



**Township Council**  
1 Municipal Plaza  
Bloomfield, NJ 07003

**Louise M. Palagano**  
*Municipal Clerk*

<http://www.bloomfieldwpnj.com>

Meeting: 06/25/18 06:00 PM

**2018 RESOLUTION PILOT**

---

**RESOLUTION: AUTHORIZATION OF EXTENDED PILOT WITH NATIONAL CHURCH RESIDENCES**

**WHEREAS**, in or about March 1985, the Township Council for the Township of Bloomfield (the "Township") passed a Resolution authorizing the execution of an agreement (the "Agreement") between the Township and the National Church Residences of New Jersey Bloomfield ("NCR"), a non-profit corporation of the State of New Jersey, whereby NCR would make payments in lieu of taxes ("PILOT") for the housing complex to be constructed and ultimately named the Kinder Towers (the "Kinder Towers"); and

**WHEREAS**, the Agreement, provides that for the duration of the PILOT Period, NCR shall pay to the Township, in lieu of taxes and on a quarterly basis, an amount equal to 6.28 percent of the adjusted rent receipts; and

**WHEREAS**, NCR is presently negotiating to refinance the mortgage for Kinder Towers, and for that purpose requires assurances of the Township's intent to adhere to the terms of the Agreement, and more specifically to continue to permit PILOT for the NCR during the duration of NCRs mortgage term through 2060; and

**WHEREAS**, the Township acknowledges that NCR will be making substantial capital improvements to modernize each unit in Kinder Towers, and will continue to operate Kinder Towers as a Senior Housing Development; and

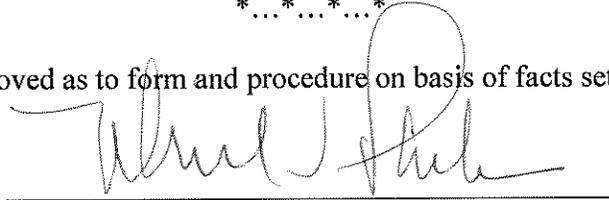
**WHEREAS**, the NCR agrees to increase their PILOT percentage to the Township from 6.28% of net sheltered receipts to 7.28%, while maintain the affordability of the residence.

**NOW, THEREFOR, BE IT RESOLVED**, by the Mayor and Council of the Township of Bloomfield, County of Essex, State of New Jersey that the Mayor is authorized to execute a revised Agreement that will continue to permit PILOT for NCR during the remainder of the PILOT Period and extended through 2060; and

**BE IT FURTHER RESOLVED**, that this resolution shall be published and made available in the Clerk's Office for reasonable inspection in accordance with applicable law.

\*...\*...\*...\*

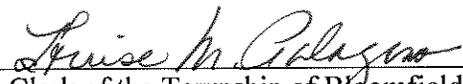
Approved as to form and procedure on basis of facts set forth.

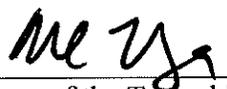
  
\_\_\_\_\_  
Director of Law-Township Attorney

I do hereby certify that the funding will be legally appropriated per the above information for the purpose specified in the attached contract. Furthermore, it has been represented to me that the contracts have been processed in accordance with the applicable provisions of New Jersey Local Public Contract Law and the Code of the Township of Bloomfield.

  
\_\_\_\_\_  
Chief Financial Officer

I hereby certify that the above resolution was duly adopted by the Mayor and Council of the Township of Bloomfield at a meeting of said Township Council held on June 25, 2018.

  
\_\_\_\_\_  
Municipal Clerk of the Township of Bloomfield

  
\_\_\_\_\_  
Mayor of the Township of Bloomfield

✓ Vote Record – Resolution						
		Yes/Aye	No/Nay	Abstain	Absent	
<input type="checkbox"/> Adopt		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> Deny	Jenny Mundell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> Withdrawn	Nicholas Joanow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> Table	Sarah Cruz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> Not Discussed	Wartyna Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/> First Reading						
<input type="checkbox"/> Table with no Vote						

Resolution (ID # 7065)

Meeting of June 25, 2018

<input type="checkbox"/> Approve	Ted Gamble	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Veto by Mayor	Richard Rockwell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Discussion	Michael J. Venezia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Defeated					
<input type="checkbox"/> Discussion No Vote					

**TAX ABATEMENT  
AGREEMENT**

**THIS AGREEMENT**, made this 21st day of December 2018, between **NATIONAL CHURCH RESIDENCES OF NEW JERSEY**, a Nonprofit Corporation, of the State of New Jersey, organized pursuant to the Senior Citizens Nonprofit Rental Housing Tax Law as amended, or hereinafter amended (N.J.S.A. 55:14I-1 et seq.) (hereinafter referred to as the "Senior Citizens Housing Law"), having its principal office at 400 Hoover Avenue, Bloomfield, New Jersey, (hereinafter designated as the "Corporation") and the **TOWNSHIP OF BLOOMFIELD**, a municipal corporation in the County of Essex and State of New Jersey (hereinafter designated as the "Municipality").

**WITNESSETH:**

In consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

1. This Agreement is made pursuant to the authority contained in Section 5 of the Senior Citizens Housing Law of 1965, as amended (N.J.S.A. 55:14I et seq.) and a Resolution by the Township Council of the Township of Bloomfield dated June 25, 2018, the terms of which are incorporated herein by reference.

2. The Municipality recognizes and approves the Corporation as the owner and operator of the development known as Kinder Towers senior housing development (the "Property") as previously approved by Resolution of the governing body dated March 18, 1985.

3. The Corporation built the Property through the United States Department of Housing and Urban Development (hereinafter referred to as "HUD") HUD 202 direct loan program.

4. The Corporation intends to refinance the existing loan for the purpose of performing more extensive rehabilitation to improve the Property.

5. The Municipality and Corporation previously entered into a Tax Abatement Agreement ("Agreement") on or about August 1, 1985 that expires on August 1, 2036, and which is incorporated herein by reference.

6. The Corporation seeks to extend the Agreement for a total term equal to the new HUD 221(d) (4) loan term of 42 years.

7. It is expressly understood and agreed that the Municipality enters into the Agreement in reliance upon the data set forth in the Term Sheet, Affordable Gross Potential Rent and Financial Report all attached hereto as Exhibit "A", and upon the supervision over the Corporation vested by law in the United State Department of Housing and Urban Development (hereinafter referred to as "HUD"). The Municipality recognizes, however, the right of HUD to direct the Corporation to make reasonable changes in the construction, maintenance and operation of the development which are required by HUD in its view, to ensure compliance with the requirements of Federal and State Law.

8. The land upon which the development is to be undertaken is described as follows: (Legal Description) annexed hereto as Exhibit "B".

9. Pursuant to the Senior Citizens Housing Law, the above-described property and all improvements thereon shall be exempt from real property taxation as of the date the Corporation executes a first mortgage upon the development in favor of HUD and such exemption shall continue for the term of forty-two (42) years.

10. (a) In consideration of the aforesaid exemption from real property taxation, from the date of Agreement and for the term of forty-two (years) years, the Corporation shall make payment to the Municipality of an annual service charge in an amount equal to 7.28

percent of the adjusted rent receipts of the development as defined and determined in the manner set forth in Exhibit "C" attached hereto.

(b) Payments by the Corporation shall be made on a quarterly basis on the same dates as real estate taxes are paid to the Municipality and shall be based upon the adjusted rent receipts of the previous quarter. No later than three (3) months following the commencement of this Agreement and each year thereafter that this Agreement remains in effect, the corporation shall submit to the Municipality a certified, audited financial statement of the operation of the development setting forth the adjusted rent receipts shown by the audit and payments paid by the corporation to the Municipality for the preceding fiscal year. The Municipality may accept any such payment without prejudice to its right to challenge the amount due.

(c) In the event the rental unit total is increased or decreased upon the present site, it is understood and agreed that the annual municipal service charge shall be adjusted in accordance with the formula more specifically set forth herein.

(d) All payments made pursuant to this Agreement shall be in lieu of taxes and the Municipality shall have all the rights and remedies of tax enforcement granted to Municipalities by law just as if said payments constituted regular tax obligations on real property within the Municipality. If, however, the Municipality disputes the total amount of the annual service charge due it, based upon the Corporation's annual audit, it may apply to the Superior Court, Chancery Division, for an accounting of the service charge due the Municipality, in accordance with this Agreement. Any such action must be commenced within one year of the receipt of the Corporation's audit by the Municipality.

(e) In the event of any delinquency in the aforesaid payments, the Municipality shall give notice to the Corporation and HUD in the manner set forth in 14(a) below, prior to any legal

action being taken.

11. The tax exemption provided herein shall only be effective during the usefulness of the project as determined by the Corporation and the Municipality and shall continue in force only if and while the project is owned by a nonprofit corporation formed for the purpose of the Senior Citizens Housing Law.

12. Upon any termination of such tax exemption, whether by affirmative action of the Corporation, its successors and assigns, or by virtue of the provisions of the Senior Citizens Housing Law, the development shall be taxed as omitted property in accordance with Law.

13. The Corporation, its successors and assigns shall, upon request, permit inspection of property, equipment, buildings and other facilities of the development and also permit examination and audit of its books, contracts, records, documents and papers by representatives duly authorized by the Municipality. Any such inspection, examination, or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent of the Corporation or its successors and assigns.

14. A notice or communication sent by either party to the other hereunder shall be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the Municipality to the Corporation, it shall be addressed to the project manager at 400 Hoover Avenue, Bloomfield, New Jersey, or to such other address as the Corporation may hereafter designate in writing.

(b) When sent by the Corporation to the Municipality, it shall be addressed to Clerk, Township of Bloomfield, Township Hall, Municipal Plaza, Bloomfield, New Jersey 07003, or such other address of the Municipality may designate in writing.

15. It is agreed and understood that subject to the terms and provisions of paragraph

12 herein, the Corporation agrees that it will not sell or transfer the development described in the annexed application, together with the improvements thereon, to any corporation, association or entity, unless such corporation, association or entity qualifies under the Senior Citizens Housing Law, and owns no other development at the time of transfer, without first obtaining the prior written consent of the Municipality and HUD.

16. In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court, Chancery Division, to settle and resolve said breach or dispute in such fashion as will tend to accomplish the purposes of the Senior Citizens Housing Law.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

ATTEST:

NATIONAL CHURCH RESIDENCES  
OF NEW JERSEY

  
\_\_\_\_\_  
CARRIE DEAN

By:   
\_\_\_\_\_  
Julia Fraxianne, Treasurer

ATTEST:

TOWNSHIP OF BLOOMFIELD

  
\_\_\_\_\_  
Township Clerk

By:   
\_\_\_\_\_  
Mayor

**Exhibit A**



March 5, 2018

Mr. Eric Walker  
National Church Residences  
2335 North Bank Drive  
Columbus, OH 43220

Re: Construction & Permanent Loan Financing for Kinder Towers (the "Project"), a 100-unit Affordable Housing Project in Essex, NJ.

Dear Mr. Walker:

Red Mortgage Capital, LLC ("RMC") is pleased to provide you with this conditional commitment letter to provide construction and permanent credit enhancement on the above-referenced project.

The proposed terms shown below are based largely upon representations and information provided by you with regard to estimates of project costs, project income and expense figures, the limited market area data currently available to us, and the interest rate environment prevailing as of this date:

Construction & Permanent Loan Financing

Lender:	Red Mortgage Capital, LLC
Borrower:	National Church Residences of New Jersey
Loan Amount:	\$14,968,100
Loan Term:	40 years plus construction period
Loan Amortization:	40 years
Interest Rate:	4.25% (not inclusive of mortgage insurance premium of 0.25%)

Based on rates in effect on March 5, 2018. Rates are subject to daily fluctuations.

The Interest Rates shall be fixed and locked prior to the closing of the mortgage.

Debt Service Coverage:	1.11x Minimum Allowable
------------------------	-------------------------

Security:	A first mortgage lien on the property and the Project; a first assignment of rents and leases on the property or the Project; a senior security interest in Borrower's furnishings, fixtures, and equipment and Borrower's other tangible and intangible personal property acquired from, used in connection with or arising from the development, construction, use or operating of the property or the Project; an assignment of all construction contracts and contracts for other professional services engaged in or for the project; an assignment to RMC of any distribution rights of the Borrower and the General Partner(s) by way of their respective general partnership interests in the property and the Project.
-----------	---

Prepayment: Mortgages are subject to a 2 year lockout with an 8% prepayment premium in year 3 declining 1% annually thereafter.

Standard Conditions:

The Borrower shall pay all costs incident to the processing and closing of the permanent financing including (without limitation) title insurance premiums; recording and settlement costs; costs of survey; fees and expenses of environmental, engineering, architectural, accounting, legal, and other professionals providing services to the Borrower; hazard insurance premiums, and payment of any amounts due to deliver interest rate. The Borrower shall pay such costs regardless of whether or not the permanent financing is closed and funded.

Prior to a loan closing, Borrower and/or Guarantors will be required to comply with and meet RMC's standard pre-closing conditions. Said pre-closing conditions would be contained in a final RMC Commitment letter issued to Borrower at a future date, and would contain, but not be limited to, RMC's review and acceptance of items including the final underwriting, conditions of Borrower, and any other conditions which RMC or its legal counsel shall require.

You understand that the loan amounts and the other terms are only estimates based upon our preliminary analysis of the Project and the borrower, that such loan amounts may increase or decrease, and that such terms may change, depending upon the final underwriting of the property.

The terms and conditions of this letter will expire on February 28, 2019. We appreciate the opportunity to submit our proposal for the construction and permanent financing for your affordable housing development and look forward to working with you on this transaction.

Very truly yours,

Red Mortgage Capital, LLC



Matt P. McClure  
Vice President

# NCR Affordable Gross Potential Rent

As Of Date: 07/29/2018  
As Of Month: 07/2018

## Property: Kinder Towers (00064)

Unit	Resident	Market Rent	Loss/Gain to Lease	Potential Rent	Economic Vacancy	Actual Rent Charge	Actual Subsidy Charge	Excess Income	Utility Reimb	Rent Adjust-ments	Subsidy Adjust-ments	Concession	Write Off
064-mgr	t0058071 Unit, Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110	t0011500 DEBLASIO, EILEEN	1,100.00	0.00	1,100.00	0.00	116.00	984.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0094161 Lizardo, Zunilda	1,100.00	0.00	1,100.00	0.00	482.00	618.00	0.00	0.00	0.00	0.00	0.00	0.00
113	t0053687 Minieri, Anna	1,100.00	0.00	1,100.00	0.00	300.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0057668 Oemer, John	986.00	0.00	986.00	0.00	35.00	951.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	t0057304 Adjodha, Mathilde	986.00	0.00	986.00	0.00	262.00	724.00	0.00	0.00	0.00	0.00	0.00	0.00
203	t0011514 MASI, CARMELA	1,100.00	0.00	1,100.00	0.00	60.00	1,040.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0011516 Melendez, Maria	1,100.00	0.00	1,100.00	0.00	475.00	625.00	0.00	0.00	0.00	0.00	0.00	0.00
204	t0103260 Langenfeld, Louis	1,100.00	0.00	1,100.00	0.00	718.00	382.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0099257 Prato, Carmella	1,100.00	0.00	1,100.00	0.00	103.00	997.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0067520 Walsh, Patricia	986.00	0.00	986.00	0.00	270.00	716.00	0.00	0.00	0.00	0.00	0.00	0.00
208	t0109331 Burnett, Vera	1,100.00	0.00	1,100.00	0.00	112.00	988.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0078429 Ruvo, Joseph	986.00	0.00	986.00	0.00	555.00	431.00	0.00	0.00	0.00	0.00	0.00	0.00
209	t0043845 Bonfante, Joyce	1,100.00	0.00	1,100.00	0.00	206.00	894.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	t0011525 Pica, Michael	1,100.00	0.00	1,100.00	0.00	205.00	895.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0037915 Almodovar, Sarah	1,100.00	0.00	1,100.00	0.00	106.00	994.00	0.00	0.00	0.00	0.00	0.00	0.00
212	t0042934 Risoli, Jennie	1,100.00	0.00	1,100.00	0.00	159.00	941.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t001493 Rozan, Marion	1,100.00	0.00	1,100.00	0.00	220.00	880.00	0.00	0.00	0.00	0.00	0.00	0.00
214													
064-1X1													

# NCR Affordable Gross Potential Rent

As Of Date: 02/29/2018  
 As Of Month: 02/2018

## Property: Kinder Towers (00064)

Unit	Resident	Market Rent	Loss/Gain to Lease	Potential Rent	Economic Vacancy	Actual Rent Change	Actual Subsidy Change	Excess Income	Utility Reimb	Rent Adjustments	Subsidy Adjustments	Concession	Write Off
064-0X1	0088621 Martin, Renato	986.00	0.00	986.00	0.00	76.00	910.00	0.00	0.00	0.00	0.00	0.00	0.00
302	t0020575 Albanese, Rosemary	986.00	0.00	986.00	0.00	262.00	724.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	t0104892 Carola, Madeline	1,100.00	0.00	1,100.00	0.00	243.00	857.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0041845 Salvatorello, Carol	1,100.00	0.00	1,100.00	0.00	70.00	1,030.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0062790 Almonte, Lucinda	1,100.00	0.00	1,100.00	0.00	8.00	1,092.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0091349 Prestanni, Gail	1,100.00	0.00	1,100.00	0.00	365.00	735.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0011508 Magarelli, Barbara	986.00	0.00	986.00	0.00	167.00	819.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	t0083901 Guerco, Luigi Del	1,100.00	0.00	1,100.00	0.00	202.00	898.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0014289 Lofrano, Concetta	986.00	0.00	986.00	0.00	255.00	731.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	t0038573 Austin, Deborah	1,100.00	0.00	1,100.00	0.00	88.00	1,012.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0060712 Delafuente, Carlos	1,100.00	0.00	1,100.00	0.00	84.00	1,016.00	0.00	0.00	0.00	0.00	0.00	0.00
312	t0011496 Protomastro, Nicholas	1,100.00	0.00	1,100.00	0.00	411.00	689.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0014279 Bowen, Annette	1,100.00	0.00	1,100.00	0.00	248.00	852.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0039475 Morales, Barbara	1,100.00	0.00	1,100.00	0.00	617.00	483.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0014277 Richlan, Helen	986.00	0.00	986.00	0.00	190.00	796.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	t0011487 Walsh, John	986.00	0.00	986.00	0.00	444.00	542.00	0.00	0.00	0.00	0.00	0.00	0.00
403	t0080863 Davis, Marie	1,100.00	0.00	1,100.00	0.00	410.00	690.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	t0056419 Morton, Katherine	1,100.00	0.00	1,100.00	0.00	404.00	696.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1													

# NCR Affordable Gross Potential Rent

As Of Date: 02/28/2018  
As Of Month: 02/2018

## Property: Kinder Towers (00064)

Unit	Resident	Market Rent	Loss/Gain to Lease	Potential Rent	Economic Vacancy	Actual Rent Change	Actual Subsidy Charge	Excess Income	Utility Reimb	Rent Adjustments	Subsidy Adjustments	Concession	Write Off
405	t0011492	1,100.00	0.00	1,100.00	0.00	371.00	729.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	FALCO, JULIE												
406	t0062229	1,100.00	0.00	1,100.00	0.00	95.00	1,005.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Witter, Barbara												
407	t0089553	986.00	0.00	986.00	0.00	6.00	980.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Falla, Mildred												
408	t0106636	1,100.00	0.00	1,100.00	0.00	342.00	758.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	McNally, Catherine												
409	t0085196	986.00	0.00	986.00	0.00	78.00	908.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Martin, Efilina												
410	t0087206	1,100.00	0.00	1,100.00	0.00	260.00	840.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Martinez, Jose												
411	t0014297	1,100.00	0.00	1,100.00	0.00	399.00	701.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Carlesco, Ruth												
412	t0024481	1,100.00	0.00	1,100.00	0.00	365.00	735.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Reynolds, Mary												
413	t0047657	1,100.00	0.00	1,100.00	0.00	104.00	996.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Veliz, Raquel												
414	t0011481	1,100.00	0.00	1,100.00	0.00	613.00	487.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Carlo, Carla												
501	t0011480	986.00	0.00	986.00	0.00	950.00	36.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Kaleda, Martin												
502	t0075990	986.00	0.00	986.00	0.00	631.00	355.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Molinaro, Alfred												
503	t0014333	1,100.00	0.00	1,100.00	0.00	161.00	939.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Lugo, Maria												
504	t0014327	1,100.00	0.00	1,100.00	0.00	714.00	386.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Camarota, Anthony												
505	t0106163	1,100.00	0.00	1,100.00	0.00	65.00	1,035.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Afonso, Maria												
506	t0014313	1,100.00	0.00	1,100.00	0.00	246.00	854.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	PEACE, CARMELLA												
507	t0014311	986.00	0.00	986.00	0.00	498.00	488.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Falco, Irene												
508	t0014273	1,100.00	0.00	1,100.00	0.00	61.00	1,039.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Daly, Ardelle												

# NCR Affordable Gross Potential Rent

As Of Date: 02/28/2018  
 As Of Month: 02/2018

## Property: Kinder Towers (00064)

Unit	Resident	Market Rent	Loss/Gain to Lease	Potential Rent	Economic Vacancy	Actual Rent Change	Actual Subsidy Change	Excess Income	Utility Reimb	Rent Adjustments	Subsidy Adjustments	Concession	Write Off
509	t0037066	986.00	0.00	986.00	0.00	173.00	813.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Rolon, Aurea												
510	t0059553	1,100.00	0.00	1,100.00	0.00	291.00	809.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Lang, Margaret												
511	t0083279	1,100.00	0.00	1,100.00	0.00	106.00	994.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Barato, Sara												
512	t0046944	1,100.00	0.00	1,100.00	0.00	129.00	971.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Russo, Adelia												
513	t0105352	1,100.00	0.00	1,100.00	0.00	684.00	416.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Rivera, Ivette												
514	t0014300	1,100.00	0.00	1,100.00	0.00	106.00	994.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	ZAKS, ANNA												
601	t0014336	986.00	0.00	986.00	0.00	248.00	738.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Sears, Gloria												
602	t0100243	1,100.00	0.00	1,100.00	0.00	488.00	612.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Healy, Lynn												
603	t0011504	1,100.00	0.00	1,100.00	0.00	106.00	994.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	GERLOVIN, ALLA												
604	t0094302	1,100.00	0.00	1,100.00	0.00	184.00	916.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Urquhart, Cecil												
605	t0011484	1,100.00	0.00	1,100.00	0.00	200.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Durkin, Ann												
606	t0112304	1,100.00	0.00	1,100.00	236.00	222.00	878.00	0.00	0.00	-136.00	-100.00	0.00	0.00
064-1X1	Rodrigues, Idalia												
607	t0046639	986.00	0.00	986.00	0.00	137.00	849.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Wood Ruff, Donna												
608	t0100216	1,100.00	0.00	1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Zigareva, Nina												
609	t0105123	986.00	0.00	986.00	0.00	21.00	965.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Silva, Luiza De Oliveira												
610	t0038861	1,100.00	0.00	1,100.00	0.00	160.00	940.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Beausoleil, Alice												
611	t0078541	1,100.00	0.00	1,100.00	0.00	187.00	913.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Gutierrez, Silverio												
612	t0053673	1,100.00	0.00	1,100.00	0.00	648.00	452.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Leyzerov, Lev												

# NCR Affordable Gross Potential Rent

As Of Date: 02/28/2018  
As Of Month: 02/2018

## Property: Kinder Towers (00064)

Unit	Resident	Market Rent	Loss/Gain to Lease	Potential Rent	Economic Vacancy	Actual Rent Change	Actual Subsidy Charge	Excess Income	Utility Reimb	Rent Adjustments	Subsidy Adjustments	Concession	Write Off
613	t0014319	1,100.00	0.00	1,100.00	0.00	436.00	664.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Bruno, Francine Carmen												
614	t0014292	1,100.00	0.00	1,100.00	0.00	112.00	988.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Espinal, Flora												
701	t0011479	986.00	0.00	986.00	0.00	198.00	788.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Clementi, Rocco												
703	t0037311	1,100.00	0.00	1,100.00	0.00	559.00	541.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Torrence, Virginia												
704	t0044532	1,100.00	0.00	1,100.00	0.00	213.00	887.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Trucksess, Elaine												
705	t0014338	1,100.00	0.00	1,100.00	0.00	106.00	994.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	ZUBKOFF, RAISA												
706	t0057873	1,100.00	0.00	1,100.00	0.00	106.00	994.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Galluccio, Catherine												
707	t0045108	986.00	0.00	986.00	0.00	339.00	647.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Cupka, Dorothy												
708	t0050753	1,100.00	0.00	1,100.00	0.00	236.00	864.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Albanese, Anthony												
709	t0096505	986.00	0.00	986.00	0.00	184.00	802.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	D'Amelio, Rosemarie												
710	t0084527	1,100.00	0.00	1,100.00	0.00	112.00	988.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Ho, Siu Men												
711	t0045138	1,100.00	0.00	1,100.00	0.00	136.00	964.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Siculetano, Marion												
712	t0035022	1,100.00	0.00	1,100.00	0.00	174.00	926.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Kaminski, Stella												
713	t0011515	1,100.00	0.00	1,100.00	0.00	259.00	841.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Argenziano, Michael												
714	t0101207	1,100.00	0.00	1,100.00	0.00	318.00	782.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Colgate, JR, John												
801	t0034922	986.00	0.00	986.00	0.00	382.00	604.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Wright, Robert												
803	t0058369	1,100.00	0.00	1,100.00	0.00	317.00	783.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	LaQuay, Judith												
804	t0112153	1,100.00	0.00	1,100.00	0.00	317.00	783.00	0.00	0.00	-40.00	-511.00	0.00	0.00
064-1X1	Ventola, Michael												

# NCR Affordable Gross Potential Rent

As Of Date: 02/28/2018  
As Of Month: 02/2018

## Property: Kinder Towers (00064)

Unit	Resident	Market Rent	Loss/Gain to Lease	Potential Rent	Economic Vacancy	Actual Rent Charge	Actual Subsidy Charge	Excess Income	Utility Reimb	Rent Adjustments	Subsidy Adjustments	Concession	Write Off
805	t0011518	1,100.00	0.00	1,100.00	0.00	174.00	926.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Mortellite, Isabell												
806	t0050552	1,100.00	0.00	1,100.00	0.00	169.00	931.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	De Croce, Angela												
807	t0072927	986.00	0.00	986.00	0.00	515.00	471.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Crincoli, Gerald												
808	t0038352	1,100.00	0.00	1,100.00	0.00	505.00	595.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Conlon, Thomas												
809	t0069209	986.00	0.00	986.00	0.00	322.00	664.00	0.00	0.00	0.00	0.00	0.00	0.00
064-0X1	Ruffer, Stuart												
810	t0011476	1,100.00	0.00	1,100.00	0.00	112.00	988.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Holguin, Gertrudis												
811	t0076772	1,100.00	0.00	1,100.00	0.00	508.00	592.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Spence, Thomas												
812	t0042342	1,100.00	0.00	1,100.00	0.00	230.00	870.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Barowski, AnnMarie												
813	t0083379	1,100.00	0.00	1,100.00	0.00	454.00	646.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Sedar, Marcella												
814	t0063801	1,100.00	0.00	1,100.00	0.00	2.00	1,098.00	0.00	0.00	0.00	0.00	0.00	0.00
064-1X1	Johnson, Nancy												
<b>00064</b>		<b>106,050.00</b>	<b>0.00</b>	<b>106,050.00</b>	<b>787.00</b>	<b>26,472.00</b>	<b>79,578.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-176.00</b>	<b>-611.00</b>	<b>0.00</b>	<b>0.00</b>

---

National Church Residences of New Jersey d/b/a  
Kinder Towers

(a not-for-profit corporation)

HUD Project No. 031-EH144

---

**Financial Report  
with Supplemental Information  
August 31, 2017**

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

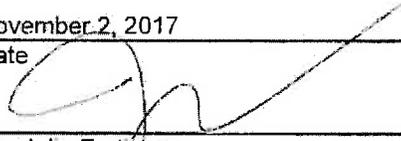
---

**Certificate of Officers**

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 031-EH144, National Church Residences of New Jersey d/b/a Kinder Towers, and to the best of our knowledge and belief, the same is a true statement of the financial condition as of August 31, 2017.

  
\_\_\_\_\_  
Mr. Steve Bodkin  
President

November 2, 2017  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Ms. Julia Fratianne  
Treasurer/Secretary

November 2, 2017  
\_\_\_\_\_  
Date

ID# 31-1070756  
\_\_\_\_\_  
Employer Identification Number

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

---

**Management Agent's Certification**

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 031-EH144, National Church Residences of New Jersey d/b/a Kinder Towers, and to the best of our knowledge and belief, the same is a true statement of the financial condition as of August 31, 2017.

  
\_\_\_\_\_  
Ms. Julia Fratianne  
Vice President Accounting

November 2, 2017  
\_\_\_\_\_  
Date

(614) 451-2151  
\_\_\_\_\_  
Telephone Number

ID# 31-0651750  
\_\_\_\_\_  
Management Company Employer Identification  
Number

Glenda Cerone  
\_\_\_\_\_  
Property Manager

**National Church Residences of New Jersey d/b/a Kinder Towers  
HUD Project No. 031-EH144**

---

**Contents**

---

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Balance Sheet	3-4
Statement of Activities	5
Statement of Changes in Deficiency in Net Assets	6
Statement of Cash Flows	7-8
Notes to Financial Statements	9-12
<b>Supplemental Information</b>	13
<b>Independent Auditor's Report on Supplemental Information</b>	14
Balance Sheet Data	15-16
Statement of Activities Data	17-19
Statement of Changes in Deficiency in Net Assets Data	20
Statement of Cash Flows Data	21-22
Supplemental Information	23-24
Schedule of Changes in Fixed Asset Accounts	25
Schedule of Expenditures of Federal Awards	26
Computation of Surplus Cash	27
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	28-30
<b>Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance</b>	31-33
<b>Schedule of Findings and Questioned Costs</b>	34-36

## Independent Auditor's Report

To the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of National Church Residences of New Jersey d/b/a Kinder Towers (the "Corporation"), which comprise the balance sheet as of August 31, 2017 and 2016 and the related statements of activities, changes in deficiency in net assets, and cash flows for the years then ended, and the related notes to the 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Corporation'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 Corporation'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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Church Residences of New Jersey d/b/a Kinder Towers as of August 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 on our consideration of National Church Residences of New Jersey d/b/a Kinder Towers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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* in considering National Church Residences of New Jersey d/b/a Kinder Towers' internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 2, 2017

By: Robert Shenton  
Engagement Partner  
250 South High Street, Suite 100  
Columbus, OH 43215  
Federal ID Number: 38-1357951  
Phone Number: 614-849-3000

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Balance Sheet**

**August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash - Operations	\$ 37,213	\$ 44,537
Tenant accounts receivable	-	645
Allowance for doubtful accounts	-	(146)
Net tenant accounts receivable	-	499
Accounts and notes receivable - Operations	3,868	3,634
Prepaid expenses	3,197	3,127
Total current assets	44,278	51,797
<b>Deposits - Held in Trust</b>		
Tenant deposits held in trust	38,027	37,993
<b>Deposits - Funded</b>		
Escrow deposits	12,329	12,343
Replacement reserve	737,483	694,581
Residual receipts reserve	24,896	24,839
Total deposits - Funded	774,708	731,763
<b>Fixed Assets</b>		
Land and land improvements	356,002	356,002
Buildings and building improvements	5,236,632	5,212,384
Building equipment (portable)	52,542	52,542
Furniture for project/tenant use	107,642	107,642
Furnishings	311,583	311,583
Office furniture and equipment	21,376	21,376
Maintenance equipment	10,822	10,822
Total fixed assets	6,096,599	6,072,351
Accumulated depreciation	(4,470,874)	(4,314,388)
Net fixed assets	1,625,725	1,757,963
Total assets	<u>\$ 2,482,738</u>	<u>\$ 2,579,516</u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Balance Sheet (Continued)**

**August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Liabilities and Deficiency in Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable - Operations	\$ 13,315	\$ 4,862
Accounts payable - Section 8 and other	1,180	2,926
Accrued wages payable	7,561	7,083
Accrued management fee payable (Note 4)	7,921	7,971
Accrued interest payable - First mortgage	24,183	25,809
Accrued PILOT expenses	11,776	11,964
Mortgage payable - First mortgage (Note 3)	231,264	210,907
Miscellaneous current liabilities	147	89
Prepaid revenue	3,718	4,118
	<u>301,065</u>	<u>275,729</u>
<b>Deposits - Held in Trust (Contra)</b>		
Tenant deposits held in trust (contra)	36,088	36,069
<b>Long-term Liabilities</b>		
Mortgage payable - First mortgage (Note 3)	<u>2,905,967</u>	<u>3,137,231</u>
Total long-term liabilities	<u>2,905,967</u>	<u>3,137,231</u>
Total liabilities	3,243,120	3,449,029
<b>Deficiency in Net Assets</b>		
Deficiency in unrestricted net assets	<u>(760,382)</u>	<u>(869,513)</u>
Total deficiency in net assets	<u>(760,382)</u>	<u>(869,513)</u>
Total liabilities and deficiency in net assets	<u><u>\$ 2,482,738</u></u>	<u><u>\$ 2,579,516</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers  
HUD Project No. 031-EH144**

**Statement of Activities**

**Years Ended August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Rent Revenue</b>	\$ 1,264,928	\$ 1,251,057
<b>Vacancies</b>	<u>(5,803)</u>	<u>(2,064)</u>
Net rent revenue (rent revenue less vacancies)	1,259,125	1,248,993
<b>Elderly and Congregate Services Income</b>	46,288	52,077
<b>Financial Revenue</b>	1,639	1,304
<b>Other Revenue</b>	<u>8,813</u>	<u>5,818</u>
Total revenue	1,315,865	1,308,192
<b>Administrative Expenses (Note 4)</b>	188,357	181,982
<b>Utilities Expenses</b>	44,664	54,429
<b>Operating and Maintenance Expenses</b>	278,980	299,653
<b>Taxes and Insurance</b>	142,733	141,570
<b>Financial Expenses</b>	299,342	318,042
<b>Service Expenses</b>	<u>78,826</u>	<u>54,609</u>
Total costs of operations before depreciation	<u>1,032,902</u>	<u>1,050,285</u>
<b>Change in Net Assets Before Depreciation</b>	282,963	257,907
<b>Depreciation Expense</b>	<u>173,832</u>	<u>175,385</u>
<b>Change in Total Net Assets from Operations</b>	<u><u>\$ 109,131</u></u>	<u><u>\$ 82,522</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

---

**Statement of Changes in Deficiency in Net Assets**

---

**Years Ended August 31, 2017 and 2016**

<b>Deficiency in Net Assets - September 1, 2015</b>	\$ (952,035)
Decrease in deficiency in net assets	<u>82,522</u>
<b>Deficiency in Net Assets - August 31, 2016</b>	(869,513)
Decrease in deficiency in net assets	<u>109,131</u>
<b>Deficiency in Net Assets - August 31, 2017</b>	<u><u>\$ (760,382)</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Statement of Cash Flows**

**Years Ended August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Receipts:		
Rental	\$ 1,259,224	\$ 1,251,239
Interest	1,639	1,304
Other cash receipts	54,867	56,697
	<u>1,315,730</u>	<u>1,309,240</u>
Total receipts		
Disbursements:		
Administrative	(35,979)	(41,760)
Management fee	(94,916)	(93,801)
Utilities	(44,664)	(54,429)
Salaries and wages	(95,283)	(87,902)
Operating and maintenance	(230,270)	(258,116)
PILOT expenses	(73,857)	(68,366)
Property insurance	(34,640)	(34,744)
Miscellaneous taxes and insurance	(34,494)	(37,196)
Tenant security deposits	(15)	(221)
Other operating expenses	(78,826)	(54,609)
Interest payments - First mortgage	(300,910)	(319,475)
	<u>(1,023,854)</u>	<u>(1,050,619)</u>
Total disbursements		
Net cash provided by operating activities	291,876	258,621
<b>Cash Flows from Investing Activities</b>		
Net withdrawal from (deposit to) the mortgage escrow account	14	(1,212)
Net deposit to the reserve for replacement account	(42,902)	(54,101)
Net deposit to the residual receipts account	(57)	(49)
Net purchase of fixed assets	(45,348)	-
	<u>(88,293)</u>	<u>(55,362)</u>
Net cash used in investing activities		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal payments - First mortgage	(210,907)	(192,341)
	<u>(210,907)</u>	<u>(192,341)</u>
Net cash used in capital and related financing activities		
<b>Net (Decrease) Increase in Cash</b>	(7,324)	10,918
<b>Cash - Beginning of year</b>	44,537	33,619
<b>Cash - End of year</b>	<u>\$ 37,213</u>	<u>\$ 44,537</u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Statement of Cash Flows (Continued)**

**Years Ended August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Reconciliation of Change in Deficiency in Net Assets to Net Cash From Operating Activities</b>		
Change in deficiency in net assets	\$ 109,131	\$ 82,522
Adjustments to reconcile change in deficiency in net assets to net cash from operating activities:		
Depreciation	173,832	175,385
Decrease (increase) in assets:		
Tenant accounts receivable	499	(889)
Accounts receivable - Other	(234)	(1,198)
Prepaid expenses	(70)	77
Cash restricted for tenant security deposits	(34)	(35)
Increase (decrease) in liabilities:		
Accounts payable - Operations	6,707	55
Accrued liabilities	240	4,114
Accrued interest payable	(1,626)	(1,482)
Tenant security deposits held in trust	19	(186)
Prepaid revenue	(400)	(492)
Other changes to reconcile change in deficiency in net assets to net cash from operating activities	<u>3,812</u>	<u>750</u>
Net cash provided by operating activities	<u>\$ 291,876</u>	<u>\$ 258,621</u>

## Notes to Financial Statements

---

August 31, 2017 and 2016

### **Note 1 - Nature of Business**

National Church Residences of New Jersey d/b/a Kinder Towers (the "Corporation") is incorporated as a nonstock, nonprofit charitable corporation. The Corporation was formed for the purpose of operating and maintaining a 100-unit apartment complex located in Bloomfield, New Jersey for low-rent housing, particularly for the elderly or infirm. The project was financed in part with proceeds of a mortgage insured by the U.S. Department of Housing and Urban Development (HUD) under Section 202 of the National Housing Act and is regulated by HUD with respect to rental charges and operating methods.

### **Note 2 - Significant Accounting Policies**

#### ***Basis of Accounting***

The Corporation maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation and is presented on the same basis of accounting as the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### ***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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### ***Tenant Accounts Receivable and Bad Debt***

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the account by management. The Corporation reviews its outstanding tenant receivables over 60 days. Included in administrative expenses are bad debts of \$0 and \$701 for the years ended August 31, 2017 and 2016, respectively. The allowance for bad debts was \$0 and \$146 at August 31, 2017 and 2016, respectively.

#### ***Deposits Held in Trust***

In accordance with the Regulatory Agreement with HUD, the Corporation is required to maintain a tenant security deposit trust account. The amount must at all times be equal to or exceed the aggregate of all outstanding obligations to tenants for refundable security deposits. The tenant security deposits fund consists of cash.

**Notes to Financial Statements**

---

**August 31, 2017 and 2016**

**Note 2 - Significant Accounting Policies (Continued)**

***Deposits Funded***

The funds held by the Corporation represent escrows and restricted funds for a payment in lieu of taxes (PILOT) escrow, a replacement reserve, and a residual receipts reserve. The PILOT escrow consists of cash and is maintained for the future payment of PILOT expenses. The replacement reserve consists of deposits by the Corporation to offset specific expenses and to replace structural elements and mechanical equipment upon consent of HUD. Any surplus cash is deposited into the residual receipts reserve annually and can only be withdrawn with HUD's approval. Excess residual receipts are required to be remitted to HUD upon termination of the HAP contract.

***Fixed Assets***

Fixed assets are recorded at cost when purchased or appraised value if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years. Maintenance, repairs, and renewals that do not involve any substantial betterments are charged to expense when incurred. Expenditures that increase the useful life of the property are capitalized.

***Impairment of Assets***

The Corporation recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Corporation's rental property has occurred at August 31, 2017 or 2016.

***Miscellaneous Current Liabilities***

Miscellaneous current liabilities include excess residual receipts. Excess residual receipts that are deemed probable to be paid to or recaptured by HUD are recorded as a liability. The excess residual receipts reserve was \$147 and \$89 at August 31, 2017 and 2016, respectively. Each year, the liability is adjusted to reflect current year activity to the residual receipts, including required deposits, earned interest, approved withdrawals, and any adjustments to the amounts deemed probable to be paid to or recaptured by HUD.

***Classification of Net Assets***

Net assets of the Corporation are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Corporation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. All net assets of the Corporation at August 31, 2017 and 2016 are considered unrestricted.

***Rental Income***

The Corporation records apartment rentals at gross potential rent as prescribed by HUD. Rental value of vacancies is stated separately to present net rental income on the accrual basis.

Units that are designated for occupancy by eligible low-income tenants under a rental assistance payment contract require tenants to contribute a portion of the contract rent based on formulas prescribed by the U.S. Department of Housing and Urban Development. Rental assistance payments are received for the balance of contract rent from HUD. The current contract expires in September 2032.

***Income Taxes***

No provision for income taxes has been included in the financial statements since the Corporation is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code.

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Notes to Financial Statements**

**August 31, 2017 and 2016**

**Note 2 - Significant Accounting Policies (Continued)**

**Regulatory Agreement**

A Regulatory Agreement with HUD was signed in connection with the mortgage note. No violations of this agreement were noted for the years ended August 31, 2017 and 2016.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including November 2, 2017, which is the date the financial statements were available to be issued.

**Note 3 - Mortgage Payable**

	<u>2017</u>	<u>2016</u>
The mortgage payable bears interest at an annual rate of 9.25 percent and is payable in monthly installments of \$42,651, including interest, through September 1, 2026. The mortgage payable is collateralized by the real property included in the accompanying balance sheet and is guaranteed by HUD. The mortgage imposes certain conditions on the Corporation, including, among others, prescribed operating policies, use of housing, and preventing any other liens or encumbrances on corporation property	\$ 3,137,231	\$ 3,348,138
Less current portion	<u>231,264</u>	<u>210,907</u>
Long-term portion	<u>\$ 2,905,967</u>	<u>\$ 3,137,231</u>

Minimum principal payments to maturity as of August 31, 2017 are as follows:

<u>Years Ending</u>	<u>Amount</u>
2018	\$ 231,264
2019	253,587
2020	278,064
2021	304,904
2022	334,335
Thereafter	<u>1,735,077</u>
Total	<u>\$ 3,137,231</u>

**Note 4 - Management Agent**

The following is a description of transactions between the Corporation and related parties:

**Management Fees**

The property management agreement provides that a management fee in the amount of 7.54 percent of gross rents collected, a bookkeeping fee, and a data processing fee be paid to National Church Residences (an affiliate of the Corporation). Management fees for the years ended August 31, 2017 and 2016 totaled \$94,866 and \$94,077, respectively, and have been included in administrative expenses on the statement of activities. Bookkeeping fees and data processing fees for the years ended August 31, 2017 and 2016 totaled \$16,152 and \$14,748, respectively, and have been included in administrative expenses on the statement of activities.

Amounts due to National Church Residences for management fees were accrued separately and totaled \$7,921 and \$7,971 at August 31, 2017 and 2016, respectively.

**Notes to Financial Statements**

---

**August 31, 2017 and 2016**

**Note 5 - Current Vulnerability Due to Certain Concentrations**

The Corporation's sole asset is Kinder Towers apartments. The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

---

## Supplemental Information

---

## Independent Auditor's Report on Supplemental Information

To the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

We have audited the financial statements of National Church Residences of New Jersey d/b/a Kinder Towers as of and for the years ended August 31, 2017 and 2016 and have issued our report thereon dated November 2, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements of National Church Residences of New Jersey d/b/a Kinder Towers as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards, is presented for the purpose of additional analysis as required by HUD and the U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. For the purpose of electronic submission to the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), the supplemental information is also deemed to include the financial data template information as presented in the balance sheet and the statements of activities, changes in deficiency in net assets, and cash flows. 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. The 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 as a whole.

*Plante & Moran, PLLC*

November 2, 2017

**National Church Residences of New Jersey d/b/a Kinder Towers  
HUD Project No. 031-EH144**

**Balance Sheet Data**

– August 31, 2017

<b>Assets</b>		
<b>Current Assets</b>		
1120	Cash - Operations	\$ 37,213
1130	Tenant accounts receivable	-
1131	Allowance for doubtful accounts	-
		<hr/>
1130N	Net tenant accounts receivable	-
1140	Accounts and notes receivable - Operations	3,868
1200	Prepaid expenses	3,197
		<hr/>
1100T	Total current assets	44,278
<b>Deposits - Held in Trust</b>		
1191	Tenant deposits held in trust	38,027
<b>Deposits - Funded</b>		
1310	Escrow deposits	12,329
1320	Replacement reserve	737,483
1340	Residual receipts reserve	24,896
		<hr/>
1300T	Total deposits - Funded	774,708
<b>Fixed Assets</b>		
1410	Land and land improvements	356,002
1420	Buildings and building improvements	5,236,632
1440	Building equipment (portable)	52,542
1450	Furniture for project/tenant use	107,642
1460	Furnishings	311,583
1465	Office furniture and equipment	21,376
1470	Maintenance equipment	10,822
		<hr/>
1400T	Total fixed assets	6,096,599
1495	Accumulated depreciation	(4,470,874)
		<hr/>
1400N	Net fixed assets	1,625,725
		<hr/>
1000T	Total assets	<b>\$ 2,482,738</b>
		<hr/> <hr/>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Balance Sheet Data (Continued)**

**August 31, 2017**

**Liabilities and Deficiency in Net Assets**

<b>Current Liabilities</b>		
2110	Accounts payable - Operations	\$ 13,315
2116	Accounts payable - Section 8 and other	1,180
2120	Accrued wages payable	7,561
2123	Accrued management fee payable	7,921
2131	Accrued interest payable - First mortgage	24,183
2150	Accrued PILOT expenses	11,776
2170	Mortgage payable - First mortgage	231,264
2190	Miscellaneous current liabilities (residual receipts liability)	147
2210	Prepaid revenue	<u>3,718</u>
2122T	Total current liabilities	301,065
<b>Deposits - Held in Trust (Contra)</b>		
2191	Tenant deposits held in trust (contra)	36,088
<b>Long-term Liabilities</b>		
2320	Mortgage payable - First mortgage	<u>2,905,967</u>
2000T	Total liabilities	3,243,120
<b>Deficiency in Net Assets</b>		
3131	Deficiency in unrestricted net assets	<u>(760,382)</u>
3130	Total deficiency in net assets	<u>(760,382)</u>
2033T	Total liabilities and deficiency in net assets	<u><u>\$ 2,482,738</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Statement of Activities Data**

**Year Ended August 31, 2017**

	<b>Rent Revenue</b>	
5120	Rent revenue - Gross potential	\$ 325,550
5121	Tenant assistance payments	936,658
5193	Special claims revenue	<u>2,720</u>
5100T	Total rent revenue (potential at 100% occupancy)	1,264,928
	<b>Vacancies</b>	
5220	Apartments	<u>(5,803)</u>
5200T	Total vacancies	<u>(5,803)</u>
5152N	Net rent revenue (rent revenue less vacancies)	1,259,125
	<b>Elderly and Congregate Services Income</b>	
5300	Total service income	46,288
	<b>Financial Revenue</b>	
5410	Financial revenue - Project operations	43
5430	Investments - Residual receipts	57
5440	Investments - Replacement reserve	<u>1,539</u>
5400T	Total financial revenue	1,639
	<b>Other Revenue</b>	
5910	Laundry and vending revenue	5,200
5920	Tenant charges	198
5990	Miscellaneous revenue	<u>3,415</u>
5900T	Total other revenue	<u>8,813</u>
5000T	Total revenue	1,315,865
	<b>Administrative Expenses</b>	
6203	Conventions and meetings	175
6210	Advertising and marketing	1,002
6250	Other renting expenses	290
6310	Office salaries	13,963
6311	Office expenses	8,709
6320	Management fee	94,866
6330	Manager or superintendent salaries	41,197
6340	Legal expenses	1,154
6350	Auditing expenses	9,800
6351	Bookkeeping fees/Accounting services	16,152
6390	Miscellaneous administrative expenses	<u>1,049</u>
6263T	Total administrative expenses	188,357
	<b>Utilities Expenses</b>	
6450	Electricity	22,061
6451	Water	11,573
6452	Gas	8,299
6453	Sewer	<u>2,731</u>
6400T	Total utilities expenses	44,664

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Statement of Activities Data (Continued)**

**Year Ended August 31, 2017**

	<b>Operating and Maintenance Expenses</b>	
6510	Payroll	\$ 40,601
6515	Supplies	31,585
6520	Contracts	173,036
6525	Garbage and trash removal	10,440
6530	Security payroll/Contract	9,827
6546	Heating/Cooling repairs and maintenance	787
6548	Snow removal	8,950
6590	Miscellaneous operating and maintenance expenses	<u>3,754</u>
6500T	Total operating and maintenance expenses	278,980
	<b>Taxes and Insurance</b>	
6710	PILOT expenses	73,669
6711	Payroll taxes (FICA)	8,083
6720	Property and liability insurance (hazard)	34,570
6721	Fidelity bond insurance	47
6722	Workers' compensation	3,848
6723	Health insurance and other employee benefits	20,793
6790	Miscellaneous taxes, licenses, permits, and insurance	<u>1,723</u>
6700T	Total taxes and insurance	142,733
	<b>Financial Expenses</b>	
6820	Interest on first mortgage payable	299,284
6890	Miscellaneous financial expenses (loss due to recapture of residual receipts)	<u>58</u>
6800T	Total financial expenses	299,342
6900T	<b>Service Expenses</b> (schedule attached)	<u>78,826</u>
6000T	Total costs of operations before depreciation	<u>1,032,902</u>
5060T	<b>Change in Net Assets Before Depreciation</b>	282,963
6600	<b>Depreciation Expense</b>	<u>173,832</u>
3250	<b>Change in Total Net Assets</b>	<u><u>\$ 109,131</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

---

**Statement of Activities Data (Continued)**

---

**Supplemental Information**  
**Year Ended August 31, 2017**

S1000-010	1	Total principal required under the mortgage, even if payments under a workout agreement are less or more than those required under the mortgage	\$	210,907
S1000-020	2	Replacement reserve deposits required by the Regulatory Agreement or amendments thereto, even if payments may be temporarily suspended or waived		52,884
S1000-030	3	Replacement reserve or residual receipt releases that are included as expense items on this profit and loss statement		11,521
S1000-040	4	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement		0

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

---

**Statement of Changes in Deficiency in Net Assets Data**

---

**Year Ended August 31, 2017**

S1100-050	<b>Deficiency in Net Assets - September 1, 2016</b>	\$ (869,513)
3250	Decrease in deficiency in net assets	<u>109,131</u>
3130	<b>Deficiency in Net Assets - August 31, 2017</b>	<u><u>\$ (760,382)</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers  
 HUD Project No. 031-EH144**

**Statement of Cash Flows Data**

**Year Ended August 31, 2017**

<b>Cash Flows from Operating Activities</b>		
Receipts:		
S1200-010	Rental	\$ 1,259,224
S1200-020	Interest	1,639
S1200-030	Other cash receipts	<u>54,867</u>
S1200-040	Total receipts	1,315,730
Disbursements:		
S1200-050	Administrative	(35,979)
S1200-070	Management fee	(94,916)
S1200-090	Utilities	(44,664)
S1200-100	Salaries and wages	(95,283)
S1200-110	Operating and maintenance	(230,270)
S1200-120	Real estate taxes	(73,857)
S1200-140	Property insurance	(34,640)
S1200-150	Miscellaneous taxes and insurance	(34,494)
S1200-160	Tenant security deposits	(15)
S1200-170	Other operating expenses	(78,826)
S1200-180	Interest payments - First mortgage	<u>(300,910)</u>
S1200-230	Total disbursements	<u>(1,023,854)</u>
S1200-240	Net cash provided by operating activities	291,876
<b>Cash Flows from Investing Activities</b>		
S1200-245	Net withdrawal from the mortgage escrow account	14
S1200-250	Net deposit to the reserve for replacement account	(42,902)
S1200-260	Net deposit to the residual receipts account	(57)
S1200-330	Net purchase of fixed assets	<u>(45,348)</u>
S1200-350	Net cash used in investing activities	(88,293)
<b>Cash Flows from Capital and Related Financing Activities</b>		
S1200-360	Principal payments - First mortgage	<u>(210,907)</u>
S1200-460	Net cash used in capital and related financing activities	<u>(210,907)</u>
S1200-470	<b>Net Decrease in Cash</b>	(7,324)
S1200-480	<b>Cash - Beginning of year</b>	<u>44,537</u>
S1200T	<b>Cash - End of year</b>	<u><u>\$ 37,213</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Statement of Cash Flows Data (Continued)**

Year Ended August 31, 2017

<b>Reconciliation of Change in Deficiency in Net Assets to Net Cash From Operating Activities</b>			
3250	Change in deficiency in net assets	\$	109,131
	Adjustments to reconcile change in deficiency in net assets to net cash from operating activities:		
6600	Depreciation		173,832
	Decrease (increase) in assets:		
S1200-490	Tenant accounts receivable		499
S1200-500	Accounts receivable - Other		(234)
S1200-520	Prepaid expenses		(70)
S1200-530	Cash restricted for tenant security deposits		(34)
	Increase (decrease) in liabilities:		
S1200-540	Accounts payable - Operations		6,707
S1200-560	Accrued liabilities		240
S1200-570	Accrued interest payable		(1,626)
S1200-580	Tenant security deposits held in trust		19
S1200-590	Prepaid revenue		(400)
S1200-600	Other changes to reconcile change in deficiency in net assets to net cash from operating activities		<u>3,812</u>
S1200-610	Net cash provided by operating activities	\$	<u><u>291,876</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers  
HUD Project No. 031-EH144**

**Supplemental Information**

**Year Ended August 31, 2017**

**1. Schedule of Reserve for Replacements**

In accordance with the provisions of the Regulatory Agreement, restricted cash is held by Bank United to be used for replacement of property with the approval of HUD as follows:

1320P	Balance - September 1, 2016	\$	694,581
1320DT	Monthly deposits (\$4,407.00 x 12)		52,884
1320INT	Interest		1,539
1320WT	Approved withdrawals		<u>(11,521)</u>
1320	Balance - August 31, 2017	\$	<u><u>737,483</u></u>

**2. Schedule of Residual Receipts**

In accordance with the provisions of the Regulatory Agreement, surplus cash is calculated per the HUD formula and deposited into the residual receipts account. Restricted cash is held by Bank United to be used for any project purpose with the approval of HUD as follows:

1340P	Balance - September 1, 2016	\$	24,839
1340INT	Interest		<u>57</u>
1340	Balance - August 31, 2017	\$	<u><u>24,896</u></u>

**3. Computation of Surplus Cash - Form HUD 93486 - See attached**

**4. Schedule of Changes in Fixed Asset Accounts - See attached**

**5. Schedule of 5300 Accounts - See attached**

**6. Schedule of 6900 Accounts - See attached**

**7. Nursing Home Data - N/A**

**8. Detail of Accounts:**

S1200-600	Loss on disposal of fixed assets (noncash)	\$	3,754
	Change in excess project funds- residual receipts available for recapture		<u>58</u>
	Total	\$	<u><u>3,812</u></u>
S1300-030	Service coordinator grant receivable	\$	<u><u>3,868</u></u>
5990	Recovery of bad debt	\$	2,815
	Vendor rebates		<u>600</u>
	Total	\$	<u><u>3,415</u></u>

**National Church Residences of New Jersey d/b/a Kinder Towers  
 HUD Project No. 031-EH144**

**Supplemental Information (Continued)**

**Year Ended August 31, 2017**

**8. Detail of Accounts (Continued):**

6390	Bank fees	\$	830
	Travel		219
	Total	\$	<u>1,049</u>
6590	Loss on disposal of fixed assets	\$	<u>3,754</u>
6790	Elevator inspection	\$	946
	Licensing fees		777
	Total	\$	<u>1,723</u>

**Schedule of 5300 Accounts Attachment:**

Account Number	Description	Amount
5390	Service coordinator revenue	\$ 46,288

**Schedule of 6900 Accounts Attachment:**

Account Number	Description	Amount
6990	Service coordinator expense	\$ 78,826

**National Church Residences of New Jersey d/b/a Kinder Towers  
HUD Project No. 031-EH144**

**Schedule of Changes in Fixed Asset Accounts**

**Year Ended August 31, 2017**

	Assets			Accumulated Depreciation			Net Book Value August 31, 2017
	Balance September 1, 2016	Additions	Deductions	Balance September 1, 2016	Current Provision	Deductions	
1410 Land and land improvements	\$ 356,002	\$ -	\$ -	\$ 70,014	\$ 2,324	\$ -	\$ 283,664
1420 Buildings and building improvements	5,212,384	45,348	21,100	3,837,916	140,581	17,346	1,275,481
1440 Building equipment (portable)	52,542	-	-	52,542	-	-	-
1450 Furniture for project/tenant use	107,642	-	-	107,642	-	-	-
1460 Furnishings	311,583	-	-	216,322	30,496	-	64,765
1465 Office furniture and equipment	21,376	-	-	19,130	431	-	1,815
1470 Maintenance equipment	10,822	-	-	10,822	-	-	-
<b>Total</b>	<b>\$ 6,072,351</b>	<b>\$ 45,348</b>	<b>\$ 21,100</b>	<b>\$ 4,314,388</b>	<b>\$ 173,832</b>	<b>\$ 17,346</b>	<b>\$ 4,470,874</b>

**Fixed Asset Addition Detail:**

Buildings and building improvements:	
Fire protection system	\$ 8,949
Emergency call system	36,399
<b>Total</b>	<b>\$ 45,348</b>

**Fixed Asset Disposal Detail:**

Buildings and building improvements:	
Fire protection system	\$ 4,800
Emergency call system	16,300
<b>Total</b>	<b>\$ 21,100</b>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Schedule of Expenditures of Federal Awards**

**Year Ended August 31, 2017**

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Supportive Housing for the Elderly (Section 202) - Direct Loan	14.157	\$ 3,348,138
Section 8 - Housing Assistance Payments	14.195	936,658
Section 8 - Housing Assistance Payments - Special Claims	14.195	2,720
Multifamily Housing Service Coordinator	14.191	46,288
Total federal awards		<b><u>\$ 4,333,804</u></b>

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Computation of Surplus Cash**

**Year Ended August 31, 2017**

S1300-010	Cash	\$	75,240
S1300-030	Other		<u>3,868</u>
S1300-040	Total cash		79,108
	<b>Current Obligations</b>		
S1300-050	Accrued mortgage (or bond) interest payable		24,183
S1300-075	Accounts payable - 30 days		14,495
S1300-100	Accrued expenses (not escrowed)		15,482
2210	Prepaid revenue		3,718
2191	Tenant/Patient deposits held in trust (contra)		<u>36,088</u>
S1300-140	Total current obligations		<u>93,966</u>
S1300-150	Surplus cash (deficiency)	\$	<u><u>(14,858)</u></u>
S1300-210	Deposit due residual receipts	\$	<u><u>-</u></u>

---

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*

---

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*

**Independent Auditor's Report**

To Management and the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Church Residences of New Jersey d/b/a Kinder Towers (the "Corporation"), which comprise the balance sheet as of August 31, 2017 and the related statements of activities, changes in deficiency in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 02, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Morse, PLLC*

November 2, 2017

---

Report on Compliance for Each Major Federal  
Program and Report on Internal Control Over  
Compliance

---

## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

To the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

#### Report on Compliance for Each Major Federal Program

We have audited National Church Residences of New Jersey d/b/a Kinder Towers' (the "Corporation") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended August 31, 2017. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the Corporation'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2017.

#### Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Corporation's internal control over compliance.

To the Board of Directors  
National Church Residences of New Jersey  
d/b/a Kinder Towers

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 program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

November 2, 2017

---

## Schedule of Findings and Questioned Costs

---

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Schedule of Findings and Questioned Costs**

Year Ended August 31, 2017

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes   X   None reported
- Noncompliance material to financial statements noted?            Yes   X   None reported

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?            Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes   X   None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?            Yes   X   No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.157	U.S. Department of Housing and Urban Development Supportive - Housing for the Elderly (Section 202) - Direct Loan	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes            No

**National Church Residences of New Jersey d/b/a Kinder Towers**  
**HUD Project No. 031-EH144**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended August 31, 2017**

**Section II - Financial Statement Audit Findings**

Reference Number	Finding	Questioned Costs
------------------	---------	------------------

**Current Year** None

Reference Number	Finding	Questioned Costs
------------------	---------	------------------

**Prior Year** None

**Section III - Federal Program Audit Findings**

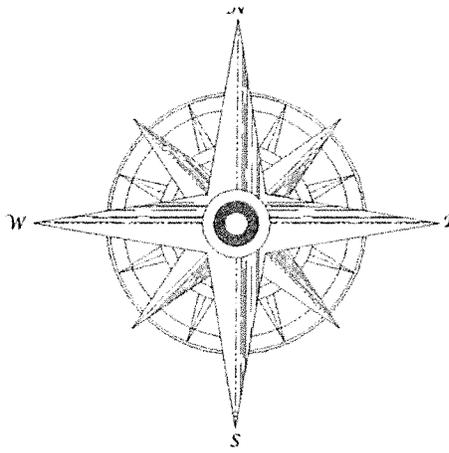
Reference Number	Finding	Questioned Costs
------------------	---------	------------------

**Current Year** None

Reference Number	Finding	Questioned Costs
------------------	---------	------------------

**Prior Year** None

**Exhibit B**



## P<sup>2</sup> LAND SURVEYING, INC.

Description of property situated in the Township of Bloomfield, Essex County, New Jersey.

Beginning at a point in the southerly line of Hoover Avenue distant 54.28 feet easterly from the intersection formed by said southerly line of Hoover Avenue with the easterly line of Broad Street and running thence;

1. Along the southerly line of Hoover Avenue, North 61 degrees 56 minutes 20 seconds East 66.71 feet, thence;
2. Still along the southerly line of Hoover Avenue, South 84 degrees 07 minutes 20 seconds East 178.94 feet, thence;
3. South 29 degrees 07 minutes 00 seconds East 131.67 feet, thence;
4. South 60 degrees 53 minutes 00 seconds West 30.00 feet, thence;
5. South 29 degrees 07 minutes 00 seconds East 35.00 feet, thence;
6. North 60 degrees 53 minutes 00 seconds East 7.00 feet, thence;
7. South 29 degrees 07 minutes 00 seconds East 45.00 feet, thence;
8. North 60 degrees 53 minutes 00 seconds East 23.00 feet, thence;
9. South 29 degrees 07 minutes 00 seconds East 59.99 feet, thence;
10. South 60 degrees 53 minutes 00 seconds West 15.00 feet, thence;
11. South 16 degrees 53 minutes 00 seconds West 18.70 feet, thence;
12. South 73 degrees 07 minutes 00 seconds East 16.71 feet, thence;
13. North 60 degrees 53 minutes 00 seconds East 16.85 feet, thence;
14. South 79 degrees 21 minutes 20 seconds East 55.60 feet, thence;
15. South 54 degrees 04 minutes 20 seconds East 29.40 feet, thence;
16. South 08 degrees 10 minutes 40 seconds West 7.20 feet, thence;
17. South 86 degrees 29 minutes 20 seconds East 118.16 feet to a point in the northwesterly line of John F. Kennedy Drive, thence;
18. Along the northwesterly line of John F. Kennedy Drive, South 38 degrees 53 minutes 20 seconds West 89.19 feet, thence;
19. Still along the northwesterly line of John F. Kennedy Drive, South 40 degrees 56 minutes 15 seconds West 133.00 feet, thence;

20. North 84 degrees 50 minutes 12 seconds West 248.25 feet, thence;
21. North 22 degrees 51 minutes 20 seconds West 191.44 feet, thence;
22. North 19 degrees 29 minutes 10 second West 105.25 feet, thence;
23. North 25 degrees 39 minutes 40 seconds West 177.44 feet to a point in the southerly line of Hoover Avenue and the point and place of beginning.

**Excepting Lot 99**

**Being known as Proposed Lot 100 in Block 697 on the tax map in the Township of Bloomfield, Essex County, New Jersey.**

**James Pica  
NJ License No. 24GS03795400**

**EXHIBIT C**

**National Church Residences of New Jersey dba Kinder Towers**

**Tax Abatement Agreement, 400 Hoover Avenue, Bloomfield, NJ 07003**

**KINDER TOWERS – PILOT PAYMENT EXPLAINED:**

*In Lieu of Taxes, corporation shall make payment to the municipality an amount equal to 7.28% of the Adjusted Rent Receipts of the development, as defined below.*

*Adjusted Rent receipts shall be defined as including rent collected from the tenants, federal rent contributions (net any financing adjustment as herein specified), federal vacancy payments and federal daily debt service payments, less utility costs (gas, oil, electricity, water service, sewer service, and garbage removal), and vacancy loss costs.*