>	<u>\$ 76,853</u>

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>SCHEDULE H - SALARIES AND RELATED CHARGES (CONTRACTED) *</b>		
Superintendent's salary *	\$ 88,090	\$ 72,332
Janitorial salaries *	74,270	59,399
Security salaries*	94,026	78,196
Social services salaries *	158,759	130,521
Office and administrative salaries *	167,929	149,583
Maintenance salaries*	37,862	26,235
Employee benefits *	641,531	509,920
Employer's payroll taxes *	52,268	42,959
Workers' compensation insurance *	11,640	17,550
	<u>\$ 1,326,375</u>	<u>\$ 1,086,695</u>

**SCHEDULE I - MAINTENANCE AND REPAIRS**

Land lease	\$ 102,577	\$ 102,577
Plumbing	26,341	12,554
Electrical	928	4,633
Vehicle and equipment	2,812	2,365
Snow removal	2,765	-
Grounds & landscaping supplies	2,601	2,383
Painting and decorating	12,443	9,827
Small equipment and tools	4,845	8,557
Janitorial supplies	11,708	7,704
Hardware supplies	8,549	2,217
Other maintenance and repairs	7,920	6,064
	<u>\$ 183,489</u>	<u>\$ 158,881</u>

\*Colonial Park, LP does not have its own employees but utilizes employees of the Housing Authority of Gloucester County, either full-time or part-time, who are charged to Colonial Park at cost, including payroll taxes, benefits and related expenses.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
<u>SCHEDULE J - MAINTENANCE CONTRACTS</u>		
Security	\$ 12,190	\$ 14,015
Fire system monitoring	5,775	5,574
Elevator	18,427	3,783
Rubbish removal	11,902	11,205
Heating and air conditioning	16,917	6,392
Grounds, parking and landscaping	12,850	8,812
Painting and decorating	50,310	21,198
Exterminating	3,960	4,041
Other maintenance contracts	8,074	37,834
	\$ 140,405	\$ 112,854
 <u>SCHEDULE K - UTILITIES</u>		
Water	\$ 36,436	\$ 32,109
Sewer charges	150,350	132,550
Electricity	26,057	39,545
Gas	43,943	35,974
Fuel	-	1,202
	\$ 256,786	\$ 241,380
 <u>SCHEDULE L - COMPUTATION OF MANAGEMENT AGENT FEE</u>		
Fee (per unit per month)	\$ 65.65	\$ 63.80
Number of units	200	200
	13,130	12,760
Number of months	12	12
Subtotal	157,560	153,120
Bonus management fee	13,000	13,000
Management agent fee	\$ 170,560	\$ 166,120

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

SCHEDULE M - COMPUTATION OF PAYMENT IN LIEU OF TAXES (PILOT)

	2024			2023		
	<u>January 1 to May 31</u>	<u>June 1 to December 31</u>	<u>Expense</u>	<u>January 1 to May 31</u>	<u>June 1 to December 31</u>	<u>Expense</u>
Base	\$ 12,000	\$ 12,000		\$ 12,000	\$ 12,000	
Add: Published Annual Adjustment Factor	1.090	1.090		1.019	1.025	
	5,452	7,633		5,093	7,175	
Add: Prior year PILOT payable	6,933			6,933		
Total PILOT due	12,385			12,026		
PILOT paid	-			12,268		
			\$ 13,085			\$ 12,268
		<u>\$ 20,018</u>			<u>\$ 6,933</u>	

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 1202**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

SCHEDULE N - AVAILABLE CASH FLOW SCHEDULE (AS DEFINED BY PARTNERSHIP AGREEMENT)

Net loss at year end		\$	(498,584)
<u>Additions</u>			
Depreciation/amortization	\$	693,388	
Escrow disbursements		223,756	
Unpaid interest:			
Purchase mortgage - SHDC		292,351	
1st mortgage note		-	
Investor service fee		3,000	
Change in accrued liabilities		3,425	
Change in accrued real estate taxes (PILOT)		13,085	
Change in due from the Housing Authority of Gloucester County		29,834	
Change in provision for bad debt		5,378	
Change in miscellaneous receivables		2,714	
Change in right-of-use asset - operating lease		47,577	
Change in unclaimed funds		396	
Ground lease		110,000	
Ground lease interest		116,300	
Total additions		116,300	1,541,204
<u>Deductions</u>			
Capital purchases from operations		(108,330)	
Debt principal payments		(95,454)	
Escrow deposits		(417,033)	
Change in accounts payable		(10,233)	
Change in accounts receivable - HUD		(193,409)	
Change in accounts receivable - tenants		(13,561)	
Change in prepaid rents		(1,141)	
Change in lease liability - operating lease		(55,000)	
Interest on escrow accounts		(35,501)	
Change in prepaid expenses		(5,726)	
Change in deferred development fee		(482,306)	
Total deductions		(482,306)	(1,417,694)
Cash flow available			\$ (375,074)

\*As per Colonial Park, LP's partnership agreement, there is no available current year cash flow.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 1202**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

SCHEDULE O - CUMULATIVE RETURN ON EQUITY

Return on equity 7.04%

Per NJHMFA

2011		\$ 3,240
2012		49,280
2013		49,280
2014		171,906
2015		475,263
2016		475,138
2017		475,138
2018		475,138
2019		475,138
2020		475,138
2021		475,138
2022		475,138
2023		475,138
2024		<u>475,138</u>

	<u>\$ 5,025,211</u>
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Contributions

Syndication payments	\$ 6,749,116
	<u>x 7.04%</u>

Return on equity - 2024	<u>\$ 475,138</u>
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There were no distributions to partners during the year ended December 31, 2024.

**COLONIAL PARK, L.P.**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

SCHEDULE P - RELATED PARTY TRANSACTIONS

<u>Company Name</u>	<u>Type of Service</u>	<u>Amount Paid</u>	
		<u>2024</u>	<u>2023</u>
Seniors Housing Development Corporation	Bookkeeping and reporting services	\$ 14,928	\$ 14,040
Seniors Housing Development Corporation	Accrued management fee	170,560	166,120
Seniors Housing Development Corporation	Ground lease	102,577	102,577
Housing Authority of Gloucester County	Contracted salaries and related expenses	<u>1,326,375</u>	<u>1,086,695</u>
		<u>\$ 1,614,440</u>	<u>\$ 1,369,432</u>

**COLONIAL PARK, LP**  
**NJHMFA PROJECT NO. 2659**  
**Supplemental Information (Continued)**  
**Years Ended December 31, 2024 and 2023**

**SCHEDULE Q - SCHEDULES OF OPERATIONS - REGULATORY BASIS**

	<u>2024</u>	<u>2023</u>
Revenue		
Gross potential rent	\$ 3,080,262	\$ 2,952,262
Less: vacancy loss and collection losses	<u>64,748</u>	<u>139,344</u>
Net rental income	3,015,514	2,812,918
Other income	<u>78,636</u>	<u>37,467</u>
	<u>3,094,150</u>	<u>2,850,385</u>
Expenses		
Administrative expenses	82,815	76,853
Salaries & related charges (contracted)	1,326,375	1,086,695
Tenant services	-	3,954
Maintenance contracts	140,405	112,854
Maintenance and repairs	183,489	158,881
Management fee	170,560	166,120
Payment in lieu of taxes	13,085	12,268
Property and liability insurance	212,146	198,478
Utilities	<u>256,786</u>	<u>241,380</u>
	<u>2,385,661</u>	<u>2,057,483</u>
Income from operations before interest and depreciation	<u>708,489</u>	<u>792,902</u>
Interest and reserve		
Insurance recovery	110,378	-
Interest on mortgages and lease	(637,368)	(629,795)
Provision for repairs and replacements reserve	<u>(230,473)</u>	<u>(190,656)</u>
	<u>(757,463)</u>	<u>(820,451)</u>
Loss from operations before depreciation	(48,974)	(27,549)
Depreciation expense	<u>(95,454)</u>	<u>(90,838)</u>
Loss from operations before excess depreciation and fees and charges	(144,428)	(118,387)
Depreciation expense (in excess of mortgage principal)	(566,455)	(563,436)
Fees and charges	<u>(18,174)</u>	<u>(18,174)</u>
Net loss	<u>\$ (729,057)</u>	<u>\$ (699,997)</u>

**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 of  
Colonial Park, L.P.

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 Colonial Park, L.P., which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in partners' capital (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Colonial Park, L.P.'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 Colonial Park, L.P.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Colonial Park, L.P.'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 entity'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 or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colonial Park, L.P.'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 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Furthermore, during the performance of our audit of the financial statements of Colonial Park, L.P., nothing came to our attention that caused us to believe that:

- Colonial Park, L.P. had not filed and paid its federal, state and local income taxes (including payroll taxes) in a timely manner; and
- Colonial Park, L.P. made any cash distributions to the partners that were not duly authorized by the New Jersey Housing and Mortgage Finance Agency (NJHMFA).

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
March 27, 2025

**Colonial Park, LP  
Schedule of Findings  
For the Year Ended December 31, 2024**

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**Schedule of Current Year Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by HUD and the NJHMFA.

**None Noted.**

**Schedule of Current Year Federal/State Awards/Financial Assistance Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to Federal and/or State awards/financial assistance that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by HUD and the NJHMFA.

**None Noted.**

**Colonial Park, LP  
Schedule of Prior Year Findings  
As Prepared By Management**

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**Schedule of Prior Year Financial Statement Findings**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with the audit requirements as prescribed by HUD and the NJHMFA.

**None Noted.**

**Schedule of Prior Year Federal/State Awards/Financial Assistance Findings**

This section identifies the status of prior year findings related to Federal and/or State awards/financial assistance that are required to be reported in accordance with *Government Auditing Standards* and with the audit requirements as prescribed by HUD and the NJHMFA.

**None Noted.**

**INDEPENDENT AUDITORS' 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 of  
Colonial Park, L.P.

**Report on Compliance for Each Major HUD Program**

***Opinion on Each Major HUD Program***

We have audited Colonial Park, L.P.'s compliance with the 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 Colonial Park, L.P.'s major U.S. Department of Housing and Urban Development (HUD) programs for the year ended December 31, 2024. Colonial Park, L.P.'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
<i>Section 8 Project-Based Rental Assistance Program</i>	federal financial reports, management functions, and tenant application, eligibility, and recertification

In our opinion, Colonial Park L.P. 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 December 31, 2024.

***Basis for Opinion on Each Major HUD Program***

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. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Colonial Park L.P. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major HUD program. Our audit does not provide a legal determination of Colonial Park, L.P.'s compliance with the requirements referred to above.

### ***Responsibilities of Management's for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to Colonial Park, L.P.'s HUD programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Colonial Park, L.P.'s compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Colonial Park, L.P.'s compliance with the requirements of each major HUD program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Colonial Park, L.P.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Colonial Park, L.P.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Colonial Park, L.P.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A deficiency in internal control over compliance exists when the design or operation 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 a 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 or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
March 27, 2025