



**BROWN & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC**

**Brown & Company CPAs and  
Management Consultants, PLLC**  
Firm Name: Management Consultants, PLLC  
Engagement: EQ2014-009-P1-HMFA  
For Quarter Ending: 09/30/2015

Reports required under A-60 will be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations Act.

No.	Recipient Data Elements	Response	Comments
<b>A.</b>	<b>General Info</b>		
1.	Recipient of funding	NJ Housing Mortgage and Finance Agency (NJHMFA)	
2.	Federal Funding Agency? (e.g. HUD, FEMA)	HUD	
3.	State Funding (if applicable)	Not applicable	
4.	Award Type	HUD Community Development Block Grant (CDGB) - Disaster Recovery	
5.	Award Amount	\$ 104,533,799	
6.	Contract/Program Person/Title	Director, NJHMFA Division of Credit & Business Development	

No.	Recipient Data Elements	Response	Comments
7.	Brief Description, Purpose and Rationale of Project/Program	<p>The Department of Treasury (Treasury), on behalf of the New Jersey Housing and Mortgage Finance Agency (NJHMFA) engaged Brown &amp; Company CPAs and Management Consultants, PLLC (Brown &amp; Company) pursuant to the “Prequalification Pools: Auditing and Other Related Services in Support of Disaster Recovery” contract (T2939) from prequalified contractors. The State retained the services of Brown &amp; Company to provide a Program and Process Management Auditor to NJHMFA to audit the Fund for Restoration of Multi-Family Rental Housing (FRM) and associated contracts and the Sandy Special Needs Housing Fund (SSNHF) programs, for the purpose of minimizing risk and preventing or rectifying duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance and mismanagement of funds.</p> <p>The NJHMFA FRM program assists in the creation of rental projects in the nine most impacted New Jersey counties and provides the funding for forgivable subordinated mortgages. Those counties have been identified as Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union. The program awards subsidies in the form of loans to both not-for-profit and for-profit developers; owners capable of managing large multifamily housing developments; and low- and moderate-income households.</p> <p>As of this report, NJHMFA has approved 16 loan contracts (<b>Attachment A</b>), each valued at \$5 million or more.</p>	
8.	Contract/Program Location	Various counties in New Jersey	
9.	Amount Expended to Date	\$ 75,332,696	
10.	Amount Provided to other State or Local Entities	Not applicable	
11.	Completion Status of Contract or Program	72% of funds have been expended	
12.	Expected Contract End Date/Time Period	Funds should be expended by October 31, 2016.	

No.	Recipient Data Elements	Response	Comments
<b>B.</b>	<b>Monitoring Activities</b>		
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	Not applicable	
14.	Quarterly Activities/Project Description (include number of visits to meet with recipient and sub recipient, including who you met with, and any site visits warranted to where work was completed)	<p>No site visits were conducted during this reporting period; information was provided by email.</p> <p>Brown &amp; Company contacted the Portfolio Supervisor, Credit and Business Development, NJHMFA and requested clarification on whether or not there is a due date to expend the grant funds. We requested the following: (1) the period(s) in which the grant funds must be expended for each contract and (2) the document(s) that state(s) the due date to expend funds.</p> <p>We received an update on the contracts from NJHMFA. Brown &amp; Company reviewed the status of funds for the 16 contracts and noted that 2 contracts have not closed: Booker T. Washington Apts. and Keyport Legion Apts.</p> <p>The updated FRM-PHA report as of September 18, 2015 shows that two contracts—Booker T. Washington Apts. and Keyport Legion Apts.—have not yet closed, and 14 contracts have closed and drawn funds (see <b>Attachment A</b>).</p>	

No.	Recipient Data Elements	Response	Comments
15.	Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.	<p>Brown &amp; Company’s integrity oversight monitoring activity for the third quarter (July 1, 2015 – September 30, 2015) focused on Tasks C, D, and Task E.</p> <p>Brown &amp; Company reviewed the status of funds for the sixteen contracts and noted that two contract files were still outstanding from the last quarterly report.</p> <ol style="list-style-type: none"> <li>1. Booker T. Washington Apts.</li> <li>2. Keyport Legion Apts.</li> </ol> <p>We discussed the status of the two contracts with NJHMFA and was informed that the two contracts are expected to close soon.</p> <p>Heritage Village at Oakhurst closed during this quarter and there were two drawdowns to date. NJHMFA provided the schedule of drawdowns for Heritage Village at Oakhurst.</p> <p>We selected the drawdowns for testing and requested the following supporting documentation:</p> <ul style="list-style-type: none"> <li>• Invoice including evidence of approval</li> <li>• Wire letter including required signatures</li> <li>• NJHMFA’s MISTA accounting system transaction report.</li> </ul> <p>We completed the testing and there were no exceptions noted.</p>	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	Under Task D, Integrity Oversight Monitoring, Brown & Company tracked, tested, and reviewed contractor invoices submitted to NJHMFA. We reviewed updated schedules that reported activity.	

No.	Recipient Data Elements	Response	Comments
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	Payment requisitions were reviewed. Brown & Company tracked, tested and reviewed contractor invoices submitted to NJHMFA for contracts that had drawn funds.	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	<p>The first essential step in preventing and detecting waste, fraud, and abuse in government programs is to review and evaluate the comprehensiveness and effectiveness of existing policies, procedures, and controls in place to manage and mitigate the risks inherent in government loan programs. Brown &amp; Company's monitoring activities this quarter included contract review and evaluation.</p> <p>We continued integrity monitoring and testing on contracts that closed and had funds expended. We tracked, tested, and reviewed contractor invoices submitted to NJHMFA.</p>	
19.	Provide details of any integrity issues/findings	For the quarter July 1, 2015 – September 30, 2015, there were no findings.	
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	None	
21.	Provide details on any other items of note that have occurred in the past quarter	None	
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	Not applicable	
<b>C. Miscellaneous</b>			
23.	Attach a list of hours and expenses incurred to perform your quarterly	See <b>Attachment B</b>	

No.	Recipient Data Elements	Response	Comments
	integrity monitoring review		
24	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	<b>None</b>	

Name of Integrity Monitor: Brown & Company CPAs and Management Consultants, PLLC

Name of Report Preparer: Gail Jenifer, CPA

Signature: 

Date: January 4, 2016

**ATTACHMENT A – APPROVED LOAN CONTRACTS VALUED AT \$5MILLION OR MORE**

The 16 loan contracts listed in the table below make up Brown & Company’s Task C Scope of Work.

	<b>Contract</b>	<b>Loan #</b>	<b>Intended Use of Funds</b>	<b>Amount</b>	<b>Amount Expended to Date as of 9/18/2015</b>	<b>Date of Award</b>
1	Heritage Village at Oakhurst	HMFA #2874	New	\$ 11,020,000	\$ 1,422,965	10/3/2013
2	Franklin Manor	HMFA #2885	New	10,118,157	7,174,139	12/3/2013
3	Willows at Waretown	HMFA #2599	New	9,097,970	9,097,970	10/3/2013
4	Booker T. Washington Apts.	HMFA #2927	Rehab	8,253,624	0	1/27/2014
5	The Beachview Residence	HMFA #2683	Rehab	5,642,518	5,642,518	11/14/2013
6	Heritage Village at Bloomfield	HMFA #2844	New	5,310,554	5,310,554	1/27/2014
7	Conifer Village at Rittenberg / Rittenberg Manor	HMFA #2704	New	5,412,163	5,412,163	1/27/2014
8	Carolina Crescent & Connecticut Crescent	HMFA #2859	New	5,145,721	5,145,721	1/27/2014
9	Green Heron Pointe (Railroad Avenue)	HMFA #2508	New	5,102,748	5,102,748	1/27/2014
10	Meadow Lark Run (Rio Grande)	HMFA #2837	New	5,086,261	5,086,261	1/27/2014
11	Egg Harbor Hotel Conversion	HMFA #2861	Rehab	5,549,899	5,549,899	5/25/2013
12	Westmont Station	HMFA #2869	New	5,477,486	5,477,486	5/15/2013
13	Catherine Todd Senior Living Center	HMFA #2553	Rehab	5,692,775	5,692,775	5/15/2013
14	The Residences at Willow Pond Village (Delaney Homes)	HMFA #2878	New	5,840,000	3,433,574	5/15/2013
15	The Meadows (Atlantic City HOPE VI)	HMFA #2772	New	5,783,923	5,783,923	8/29/2013
16	Keyport Legion Apts.	Unknown	Unknown	6,000,000	0	Unknown
<b>Total</b>				<b>\$ 104,533,799</b>	<b>\$ 75,332,696</b>	

**ATTACHMENT B – Level of Effort and Expenses**

Quarter ending September 30, 2015.

Hours Incurred For Quarterly Activities

Member	28
Manager	0
Supervisor	14
Seniors (3)	<u>11</u>
Total Hours	<u>53</u>

Expenses Incurred For Quarterly Activities

Travel	\$ 0
Other Direct Costs	\$ 0