

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Elizabeth Development*  
*Company of New Jersey*

*for the*

*Years Ending*  
*June 30, 2012 and 2011*



ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Elizabeth Development Company of New Jersey  
Elizabeth, New Jersey

We have audited the accompanying statement of financial position of The Elizabeth Development Company of New Jersey as of June 30, 2012 and 2011 and the related statements of activities and cash flows for the years ended. These financial statements are the responsibility of The Elizabeth Development Company of New Jersey management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State, Local Government and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Elizabeth Development Company of New Jersey as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. Generally Accepted Accounting Principles.

## SUPLEE, CLOONEY & COMPANY

In accordance with Government Auditing Standards, we have also issued a report dated December 21, 2012, on our consideration of The Elizabeth Development Company of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and New Jersey OMB's, Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

December 21, 2012

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEYSTATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND JUNE 30, 2011

	<u>2012</u>	<u>2011</u>
<u>A S S E T S</u>		
Cash and Cash Equivalents	\$ 4,924,514	\$ 4,482,779
Cash and Cash Equivalents Held By Trustee	1,092,209	1,131,900
Cash and Cash Equivalents Held By City of Elizabeth	2,731,554	2,878,714
Federal and State Assistance Receivable	752,418	302,009
Loans Receivable (net of allowance for doubtful accounts of \$1,000,000 in 2012 and \$535,000 in 2011)	7,402,450	8,184,686
Other Receivables	110,591	202,701
Prepaid Expenses	19,709	24,095
Parking Garage (net of accumulated depreciation of \$3,697,854 for 2012 and \$3,419,103 for 2011)	4,097,600	4,376,352
United Counties (net of accumulated depreciation of \$469,014 for 2012 and \$383,404 for 2011)	1,866,609	1,945,420
Equipment (net of accumulated depreciation of \$237,642 for 2012 and \$230,818 for 2011)	736	7,380
Investment in First Street Urban Renewal, LLC	1,153,648	1,116,846
Bond Issuance Costs (net of accumulated depreciation of \$38,584 for 2012 and \$30,867 for 2011)	115,752	123,469
Other Assets	26,789	44,067
<u>TOTAL ASSETS</u>	<u>\$ 24,294,579</u>	<u>\$ 24,820,418</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 285,453	\$ 125,888
Interest Payable	56,092	58,467
Loan Payable	796,614	840,408
Security Deposits	44,756	54,927
Due to City of Elizabeth	489,710	365,921
Funds Held in Trust	1,150,000	1,150,000
Bonds Payable	6,185,000	6,470,000
Deferred Revenue	981,105	1,019,713
Other Liabilities		70,619
<u>Total Liabilities</u>	<u>9,988,730</u>	<u>10,155,943</u>
Net Assets:		
Unrestricted	5,269,480	5,525,353
Temporarily Restricted	9,036,369	9,139,122
<u>Total Net Assets</u>	<u>14,305,849</u>	<u>14,664,475</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 24,294,579</u>	<u>\$ 24,820,418</u>

The accompanying Notes are an integral part of these financial statements.

## ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

STATEMENT OF ACTIVITIES FOR THE  
YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	YEAR ENDED JUNE 30,			YEAR ENDED JUNE 30,		
	2012			2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Changes in Net Assets:						
Revenues:						
Federal Programs	\$ 1,237,918		\$ 1,237,918	\$ 940,112		\$ 940,112
State Programs	418,808		418,808	927,321		927,321
City of Elizabeth UEZ Revenues	204,937	\$ 46,600	251,537		\$ 5,354,000	5,354,000
Program Income	1,058,542		1,058,542	418,748		418,748
Midtown Garage - Parking Fees & Income	1,031,273		1,031,273	1,070,504		1,070,504
United Counties Building - Rent & Income	242,494		242,494	95,240		95,240
CDE	243,665		243,665	257,320		257,320
Other Income	468,719		468,719	190,794		190,794
Released from Restrictions	149,353	(149,353)		469,053	(469,053)	
Total Revenues and Gains	5,055,709	(102,753)	4,952,956	4,369,092	4,884,947	9,254,039
Expenses:						
Federal Programs	1,326,830		1,326,830	898,251		898,251
State Programs	621,963		621,963	932,536		932,536
Program Expenses	1,117,142		1,117,142	2,462,962		2,462,962
City of Elizabeth Programs	30,837		30,837	84,104		84,104
Midtown Garage - Operating	804,143		804,143	861,070		861,070
United Counties Building - Rent Expenses	50,550		50,550	58,299		58,299
CDE	87,637		87,637	65,745		65,745
Management and General	453,162		453,162	79,881		79,881
Provision for Bad Debt	477,397		477,397	35,000		35,000
Depreciation and Amortization	341,921		341,921	404,551		404,551
Total Expenses	5,311,582		5,311,582	5,882,399		5,882,399
Increase (Decrease) in Net Assets	(255,873)	(102,753)	(358,626)	(1,513,307)	4,884,947	3,371,640
Net Assets, beginning of the period	5,525,353		14,664,475	7,038,660	4,254,175	11,292,835
Net Assets, end of the period	\$ 5,269,480	\$ 9,036,369	\$ 14,305,849	\$ 5,525,353	\$ 9,139,122	\$ 14,664,475

The accompanying Notes are an integral part of these financial statements.



ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	<u>2012</u>	<u>2011</u>
<u>OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ (358,626)	\$ 3,371,640
Add Expenses Not Requiring Use of Cash		
Depreciation and Amortization	341,921	404,551
Add (Deduct) Changes in Non-Cash Working Capital		
Federal and State Assistance Receivable	(450,409)	99,317
Other Receivables	92,110	319,218
Prepaid Expenses	4,386	4,068
Other Assets	17,278	42,892
Accounts Payable and Accrued Liabilities	159,565	(290,746)
Interest Payable	(2,375)	(2,292)
Security Deposits	(10,171)	259
Deferred Revenue	(38,608)	(657,163)
Other Liabilities	(70,619)	(40,431)
Net Cash Provided (Used) By Operating Activities	<u>(315,548)</u>	<u>3,251,313</u>
<u>INVESTING ACTIVITIES</u>		
Loans Collected	931,589	(3,181,172)
Loans Issued	(149,353)	(469,053)
Purchase of Fixed Assets	(6,799)	(176,330)
Net Cash Provided (Used) By Investing Activities	<u>775,437</u>	<u>(3,826,555)</u>
<u>FINANCING ACTIVITIES</u>		
Proceeds (Payments) to City of Elizabeth	123,789	48,247
Payments on Bonds	(328,794)	(316,656)
Net Cash Provided (Used) By Financing Activities	<u>(205,005)</u>	<u>(268,409)</u>
Increase (Decrease) in Cash and Cash Equivalents	254,884	(843,651)
Cash and Cash Equivalents, beginning of the period	<u>8,493,393</u>	<u>9,337,044</u>
Cash and Cash Equivalents, end of the period	<u>\$ 8,748,277</u>	<u>\$ 8,493,393</u>
Supplemental Disclosure - Interest Paid	\$ 274,944	\$ 286,144

The accompanying Notes are an integral part of these financial statements.

# ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

### NATURE OF ACTIVITIES

#### Description of Business and Grant Programs

The Elizabeth Development Company (EDC/the Company) was incorporated as a non-profit organization in the State of New Jersey on February 28, 1977 to administer financial assistance programs for small businesses, landowners and developers in the City of Elizabeth, New Jersey (the City).

EDC acquires property for redevelopment with the City and issues commercial loans to stimulate economic development. Additionally, the Company works with the Retail Skills Center to assist in identifying job opportunities, training, and placement of economically disadvantaged or unemployed individuals facing barriers to employment within Union County. In addition, it serves as the coordinating agency for the State's Urban Enterprise Zone Program (UEZ), the Elizabethport and Midtown Neighborhood Revitalization Tax Credit (NRTC) Programs in the City of Elizabeth.

#### *Federal*

Community Development Block Grants: A portion of the funds awarded to the City by HUD under a Community Development Block Grant Program (CDBG) are allocated to EDC for economic development purposes. EDC uses those funds to acquire property for redevelopment as well as to assist in moving development projects forward and administering the Micro Enterprise Loan Program. Re-payments of existing loans are returned to the City for future CDBG activities. Loans are granted over time periods ranging up to 6 years and are collateralized by mortgage liens on the related properties, machinery, and equipment. Interest rates are fixed at 2.0%.

#### *City of Elizabeth*

UEZ Statewide Loan Pool Programs: The purpose of this fund is to provide financial assistance, on a competitive basis, to projects located within the UEZ of the City of Elizabeth, which meet certain economic and employment criteria.

Loans made by the UEZ Statewide Loan Pool are available generally to finance up to 50% of eligible project costs or \$750,000 whichever is less.

UEZ Commercial Loan Programs: The purpose of the commercial loan program is to provide low interest, fixed rate financial assistance to Elizabeth businesses that meet certain program and employment criteria.

Loans made under the UEZ Commercial Loan Programs are available generally to finance up to ninety percent of eligible project cost or \$75,000, whichever is less.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NATURE OF ACTIVITIES (CONTINUED)

UEZ Micro-Enterprise Loan/Grant Programs: The purpose of the UEZ Micro-Enterprise Loan Program is to provide a combination of low interest, fixed rate loan and grant assistance to businesses located in, or relocating, to the City of Elizabeth's Urban Enterprise Zone. Eligible businesses must meet the program objectives.

Loans/Grants under the UEZ Micro-Enterprise Program are available generally to finance up to ninety percent of eligible project cost or \$20,000, whichever is less. The structure is 70% loan and 30% grant, loans will be at a fixed rate of 2%.

UEZ Working Capital Loan Programs: The purpose of the UEZ Working Capital Loan Program is to provide low interest, short term financial assistance to Elizabeth businesses that are unable to obtain working capital assistance from other sources. Businesses must meet general program criteria and eligibility.

Loans under the UEZ Working Capital Programs are available generally to finance working capital needs to a maximum amount of \$20,000. The interest rate is fixed at one percentage point above the current Federal Discount Rate with a floor of 3%.

*State*

Urban Enterprise Zone: During the fiscal year ended June 1994, the City of Elizabeth designated the Company as the Zone Development Corporation and contracted with it for the management and administration of the Urban Enterprise Program (UEZ). This program is funded by the State's Urban Enterprise Zone Assistance Fund to assist qualified municipalities in which urban enterprise zones are designated in undertaking public improvements and upgrading eligible municipal services.

In addition, funding is provided for public relations activities which will stimulate economic activity within the zone and for a marketing outreach program to:

- 1) Inform all businesses of the benefits of the UEZ and assist them in taking advantage of them.
- 2) Assist existing businesses in the zone with expansion plans.
- 3) Attract businesses to relocate to the zone.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements on the accrual basis.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes.

Income Taxes

The Company qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Company has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the Code.

Financial Accounting Standards Board Interpretation No. 48 requires that an organization recognize in the financial statements the impact of its tax position if that position was not to be sustained on review, based on the technical merits of the position. During the year ended June 30, 2012, the Company performed an evaluation of its tax positions and did not note any matters that would require recognition in the statement of activities or which may have an effect on its tax-exempt status.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all monies in banks and highly liquid investments with maturity dates of less than three months to be cash equivalents.

Cash and cash equivalents held by trustee include funds relating to the Midtown Elizabeth Transit Garage Redevelopment Project at June 30, 2012 (Note 7).

Investments

Investments in marketable securities and debt securities in the statement of financial position are valued at their fair values based on quoted market prices or prices which are provided by investment managers that are obtained from independent sources they believe to be reliable. Realized and unrealized gains and losses are included in the statement of activities.

Other Receivables

The Company considers all other receivables to be fully collectible: no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activity as net assets released from restrictions.

Fixed Assets

Fixed Assets are recorded at cost or estimated fair value on the date received. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CDBG Loan Programs

The Company provides below-market-interest-rate loans with CDBG funds to private businesses within the City to retain and create job opportunities and help eliminate blighted areas. Loans may also be utilized for renovations and the purchase of capital assets. Loan re-payments are due to the City on a quarterly basis. The maximum loan amount is \$20,000 (70% loan 30% forgivable grant) and the borrower has up to six (6) years to repay the loan. Interest rates are set by the Company's loan committee and are currently 2.0%. Generally, the loans are collateralized by the borrower's real property, equipment, machinery and personal guarantees.

Land, Parking Garage and Equipment

Purchased land, parking garage and equipment are carried at cost. Donated assets are recorded using its estimated value on the date of acquisition. The Company provides for depreciation on the parking garage and equipment using the straight-line method over its estimated useful lives of twenty-eight years and three to five years, respectively.

Maintenance and repairs are expensed as incurred. Depreciation on assets acquired with grants-in-aid is recorded as a reduction of restricted net assets.

(2) FUNDS HELD IN TRUST

During 1997, NJ Transit entered into a ground lease with the City of Elizabeth for the property upon which the Midtown Elizabeth Transit Garage was constructed. The property was simultaneously subleased to EDC for 30 years with rental payments of \$1 a year required annually.

Funds held in trust represent \$1,150,000 received from NJ Transit to support the construction of the Midtown Elizabeth Transit Garage Redevelopment Project. These funds will be repaid to NJ Transit from net revenues realized from the operation of the Midtown Elizabeth Transit Garage during the lease term.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(3) LEASE OBLIGATIONS

In July 2011, the Company moved and entered into a sub-lease with Bond Street Commercial Court Urban Renewal, Inc., a related Organization, for new office space. Rental expense was \$46,257 and \$65,797 for fiscal years 2012 and 2011, respectively.

Future minimum annual requirements, which include the monthly PILOT, are:

2013	\$45,108
2014	\$45,108
2015	\$45,108
2016	\$45,108
2017	\$45,108

(4) FINANCIAL DEPENDENCY

The Company receives approximately ninety-nine percent (99%) of its operating support from governmental grants and contracts. The Company is economically dependent on these grants to carry on its operations.

(5) PENSION PLAN

The Company offers personnel the option of participating in a tax-deferred savings plan under Section 403(b) of the Internal Revenue Code. Discretionary payments at a rate of 50% and 75%, respectively, were made to the plan by the Company. On July 1, 2011, the Company has discontinued these discretionary payments.

The cost of this plan for the years ended June 30, 2012 and 2011 was \$-0- and \$26,330, respectively.

(6) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at June 30 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$4,924,514	\$4,482,779
Cash and Cash Equivalents Held By Trustee	1,092,209	1,131,900
Cash and Cash Equivalents Held By City of Elizabeth	<u>2,731,554</u>	<u>2,878,714</u>
	<u>\$8,748,277</u>	<u>\$8,493,393</u>

The Company maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits, currently \$250,000. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on its cash accounts.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(7) BONDS PAYABLE

In 1997, the New Jersey Economic Development Authority Parking Revenue Bonds (Elizabeth Development Company-1997 Project) were issued in the amount of \$7,425,000. The proceeds from these bonds were used by the Company to provide funds for the EDC's Midtown Elizabeth Transit Garage Redevelopment Project. In 2007 the company issued \$7,195,000 of Revenue refunding Bonds to refund and defease all of the Company's outstanding 1997 bonds. Under the terms of the Loan and Security Agreement, EDC is required to make debt service payments so as to provide for the timely payment of the principal and interest on the NJEDA'S \$7,425,000 Parking Revenue Bonds. The note obligation is secured by parking revenues generated from the Project. To the extent revenues of the Project are insufficient to pay debt service; the Company has executed a deficiency agreement with the City of Elizabeth whereby the City has agreed to make payments to the extent of such deficiency.

At June 30, 2012, the carrying value of the note payable approximates fair market value.

Principal requirements on the note payable due (October 15) are as follows:

2013	\$ 295,000
2014	310,000
2015	325,000
2016	340,000
2017	360,000
2018-2026	<u>4,555,000</u>
	<u>\$6,185,000</u>

The Company is required, under the Loan and Security Agreement, to furnish by November 1 annually to the trustee, the City of Elizabeth and Financial Guaranty Insurance Company, a complete annual budget that includes the calculation of a Debt Service Coverage Ratio and that such ratio be 1.05 or higher. The Company was in compliance during the fiscal year.

According to the Trust Indenture dated 2/1/07, the Operating and Maintenance Requirement is "an amount equal to the average amount of two (2) months' expenditures for the operating and maintenance of the Project during the prior twenty four (24th) month period" and the requirement must be reviewed on semi-annually on May 1 and November 1 of each year. The amounts on deposit at June 30, 2012 and 2011 were \$75,954 and \$75,953, an excess of \$13,037 and \$13,036, respectively.



ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(8) LOAN PAYABLE

In order to fund the United Counties Trust Bank Building, the Company obtained the following financing:

The Company has received \$549,111 of funds from a mortgage loan through First BankAmericano. In 2009 Crown Bank took over First BankAmericano. The loan is for a twenty (20) year term and carries an interest rate of 6.00% annually. The monthly payment remains the same throughout the term of the loan. The monthly payment amount which includes principal and interest is \$3,961.84. The outstanding balance at June 30, 2012 and 2011 is \$426,192 and \$447,070, respectively.

The Company has received \$500,000 of funds from a mortgage loan through New Jersey Economic Development Authority. The loan is for a twenty (20) year term and the interest is reset every five (5) years. In 2010 the interest reset and the loan now carries an interest rate of 4.00% annually. The monthly payment remains the same throughout the term of the loan. The monthly payment amount which includes principal and interest is \$3,057.41. The outstanding balance is \$368,841 and \$390,821 at June 30, 2012 and 2011.

Line of Credit

The Company has a \$100,000 line of credit with Sovereign Bank. Interest on advances is accrued at the rate of 5.50%, payable on a monthly basis. The Line of Credit matured and was due on May 28, 2009. A modification to the agreement was signed to extend the terms of the original agreement for five years.

At June 30, 2012 and 2011, the Company's outstanding balance was \$1,581 and \$2,517, respectively.

Principal requirements on the loan payable due monthly are as follows:

	<u>Total</u>	<u>Crown Bank</u>	<u>New Jersey Economic Development Authority</u>	<u>Sovereign Bank</u>
2013	\$ 47,272	\$ 23,608	\$ 22,083	\$ 1,581
2014	48,081	25,085	22,996	
2015	350,359	26,597	323,762	
2016	28,318	28,318		
2017	30,089	30,089		
2018-2025	<u>292,495</u>	<u>292,495</u>		
	<u>\$796,614</u>	<u>\$426,192</u>	<u>\$368,841</u>	<u>\$ 1,581</u>

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(9) FIXED ASSETS

Fixed assets are stated at cost at date of acquisition. Depreciation is based on estimated useful life of the acquired asset, applied on a straight line basis. At June 30, such assets were:

	<u>2012</u>	<u>2011</u>
Midtown Garage	\$ 7,795,454	\$ 7,795,454
United Counties Building	2,335,624	2,328,824
Investment in First Street Urban Renewal, LLC	1,153,648	1,101,626
Equipment	<u>238,199</u>	<u>238,199</u>
	11,522,925	11,479,323
Less: Accumulated Depreciation	<u>(4,404,331)</u>	<u>(4,033,325)</u>
	<u>\$ 7,118,594</u>	<u>\$ 7,445,998</u>

(10) CONTINGENT LIABILITIES - GRANTS

The Company participates in federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes.

The federal and state grants received and expended were subject to the Single Audit Act Amendments and State of New Jersey OMB Circular 04-04, which mandates that grant revenues and expenditures be audited in conjunction with the Corporation's annual audit.

Findings and questioned costs, if any, relative to state financial assistance programs will be discussed in detail in the Schedule of Findings and Questioned Costs. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives.

(11) CONCENTRATION OF RISK

The Company has outstanding loans and notes receivable in the amount of \$4,956,096 with seven businesses at June 30, 2012 and \$4,663,466 with six businesses at June 30, 2011. The balances represent approximately 59% and 60%, respectively, of the Company's net loan and note receivables.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(12) MIDTOWN ELIZABETH TRANSIT GARAGE

In 1999, the Midtown Elizabeth Transit Garage was put into operation. Depreciation expense is being recorded over 28 years, the remaining life of the bonds used to finance this project. Depreciation expense was \$278,752 and \$278,752 for fiscal years 2012 and 2011, respectively.

(13) TEMPORARILY RESTRICTED NET ASSETS

The Company receives funds from the State of New Jersey for the purpose of issuing UEZ loans. As these funds are paid back to the Company, they are restricted for the purposes of replenishing the UEZ loan program. The temporarily restricted balance therefore consists of cash on hand and loan receivables related to the program. The temporarily restricted net assets at June 30, 2012 and 2011 are \$9,036,369 and \$9,139,122, respectively. In 2011-2012, the company committed \$149,353 and in 2010-2011, the company committed \$469,053 of these funds for various projects.

(14) INVESTMENT IN FIRST STREET URBAN RENEWAL, LLC

The Company has acquired for redevelopment purposes property at 205 and 213-215 First Street in the city. At June 30, 2012 and 2011 the Company has invested \$1,153,648 and \$1,116,846, respectively, on this Mixed Use project.

(15) CO-DEVELOPMENT AGREEMENT

The Company has entered into a co-developer agreement with the Supermarket Commercial Corporation, which resulted in the creation of the BFLF Land Corporation for the development of parcels at 60-90 Broadway.

The City of Elizabeth has designated the BFLF Land Corporation (consisting of Supermarket Commercial Corp. 55% and Elizabeth Development Company 45%) as the developers for the Eport Waterfront Revitalization - Supermarket project.

The proposed project will include the construction of sixty-five (65) residential units with retail units consisting of approximately 41,000 square feet. It is anticipated that the commercial spaces will be occupied by a supermarket and other mixed use retail facilities.

EDC filed a Brownfield Redevelopment loan application on behalf of BFLF Land Corp. for \$2 million dollars with the NJRA. The application was approved; funds were remitted to the BFLF Land Corp. with the loan being secured by Supermarket Commercial Corporation (SCC) corporate guarantees.

At June 30, 2012, the Company the City of Elizabeth and BFLF Land Corporation are working to dissolve the co-developer agreement with Supermarket Commercial Corp. due to Supermarket Commercial Corp.'s inability to continue with the project.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(16) RELATED PARTY TRANSACTIONS

UEZ Administration Contract

The Company has entered into an agreement with the City of Elizabeth whereby the Company receives an annual fee for administering the City's Urban Enterprise Zone program.

UEZ 2<sup>nd</sup> Generation Revenue

The Company has entered into an agreement with the City of Elizabeth whereby revenue received from UEZ loans and loan programs may be retained by the Company for the purpose of replenishing the loan pool and other eligible programs.

New Markets Tax Credit Program

In 2006 and 2007, the Elizabeth Development Company was awarded two New Markets Tax Credit allocations in the amount of \$10 million and \$25 million, respectively. The Company has formed Elizabeth Development CDE-1, LLC, CDE-2, LLC and CDE-3, LLC as Sub-CDE's for the purpose of allocating credits to different Qualified Active Low Income Community Businesses (QALICBs) as required by the allocation agreements in order to administer the New Markets Tax Credit (NMTC) program.

CDE- 1, LLC

The CDE-1 entered into an operating agreement with a Qualified Equity Investment (QEI) partner, TC Elizabeth, LLC. TC Elizabeth, LLC owns 99.99% membership interest and the Elizabeth Development CDE-1, LLC membership interest is 0.01%.

In February 2008, the CDE-1 structured and closed on a loan allocating \$10 million of their NMTC allocation for a QALICB in Elizabeth. The financial structure was for the construction and expansion of a state of the art warehouse facility in a qualified low income community (LIC) in the City of Elizabeth.

The CDE-1 received a sponsor fee of \$300,000 to be used to help absorb operating expenses to administer the NMTC program over a period of seven years as required by the program and/or support other economic development activities as guided by the EDC's mission statement. Deferred revenue at June 30, 2012 and 2011 is \$114,175 and \$157,032, respectively. In February 2010, the CDE transferred \$157,032 to the EDC as deferred sponsor fee.

The CDE-1 will receive from the QALICB an annual reporting and management fee of \$12,500 to be used to offset the annual audit, accounting, reporting, administrative and managing fees associated to the transaction. The investor member (TC Elizabeth, LLC) receives an annual reporting fee of \$5,000 in consideration of its services provided.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(16) RELATED PARTY TRANSACTIONS (CONTINUED)

New Markets Tax Credit Program (Continued)

CDE-2, LLC

The CDE-2 entered into an operating agreement with a Qualified Equity Investment (QEI) partner, US Bancorp Community Development Corporation. US Bancorp Community Development Corporation owns 99.99% membership interest and the Elizabeth Development CDE-2, LLC membership interest is 0.01%

In November 2009, the CDE-2 structured and closed on a loan allocating \$12.5 million of their remainder NMTC allocation received in 2007 for a QALICB in Elizabeth. The financial structure was for the construction of a new parking deck with commercial space facility in a qualified low income community (LIC) in the City of Elizabeth.

The CDE-2 received a sponsor fee of \$625,000 to be used to help absorb operating expenses to administer the NMTC program over a period of seven years as required by the program and/or support other economic development activities as guided by the EDC's mission statement. Deferred revenue as June 30, 2012 and 2011 is \$401,740 and \$491,016, respectively. In 2011, the CDE transferred \$491,016 to the EDC as deferred sponsor fee.

The CDE-2 will receive from the QALICB an annual reporting and management fee of \$30,000 to be used to offset the annual audit, accounting, reporting, administrative and managing fees associated with the transaction for the CDE-2 and investor member.

CDE-3, LLC

In December 2007, the Company was awarded \$25 million new markets tax credits allocation. The first half of the \$25 million was allocated to a Qualified Active Low Income Community Business (QALICB) by the CDE-2, LLC.

In February 2011, the CDE-3 structured and closed on a loan allocating \$4.5 million of their remainder NMTC allocation received in 2007 for a QALICB in Elizabeth. The financial structure was for the installation of solar panels in a qualified low income community (LIC) in the City of Elizabeth.

The CDE-3 received a sponsor fee of \$225,000 to be used to help absorb operating expenses to administer the NMTC program over a period of seven years as required by the program and/or support other economic development activities as guided by the EDC's mission statement. Deferred revenue as June 30, 2012 and 2011 is \$184,821 and \$216,964, respectively.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(16) RELATED PARTY TRANSACTIONS (CONTINUED)

New Markets Tax Credit Program (Continued)

CDE-3, LLC (Continued)

The CDE-3 will receive from the QALICB an annual asset management fee of \$30,000 to be used to offset the annual audit, accounting, reporting, administrative and managing fees associated with the transaction for the CDE-3 and investor member.

CDE-4, LLC

In December 2007, the Company was awarded \$25 million new markets tax credits allocation. The first half of the \$25 million was allocated to a Qualified Active Low Income Community Business (QALICB) by the CDE-2, LLC.

CDE-4, LLC will be formed to deploy a portion or the remainder of the \$8.0 million left under the 2007 NMTC allocation agreement. The amount of the NMTC allocation that would be used by the CDE-4 will depend on the prospective financial structure and need of the potential QALICB.

Bond Street Commercial Court Urban Renewal, Inc.

In July 2011, the Company has entered into an agreement with the Bond Street Commercial Court Urban Renewal, Inc. for a five year office lease which automatically renews with a provision for cancelation subject to six months' notice.

(17) SUBSEQUENT EVENTS

The Elizabeth Development Company of New Jersey has evaluated subsequent events occurring after the financial statement date through December 21, 2012, which is the date the financial statements were available to be issued. Based on this evaluation, the Elizabeth Development Company of New Jersey has determined that no subsequent events have occurred which require disclosure in the financial statements.

(18) LITIGATION, CLAIMS, AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Company may be a party to litigation. At June 30, 2012, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened, which would have a material adverse effect on the financial position of the Company.

## **SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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## 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

The Board of Directors  
Elizabeth Development Company of New Jersey  
Elizabeth, New Jersey

We have audited the financial statements of Elizabeth Development Company of New Jersey as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Elizabeth Development Company of New Jersey's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Elizabeth Development Company of New Jersey's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Elizabeth Development Company of New Jersey's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was limited for the purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.



# SUPLEE, CLOONEY & COMPANY

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elizabeth Development Company of New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended for the information of Elizabeth Development Company of New Jersey and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 21, 2012

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A -133 AND NEW JERSEY OMB CIRCULAR 04-04

The Board of Directors  
Elizabeth Development Company of New Jersey  
Elizabeth, New Jersey

## Compliance

We have audited the compliance of Elizabeth Development Company of New Jersey with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2012. Major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Elizabeth Development Company of New Jersey's management. Our responsibility is to express an opinion on Elizabeth Development Company of New Jersey's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of State Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Elizabeth Development Company of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Elizabeth Development Company of New Jersey's compliance with those requirements.

In our opinion, the Elizabeth Development Company of New Jersey complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Elizabeth Development Company of New Jersey is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Elizabeth Development Company of New Jersey's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Elizabeth Development Company of New Jersey's 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 type of compliance requirement of a federal or state 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 type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management of the Elizabeth Development Company of New Jersey and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 21, 2012

A handwritten signature in black ink, appearing to read "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

SCHEDULE 1

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL C.F.D.A. NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>GRANT PERIOD</u>		<u>FISCAL YEAR</u>	
			<u>FROM</u>	<u>TO</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
United States Department of Housing and Urban Development: Pass-Through City of Elizabeth: Community Development Block Grant Community Development Block Grant	14.218	\$ 600,000	07/01/11	06/30/12	\$ 390,000	\$ 598,496
	14.218	\$ 1,262,340	06/09/11	05/31/12	835,204	728,334
					<u>\$ 1,225,204</u>	<u>\$ 1,326,830</u>

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	GRANT AWARD AMOUNT	GRANT PERIOD		FISCAL YEAR	
		FROM	TO	RECEIPTS	EXPENDITURES
Urban Enterprise Zone Authority:					
Urban Enterprise Zone - Administration	\$ 440,000	07/01/11	06/30/12	\$ 203,460	\$ 418,808
Urban Enterprise Zone - Administration	\$ 699,000	07/01/10	06/30/11	199,093	
Urban Enterprise Zone - 2nd Generation Financial Lending Program	\$ 1,381,645	07/01/11	06/30/12	50,089	204,950
				452,642	623,758
State of New Jersey, Department of Community Affairs, Division of Community Resources:					
Neighborhood Revitalization Tax Credit Project 12	\$ 500,000	01/01/12	12/31/12		
Neighborhood Revitalization Tax Credit Project 11	\$ 1,000,000	02/01/11	01/31/13	950,000	950,000
Neighborhood Revitalization Tax Credit Project 07	\$ 600,000	12/01/07	05/31/10	108,542	108,542
				1,058,542	1,058,542
GRAND TOTAL				\$ 1,511,184	\$ 1,682,300

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2012

(1) GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial assistance programs of Elizabeth Development Company of New Jersey. The Company is defined in the Notes to the Company's basic financial statements. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

(2) BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented using the accrual basis of accounting.

(3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Company's basic financial statements.

(4) RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

(5) OTHER

Matching contributions expended by the Company in accordance with terms of the various grants are not reported in the accompanying schedules.

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**Section I - Summary of Auditor's Results**

**Financial Statements**

- |  |             |
|--|-------------|
| (1) Type of Auditor's Report Issued:   | Unqualified |
| (2) Internal Control Over Financial Reporting:   |             |
| (a) Material weakness identified?  | No          |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A         |
| (3) Noncompliance material to the basic financial statements noted?                        | No          |

**Federal Program(s)**

- |  |               |
|--|---------------|
| (1) Internal Control Over Major Federal Program(s):  |               |
| (a) Material weaknesses identified?  | None Reported |
| (b) Significant deficiencies identified that are not considered to be material weaknesses?               | N/A           |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)?                          | Unqualified   |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133? | None Reported |

- (4) Identification of Major Federal Programs:

<u>Grant Program</u>	<u>CFDA</u>
Community Development Block Grants	14.218

- |   |     |
|---|-----|
| (5) Program Threshold Determination:                                  |     |
| Type A Federal Program Threshold > \$300,000.00                       |     |
| Type B Federal Program Threshold <= \$300,000.00                      |     |
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? | Yes |

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**Section I - Summary of Auditor's Results (Continued)**

**State Program(s)**

(1) Internal Control Over Major State Programs:

(a) Material weakness identified? None Reported

(b) Significant deficiencies identified that are not considered to be material weaknesses? N/A

(2) Type of Auditor's Report issued on compliance for major state program(s)? Unqualified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? None Reported

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Identification Number</u>
Urban Enterprise Zone	UEZA 12 - 07 ADM
Urban Enterprise Zone	12- SGF
Neighborhood Revitalization	
Tax Credit Project	2011-100-022-8020-168-FNRT-6130

(5) Program Threshold Determination:

Type A State Program Threshold > \$300,000.00

Type B State Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

**Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards**

**Internal Control Findings**

None Reported

**Compliance Findings**

None Reported



ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**Section III - Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs - None Reported

State Programs - None Reported

ELIZABETH DEVELOPMENT COMPANY OF NEW JERSEY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Programs - None Reported

State Programs - None Reported

