



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

April 22, 2015

To the Board of Commissioners of the
Housing Authority of the Township of Haddon

We have audited the financial statements of the business-type activities of the Housing Authority of the Township of Haddon, a component unit of the Township of Haddon, County of Camden, State of New Jersey, for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 16, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Housing Authority of the Township of Haddon are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 22, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of Housing Authority of the Township of Haddon and is not intended to be, and should not be, used by anyone other than these specified parties.


HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 22, 2015
Toms River, New Jersey

PROOF OF PUBLICATION

* * * * *

County of Camden:
State of New Jersey: SS.

BRETT AINSWORTH, of lawful age, being duly sworn according to law, doth depose and say that he is the President of Ainsworth Media, Inc., publishers of

"THE RETROSPECT"

a newspaper published in the Borough of Collingswood, County of Camden, State of New Jersey, under date of Friday of each week, and that the notice, of which the annexed is a true copy, was published in said newspaper under date of

5/29/15

and continued therein for

_____ weeks

successively thereafter, to wit:

making in all 1 publications.

Brett Ainsworth

* * * * *

SWORN TO AND SUBSCRIBED BEFORE ME ON THIS DATE

May 29, 2015

SUSAN KENEALLY AINSWORTH
Notary Public of New Jersey
Commission Expires 9/13/2015

Susan K. Ainsworth

Housing Authority of the Township of Haddon

Synopsis of audit report of the Housing Authority of the Township of Haddon for the fiscal year ended December 31, 2014, as required by N.J.S.A. 40A:5A-16.

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,049,766	\$1,083,055
Receivables, net	31,500	30,349
Total current assets	1,081,266	1,113,404
Capital assets, net	1,839,995	1,777,549
Total assets	2,921,261	2,890,953
LIABILITIES		
Current liabilities:		
Accrued liabilities	43,349	42,747
Tenant security deposits	33,764	35,159
Deferred revenues	34,160	34,160
Total current liabilities	111,273	112,066
Long-term liabilities:		
Accrued compensated absences, less current portion	1,767	1,767
Deferred revenue, less current portion	519,287	553,448
Total liabilities	632,327	667,281
NET POSITION		
Net position:		
Invested in capital assets, net	1,839,995	1,777,549
Unrestricted	448,939	446,123
Total net position	\$2,288,934	\$2,223,672

Statements of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2014 and 2013

	2014	2013
Operating revenues:		
Tenant revenue	\$399,653	\$407,613
HUD operating grants	232,205	230,576
Other revenues	55,089	55,571
Total operating revenues	686,947	693,760
Operating expenses:		
Administrative	210,636	221,005
Tenant services	7,756	7,737
Utilities	201,800	217,792
Ordinary repairs and maintenance	174,971	164,445
Protective services	4,033	1,773
General expenses	54,020	55,797
Extraordinary maintenance	20,255	24,505
Depreciation	77,495	77,008
Total operating expenses	750,966	770,062
Operating income	(64,019)	(76,302)
Non-operating revenues:		
Investment income	2,710	4,381
Other government grants		
Operating income before capital grants	(61,309)	(71,921)
Capital grants	126,571	84,905
Change in net position	65,262	12,984
Net position, beginning of year	2,223,672	2,210,688
Net position, end of year	\$2,288,934	\$2,223,672

For the year ended December 31, 2014, there were no recommendations submitted.

The above synopsis was prepared from the report of the audit of the Housing Authority of the Township of Haddon as of December 31, 2014.

This report of audit, submitted by Holman Frenia Allison, P.C., Certified Public Accountants is on file at the office of the Housing Authority of the Township of Haddon, 25 Wynnewood Avenue, Haddon Township, NJ 08108, and may be inspected by any interested person.

Joseph Iacovino, CS, PHM
Executive Director
5/29/15

Prt's fee \$87.72

RECEIVED JUN 0 1 2015

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
(A Component Unit of Haddon Township, State of New Jersey)**

Financial Statements and Supplementary Schedules

For the years ended December 31, 2014 and 2013

(With Independent Auditors' Report thereon)

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
(A Component Unit of Haddon Township, State of New Jersey)
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December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the Township of Haddon

Report on the Financial Statements

We have audited the accompanying financial statements of business-type activities of the Housing Authority of the Township of Haddon, a component unit of the Township of Haddon, State of New Jersey, as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Township of Haddon as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 27 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Township of Haddon's basic financial statements as a whole. The accompanying financial data schedules and the statement and certification of actual Capital Fund Grant costs, 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 financial data schedules and the statement and certification of actual Capital Fund Grant costs are the responsibility of management and were derived from and relate 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. In our opinion, the financial data schedules and the statement and certification of actual Capital Fund Grant costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2015 on our consideration of the Housing Authority of the Township of Haddon'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 Housing Authority of the Township of Haddon's internal control over financial reporting and compliance.


HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 22, 2015
Toms River, New Jersey

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Management's Discussion and Analysis
December 31, 2014

As management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2014. This narrative and analysis is intended to provide context and support to the financial statements provided in this report.

Using the Annual Report

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 generally accepted accounting principles applicable to governmental entities in the United States of America for Proprietary Funds.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to private sector businesses. 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 of the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position serves 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 presents information showing how the Authority's net position changed during the most recent 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 time).

The financial statements report on the Authority's activities. The activities are primarily supported by subsidies and grants from the United States Department of Housing and Urban Development. The Authority's function is to provide decent, safe and sanitary housing to lower income individuals who are 62 years old and older.

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 general purpose financial statements. They appear in this report after the basic financial statements.

Budgetary Highlights

For the year ended December 31, 2014, individual program and grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The Authority prepares a budget to be submitted to the Bureau of Authority Regulation, Department of Community Affairs. The budget was prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

Financial Highlights

- As of the close of the year, the Authority reported unrestricted net position of \$448,939 compared to \$446,123 at the close of the prior year.
- Rent revenue from tenants for the year was \$399,653 compared to \$407,613 for the prior year.
- Operating expenses for the year were \$750,966 compared to \$770,062 for the prior year.
- The total HUD PHA operating grant for the year ended December 31, 2014 was \$232,205 compared to \$230,576 for the prior year.

Computation of net position at December 31, 2014, 2013 and 2012 is as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash and other current assets	\$ 1,081,266	\$ 1,113,404	\$ 1,122,083
Capital assets, net	<u>1,839,995</u>	<u>1,777,549</u>	<u>1,782,686</u>
Total assets	2,921,261	2,890,953	2,904,769
Current liabilities	111,273	112,066	106,473
Long-term liabilities	<u>521,054</u>	<u>555,215</u>	<u>587,608</u>
Total liabilities	632,327	667,281	694,081
Invested in capital assets	1,839,995	1,777,549	1,782,686
Unrestricted net position	<u>448,939</u>	<u>446,123</u>	<u>428,002</u>
Total net position	<u>\$ 2,288,934</u>	<u>\$ 2,223,672</u>	<u>\$ 2,210,688</u>

A summary of the Statements of Revenues, Expenses and Changes in Net Position is analyzed on the following page.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUES			
Tenant rents	\$ 399,653	\$ 407,613	\$ 405,321
HUD PHA operating grant	232,205	230,576	299,989
Other	<u>55,089</u>	<u>55,571</u>	<u>68,368</u>
Total operating revenues	686,947	693,760	773,678
OPERATING EXPENSES			
Administrative	210,636	221,005	199,070
Tenant services	7,756	7,737	8,421
Utilities	201,800	217,791	205,251
Maintenance and operation	174,971	164,446	183,550
Protective services	4,033	1,773	2,975
General expenses	54,020	55,797	60,352
Extraordinary maintenance	20,255	24,505	3,855
Depreciation	<u>77,495</u>	<u>77,008</u>	<u>68,308</u>
Total operating expenses	<u>750,966</u>	<u>770,062</u>	<u>731,782</u>
Operating income/(loss)	(64,019)	(76,302)	41,896
NON-OPERATING REVENUES/(EXPENSES)			
Interest income	2,710	4,381	7,807
Other government grants	-	-	200,000
Capital grants	<u>126,571</u>	<u>84,905</u>	<u>159,301</u>
Total non-operating revenues/(expenses)	<u>129,281</u>	<u>89,286</u>	<u>367,108</u>
Change in net assets	65,262	12,984	409,004
Net position, beginning of year	<u>2,223,672</u>	<u>2,210,688</u>	<u>1,801,684</u>
Net position, end of year	<u>\$ 2,288,934</u>	<u>\$ 2,223,672</u>	<u>\$ 2,210,688</u>

Total operating revenues of \$686,947 decreased \$6,813 or 0.98% compared to 2013 due to a slight decrease in tenant rental revenue.

Tenant rents of \$399,653 decreased by \$7,960 or 1.95% compared to 2013, the HUD operating grant of \$232,205 increased by \$1,629 or 0.71% compared to 2013, and other revenue (primarily cell tower rental income) of \$55,089 decreased \$482 or 0.87% compared to 2013.

Total operating expenses of \$750,966 decreased by a net amount of \$19,096 or 2.48% compared to 2013. An increase in Maintenance expense was offset by reductions in Administration and Utilities.

Depreciation expense of \$77,495 increased \$487 or 0.63% compared to 2013. Utilities continued to decrease in FY2014 due in part to the installation of energy efficiency windows and doors.

Building occupancy levels were at or near capacity throughout 2014 and 2013.

Capital Assets and Debt Administration

As of December 31, 2014, the Authority's capital assets net of accumulated depreciation were \$1,839,995.

The Authority had no long-term debt outstanding at December 31, 2014.

Economic Factors for the Current Year

The Authority has had an operating surplus for three of the past four years. This is the combination of sustained high occupancy, increased HUD operating grant subsidies and cost controls, including replacement of the boilers resulting in decreased utility expense. The Authority is committed to operating in an efficient manner while maintaining a suitable living environment for its tenants and maintaining a balanced financial position.

The Authority was awarded a score of 99-A out of a possible 100 for the recently completed REAC evaluation.

The Authority was awarded a \$200,000 Block Grant in December 2012 from the State of New Jersey to be used to defray the cost of replacing the roof.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Haddon Township Housing Authority, 25 Wynnewood Avenue, Haddon Township, New Jersey 08108.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,049,766	\$ 1,083,055
Accounts receivable - tenants, net	577	-
Accounts receivable - HUD other projects	30,923	30,349
Total current assets	1,081,266	1,113,404
Capital assets, net	1,839,995	1,777,549
Total assets	2,921,261	2,890,953
LIABILITIES		
Current liabilities:		
Accrued wages and payroll taxes	7,611	8,006
Accrued compensated absences, current	1,977	1,729
Tenant security deposits	33,764	35,159
Other accrued liabilities	21,461	20,712
Current portion of unearned revenue	34,160	34,160
Other current liabilities	12,300	12,300
Total current liabilities	111,273	112,066
Long-term liabilities:		
Accrued compensated absences, less current portion	1,767	1,767
Unearned revenue, net of current portion	519,287	553,448
Total liabilities	632,327	667,281
NET POSITION		
Net position:		
Invested in capital assets, net of related debt	1,839,995	1,777,549
Unrestricted	448,939	446,123
Total net position	\$ 2,288,934	\$ 2,223,672

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Tenant rental revenue	\$ 399,653	\$ 407,613
HUD operating grants	232,205	230,576
Other revenues	<u>55,089</u>	<u>55,571</u>
Total operating revenues	<u>686,947</u>	<u>693,760</u>
Operating expenses:		
Administrative	210,636	221,005
Tenant services	7,756	7,737
Utilities	201,800	217,792
Ordinary repairs and maintenance	174,971	164,445
Protective services	4,033	1,773
General expenses	54,020	55,797
Extraordinary maintenance	20,255	24,505
Depreciation	<u>77,495</u>	<u>77,008</u>
Total operating expenses	<u>750,966</u>	<u>770,062</u>
Operating income/(loss)	<u>(64,019)</u>	<u>(76,302)</u>
Non-operating revenues:		
Investment income	<u>2,710</u>	<u>4,381</u>
Income before capital grants	<u>(61,309)</u>	<u>(71,921)</u>
Capital grants	<u>126,571</u>	<u>84,905</u>
Change in net position	65,262	12,984
Net position, beginning of year	<u>2,223,672</u>	<u>2,210,688</u>
Net position, end of year	<u>\$ 2,288,934</u>	<u>\$ 2,223,672</u>

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Cash Flows
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from tenants	\$ 397,681	\$ 410,456
Cash received from HUD	231,631	275,129
Cash received from other sources	20,928	21,411
Cash paid to vendors	(469,173)	(501,452)
Cash paid to employees	(203,696)	(187,085)
Net cash flows from operating activities	(22,629)	18,459
Cash flows from capital activities:		
Purchases of capital assets	(139,941)	(71,871)
Proceeds from grants	126,571	84,905
Net cash flows from capital activities	(13,370)	13,034
Cash flows from investing activities:		
Interest received on investments	2,710	4,381
Net cash flows from investing activities	2,710	4,381
Net change in cash	(33,289)	35,874
Cash and cash equivalents, beginning of year	1,083,055	1,047,181
Cash and cash equivalents, end of year	\$ 1,049,766	\$ 1,083,055
Reconciliation to Statements of Position:		
Cash and cash equivalents	\$ 1,049,766	\$ 1,083,055

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Cash Flows (continued)
For the years ended December 31, 2014 and 2013

	2014	2013
Reconciliation of operating income/(loss) to net cash flows from operating activities:		
Operating income/(loss)	\$ (64,019)	\$ (76,302)
Items which did not use cash:		
Depreciation	77,495	77,008
Working capital changes which provided/(used) cash:		
Accounts receivable - tenants, net	(577)	-
Accounts receivable - PHA projects	-	74,902
Accounts receivable - HUD other projects	(574)	(30,349)
Accrued wages and payroll taxes	(395)	294
Accrued compensated absences	248	1,767
Tenant security deposits	(1,395)	2,843
Deferred revenue	(34,161)	(34,160)
Other accrued liabilities	749	2,456
Other current liabilities	-	-
Net cash flows from operating activities	\$ (22,629)	\$ 18,459

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements
For the years ended December 31, 2014 and 2013

NOTE 1: ORGANIZATION AND PURPOSE

The Housing Authority of the Township of Haddon (the "Authority") is a governmental public housing agency located in the Township of Haddon (the "Township"), County of Camden, State of New Jersey. The Township is located in southwest New Jersey approximately five miles east of the City of Philadelphia, Pennsylvania. The Authority was organized on January 21, 1965 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 providing and operating cost-effective, decent, safe and sanitary dwellings for lower income individuals who are 62 years old or older through an authorized local public housing agency. The Authority is responsible for operating a low-rent housing program, consisting of 100 private dwelling units and several public areas for the tenants' social activities, 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, Public Law 93-383.42 U.S.C. 1439.

The Authority is governed by a board of seven commissioners. The officers of the Authority consist of a chairperson and vice chairperson elected from the board and an executive director who is appointed by the board. The executive director manages the day-to-day operations of the Authority. No commissioner is eligible to hold the position of executive director, except on a temporary basis with the approval of the United States Department of Housing and Urban Development.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

In accordance with Statement No. 39 of the Government Accounting Standards Board ("GASB"), the Authority's financial statements include those of the Authority and any component units. Component units are legally separate, tax-exempt organizations that meet all of the criteria noted below:

- The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority,
- The Authority has the ability to access a majority of the economic resources held by the separate organization,
- The economic resources referred to above are significant to the Authority.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is considered a component unit of the Township of Haddon.

B. Basis of Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Use of Management Estimates

The preparation of financial statements in conformity 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 and liabilities, 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, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

D. Cash and Cash Equivalents

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 of America or 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 of America, 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 of America 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.

For the Statements of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of acquisition.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

E. Accounts Receivable - Tenants

Rents are due from tenants on the first day of each month. As a result, tenants' receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all 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.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Net Position Classifications

Net position is classified in three components as follows:

Invested in capital assets, net of related debt - 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 net positions 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 net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net positions that may be allocated for specific purposes by the Board.

M. Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with the U.S. Department of Housing and Urban Development (HUD) and N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year with the approval of HUD. The budget is adopted on the accrual basis of accounting with provisions for cash payments for capital outlays. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses, and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

N. Subsequent Events

Housing Authority of the Township of Haddon has evaluated subsequent events through April 22, 2015, which is the date the financial statements were available to be issued.