

**ORANGE HOUSING DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS AND  
ACCOUNTANT'S COMPILATION REPORT**

*March 31, 2012 and 2011*

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ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
Orange Housing Development Corporation

I have compiled the accompanying statements of financial position of the Orange Housing Development Corporation as of March 31, 2012 and 2011 and the related statements of activities and changes in net assets and cash flows for years then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The Orange Housing Development Corporation is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the Corporation in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Cranford, New Jersey

June 12, 2012

*Frank Glien, LLC, CPA*

ORANGE HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

As of March 31,

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash	\$ 36,691	\$ 8,349
Receivables:		
Due from Essex County	21,210	-
Other	58,298	-
Investments-tax liens	22,654	-
Equipment, net	1,285	-
Deposits on purchased properties	7,500	-
	<u>\$ 147,638</u>	<u>\$ 8,349</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>Liabilities:</b>		
Accrued expenses	\$ 1,250	\$ 3,466
Loans payable-Orange Housing Authority programs	185,529	50,000
	<u>186,779</u>	<u>53,466</u>
 <b>Net Assets:(Deficit)</b>		
Unrestricted	(39,141)	(45,117)
	<u>\$ 147,638</u>	<u>\$ 8,349</u>

*See accountant's compilation report and notes to the financial statements.*

**ORANGE HOUSING DEVELOPMENT CORPORATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the Years Ended March 31,

	<u>2012</u>	<u>2011</u>
<b><u>REVENUE AND SUPPORT</u></b>		
Grant income	\$ 21,210	\$ -
Fee income	45,907	-
Special event-golf outing	4,180	-
Other income	1,250	-
Interest income	4,071	-
	<hr/> 76,618	<hr/> -
<b><u>EXPENSES</u></b>		
General sundry	33,306	23,934
Program expense-State grant	21,210	-
Office supplies	-	7,041
Travel	9,782	9,816
Staff training	1,500	-
Accounting	2,500	-
Legal expense	1,161	-
Misc contract costs	1,040	-
Insurance	-	1,447
Depreciation expense	143	-
	<hr/> 70,642	<hr/> 42,238
<b>Changes in net assets</b>	5,976	(42,238)
<b>Net deficit at beginning of year</b>	(45,117)	(2,879)
<b>Net deficit at end of year</b>	<hr/> \$ (39,141)	<hr/> \$ (45,117)

*See accountant's compilation report and notes to the financial statements.*

**ORANGE HOUSING DEVELOPMENT CORPORATION**

**STATEMENTS OF CASH FLOWS**

March 31,

**NET CASH PROVIDED BY (USED IN)**

	<u>2012</u>	<u>2011</u>
<b>Operating Activities:</b>		
Changes in net assets	\$ 5,976	\$ (42,238)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	143	-
Increase(decrease) in cash from:		
Accounts receivable	(79,508)	-
Accounts payable and accrued expense	(2,216)	3,466
	<u>(75,605)</u>	<u>(38,772)</u>
<b>Investing Activities:</b>		
Purchase of tax liens	(22,654)	-
Deposit on purchase of property	(7,500)	-
Purchase of equipment	(1,428)	-
	<u>(31,582)</u>	<u>-</u>
<b>Financing Activities:</b>		
Proceeds of loans from Orange Housing Authority	135,529	30,000
	<u>135,529</u>	<u>30,000</u>
<b>Net increase(decrease) in cash</b>	<u>28,342</u>	<u>(8,772)</u>
<b>Cash, beginning of year</b>	8,349	17,121
<b>Cash, end of year</b>	<u>\$ 36,691</u>	<u>\$ 8,349</u>

*See accountant's compilation report and notes to the financial statements.*

# ORANGE HOUSING DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1. Nature of Organization

Orange Housing Development Corporation ("Orange HDC" or the "Corporation") is a not-for-profit organization incorporated in 2008 by the Orange Housing Authority to pursue the promotion and development of low and moderate income housing. It is a legally separate entity and meets the criteria of a component unit as defined by GASB Statement 39. Orange Housing Development Corporation currently receives substantial support from the Orange Housing Authority. It is management's intent to eventually fund the operations of the Corporation through tax credits and other related real estate transactions.

### Note 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables and accrued liabilities.

#### Financial Statement Presentation

Orange Housing Development Corporation reports information on its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

#### Revenue Recognition and Contributions

Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor imposed restrictions. The Corporation has not received contributions with donor-imposed restrictions that would result in temporarily or permanently restricted support. Accordingly, temporarily restricted and permanently restricted net asset classes are not presented in these financial statements.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Actual results could differ from these estimates.

#### Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents include demand deposits and highly liquid investments with initial maturity of three months or less.

#### Income Tax Status

Orange Housing Development Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar state provisions. It is also considered a public charity under appropriate sections of the Code, which allow donations to the Corporation to be deductible as charitable contributions on income tax returns.

## ORANGE HOUSING DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

#### Note 3. Concentration of Risks

As a component unit of the Orange Housing Authority, Orange HDC is required to deposit funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act of New Jersey. The Act requires the depository institution to pool collateral for all governmental deposits and ensure that the collateral is held by an approved custodian. Consequently, Orange HDC is not exposed to any significant credit risk on cash.

For the year ended March 31, 2012, the carrying amount of Orange HDC's cash was \$ 36,691 and the bank balance approximated \$41,826.

#### Note 4. Fair Values

Cash, cash equivalents and accounts payable are considered financial instruments. The carrying values of these financial instruments approximate fair value because of their immediate or short term maturity.

#### Note 5. Investments-Tax Liens

Tax liens represent payment of taxes by the Orange HDC on properties with liens due to nonpayment of property taxes. The Orange HDC in essence has a lien on these properties which the owners must pay to the Orange HDC in order to retain full rights in the property. To regain full ownership, the property owners must pay the Orange HDC the delinquent taxes plus 18% interest.

#### Note 6. Deposits

During fiscal year 2012, the Orange HDC Board passed a resolution authorizing the payment of deposits on properties that will eventually be acquired by the Orange Housing Authority. If the Housing Authority fails to close on the property, the deposit will be refunded to the Orange HDC.

#### Note 7. Loans Payable

Loans payable represent unsecured, non-interest bearing loans to Orange HDC from the Orange Housing Authority. There is no formal agreement between Orange Housing Authority and Orange HDC as to the terms of repayment and accordingly the loans are due and payable on demand.