

COLONIAL PARK, L.P.
NJHMFA PROJECT NO. 2659
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Colonial Park, LP

Report on the Financial Statements

We have audited the accompanying financial statements of Colonial Park, LP (a New Jersey limited partnership), NJHMFA Project No. 2659, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in partners' capital (deficit), 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colonial Park, LP as of December 31, 2017 and 2016, the results of its operations, the changes in partners' capital (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules required by the New Jersey Housing and Mortgage Finance Agency, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole, except for Schedule Q, which has been presented in accordance with accounting principles prescribed or permitted by the New Jersey Housing and Mortgage Finance Agency.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018 on our consideration of Colonial Park, LP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Colonial Park, LP's internal control over financial reporting and compliance.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants

Woodbury, New Jersey
March 23, 2018

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Balance Sheets
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash - operating	\$ 595,731	\$ 729,995
Tenant accounts receivable - current tenants (net of allowance for doubtful accounts of \$16,600 in 2017 and 2016)	4,095	1,324
Accounts receivable - HUD (net of allowance for doubtful accounts of \$126,078 in 2017 and \$103,012 in 2016).	140,638	-
Due from NJHMFA for negative arbitrage	101,918	101,918
Miscellaneous receivables	995	37,945
Due from the Housing Authority of Gloucester County	-	10,303
Prepaid expenses	25,738	26,442
Other assets	13,561	13,561
Total current assets	882,676	921,488
Tenant security deposits	66,500	64,189
Restricted deposits and funded reserves	1,462,216	1,169,751
Property and equipment, net of accumulated depreciation	20,532,278	21,129,833
Total assets	<u>\$ 22,943,670</u>	<u>\$ 23,285,261</u>
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	\$ 59,592	\$ 57,151
Accrued liabilities	17,699	13,464
Prepaid rents	6,026	6,114
Accrued real estate taxes (PILOT)	6,888	7,000
Due to Housing Authority of Gloucester County	155,042	81,844
Current portion of long-term debt	163,712	67,314
Deferred development fee	364,817	599,307
Total current liabilities	773,776	832,194
Deposits liability		
Tenant security deposits payable	66,500	64,189
Long-term liabilities		
Mortgages payable	13,853,535	14,272,411
Deferred development fee, net of current portion	1,439,888	1,305,398
Ground lease payable	462,700	349,450
Accrued interest payable	2,023,751	1,732,086
Total long-term liabilities	17,779,874	17,659,345
Total liabilities	18,620,150	18,555,728
Partners' capital		
Partners' capital	3,357,364	4,046,629
Repairs and replacement reserve	966,156	682,904
Total partners' capital	4,323,520	4,729,533
	<u>\$ 22,943,670</u>	<u>\$ 23,285,261</u>

The accompanying notes are an integral part of the financial statements.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Statements of Operations
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue		
Gross potential rent	\$ 2,508,037	\$ 2,344,692
Less vacancy loss and collection losses	<u>61,123</u>	<u>36,344</u>
Net rental income	2,446,914	2,308,348
Other income	126,952	44,218
Recovery of bad debts	<u>-</u>	<u>32,852</u>
	<u>2,573,866</u>	<u>2,385,418</u>
Expenses		
Administrative expenses	95,684	60,475
Salaries & related charges (contracted)	1,021,857	853,120
Maintenance contracts	64,100	40,593
Maintenance and repairs	110,274	101,777
Management fee	128,712	126,072
Payment in lieu of taxes	12,080	12,109
Property and liability insurance	87,858	115,242
Utilities	<u>242,658</u>	<u>240,890</u>
	<u>1,763,223</u>	<u>1,550,278</u>
Income from operations before interest and depreciation	<u>810,643</u>	<u>835,140</u>
Interest and other		
Interest on mortgages and lease	<u>(591,490)</u>	<u>(523,895)</u>
Income from operations before depreciation	219,153	311,245
Depreciation expense (equal to mortgage principal amortization)	<u>358,448</u>	<u>61,650</u>
Income (loss) from operations before excess depreciation and fees and charges	(139,295)	249,595
Depreciation expense (in excess of mortgage principal)	248,544	544,996
Fees and charges	<u>(18,174)</u>	<u>(25,005)</u>
Net loss	<u>\$ (406,013)</u>	<u>\$ (320,406)</u>

The accompanying notes are an integral part of the financial statements.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Statements of Changes in Partners' Capital (Deficit)
Years Ended December 31, 2017 and 2016

	Total	General Partner	Limited Partner	Repair and Replacement Reserve
Balance December 31, 2015	\$ 5,047,457	\$ 27,618	\$ 4,839,098	\$ 180,741
Capital contributions	5,409	5,409	-	-
Return of capital	(2,927)	-	(2,927)	\$ -
Net loss	<u>(320,406)</u>	<u>(82)</u>	<u>(822,487)</u>	<u>502,163</u>
Balance December 31, 2016	4,729,533	32,945	4,013,684	682,904
Capital contributions	-	-	-	-
Return of capital	-	-	-	-
Net loss	<u>(406,013)</u>	<u>(69)</u>	<u>(689,196)</u>	<u>283,252</u>
Balance December 31, 2017	<u><u>\$ 4,323,520</u></u>	<u><u>\$ 32,876</u></u>	<u><u>\$ 3,324,488</u></u>	<u><u>\$ 966,156</u></u>

The accompanying notes are an integral part of the financial statements.

Colonial Park, LP
NJHMFA PROJECT NO. 2659
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Rental receipts	\$ 2,280,352	\$ 2,536,899
Other receipts	161,638	14,239
Total receipts	2,441,990	2,551,138
Administrative expenses	69,729	62,257
Salaries & related charges (contracted)	936,784	769,369
Maintenance contracts	64,100	40,593
Maintenance and repairs	34,787	27,063
Management fee	128,712	126,072
Payment in lieu of taxes	12,192	12,228
Property and liability insurance	87,154	89,208
Utilities	240,931	239,063
Interest	225,378	157,403
Fees and charges	18,175	15,217
Deferred development fee paid	100,000	400,000
Total disbursements	1,917,942	1,938,473
Net cash provided by operating activities	524,048	612,665
Cash flows from investing activities		
Purchase of property and equipment	(9,437)	(8,243)
Deposits to escrow accounts	(389,322)	(925,935)
Withdraws from escrow accounts	98,895	420,695
Net cash used in investing activities	(299,864)	(513,483)
Cash flows from financing activities		
Proceeds of note payable, secured by mortgage	-	200,000
Principal payments on note payable, secured by mortgage	(358,448)	(61,650)
Payment to investor for tax credit deficiency	-	(2,927)
Contribution from general partner	-	5,409
Net cash provided by (used in) financing activities	(358,448)	140,832
Net increase (decrease) in cash	(134,264)	240,014
Cash, beginning	729,995	489,981
Cash, ending	\$ 595,731	\$ 729,995

(Continued)

Colonial Park, LP
NJHMFA PROJECT NO. 2659
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Net loss	\$ (406,013)	\$ (320,406)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	606,992	606,646
Amortization	35,970	43,699
Provision for bad debt	(23,066)	(3,526)
Escrow account interest	(2,038)	(1,318)
Changes in assets and liabilities		
(Increase) decrease in		
Accounts receivable - tenants	(2,771)	3,397
Accounts receivable - HUD	(117,572)	195,775
Miscellaneous receivables	36,950	(28,660)
Prepaid expenses	704	35,822
Due from Housing Authority of Gloucester County	10,303	10,303
Increase (decrease) in		
Accounts payable	2,441	6,748
Accrued liabilities	4,235	1,907
Accrued real estate taxes (PILOT)	(112)	(119)
Prepaid rents	(88)	(1,937)
Due to Housing Authority of Gloucester County	73,198	71,541
Deferred development fee	(100,000)	(400,000)
Accrued ground lease payable	113,250	99,500
Accrued interest payable	291,665	293,293
Net cash provided by operating activities	<u>\$ 524,048</u>	<u>\$ 612,665</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 225,378</u>	<u>\$ 157,403</u>

The accompanying notes are an integral part of the financial statements.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements

Note 1: ORGANIZATION

Colonial Park, L.P. (the Partnership) was formed as a limited partnership under the laws of the State of New Jersey on December 29, 2011. The purpose of the Partnership includes, but is not limited to, rehabilitating and operating an affordable housing project consisting of 199 rental units for senior citizens and disabled families. The Partnership utilizes 1 rental unit for a superintendent. The property is located in Woodbury, New Jersey. The building which houses an apartment complex was purchased in February 2011 and renovation activities commenced at that time. Renovations were completed December 12, 2013. By agreement, the Partnership is to be terminated by December 31, 2070.

Rents are subsidized by the United States Department of Housing and Urban Development (HUD) under Section 8 Contract #NJ160029002, dated May 20, 2011 and effective for a period of 20 years. This contract was a renewal of the contract which was previously between Seniors Housing Development Corporation of Gloucester County ("SHDC") and HUD originally dated September 21, 1979 and effective May 20, 1981.

Substantially all of the assets of the partnership are encumbered by mortgages. The mortgages are nonrecourse to the partnership and the partners.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above 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.

Concentration of Credit Risk

Financial instruments that potentially subject the Partnership to concentration of credit risk are cash and restricted reserve deposits. The Partnership deposits its cash with high-credit, quality financial institutions. At various times during the fiscal year, the Partnership's cash in bank balances exceeded the Federally insured limits. At December 31, 2017, the Partnership's uninsured cash balances totaled \$421,992.

Accounts Receivable and Bad Debts

Accounts receivable are stated at the amount the Partnership expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Property and Equipment

Property and equipment are recorded at cost. Assets capitalized generally have an original cost of \$1,000 or more and a useful life in excess of one year. Depreciation is provided using primarily the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

The Partnership reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if both (a) the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets and (b) the carrying amount exceeds its fair value. If both criteria are met, then recorded amounts of the assets will be reduced to their fair value.

For tax purposes, accelerated methods are used to depreciate the land improvements, building, and equipment over shorter useful lives.

Rental Property

The Partnership does not own the land on which the building is situated, but rents the land from the previous owner of the building. (See Note 7.) Rental property is recorded at cost. Rental property is depreciated over the respective assets' estimated useful lives using the straight-line method for financial reporting purposes.

Debt Issuance Costs

The Partnership presents debt issuance costs as a reduction of the carrying amount of the debt. Amortization of the debt issuance costs is reported as interest expense in the statements of operations.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases. Under the Operating Agreement, the Partnership may not increase rents charged to tenants without prior NJHMFA approval. The tenants are subsidized by payments received under programs funded by the US Department of Housing and Urban Development through its Section 8 Rental Assistance program. For the years ended December 31, 2017 and 2016, subsidy revenue of \$1,793,854 and \$1,620,708, respectively, was included in rental income. This total represents 73% and 70% of net rental income for the years ended December 31, 2017 and 2016, respectively.

Income Taxes

The entity is recognized as a partnership for federal and state purposes. No provision for income taxes is presented in the accompanying financial statements since taxable income or loss is reported by the partners on their individual income tax returns.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Subsequent Events

The Partnership has evaluated subsequent events through March 23, 2018, the date the financial statements were available to be issued.

New Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. The standard is effective for the year ending December 31, 2018 and may be adopted either by restating all year presented in the Partnership's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the year. The Partnership is assessing the potential impact this guidance will have on its financial statements.

Note 3: CAPITAL CONTRIBUTIONS

In accordance with the Third Amended and Restated Partnership Agreement, the limited partner is required to make capital contributions up to \$7,517,529. The first payment in the amount of \$700,000 was made in December 2011 and an additional payment of \$6,054,970 was made in June 2014, satisfying the second and third installments of the Capital Contribution requirements.

Note 4: RESTRICTED DEPOSITS AND FUNDED RESERVES

The financing documents for the partnership's debt with the New Jersey Housing Mortgage Finance Agency (NJHMFA) require the partnership to maintain with the NJHMFA certain restricted cash accounts. All reserve and escrow accounts are required to be held in accounts under the sole control of the NJHMFA and paid out for the benefit of the project as needed on request of the partnership. Monthly payments to fund the escrow accounts in amounts determined by NJHMFA are required in conjunction with the payments of principal and interest on the debt. Any interest that may be earned on the accounts remains in the escrow accounts and is available to be used for similar purposes unless the partnership and NJHMFA mutually agree to apply the funds to some other project purpose. The summary of escrow balances are as follows:

	December 31,	
	2017	2016
Working capital	\$ 32	\$ 32
Repairs and replacement reserve	966,156	682,904
Insurance escrow	234,880	226,397
Debt service escrow	41,472	41,472
Tax escrow	12,252	12,206
Mortgage insurance premium escrow	6,852	6,456
Operating reserve	200,572	200,284
Total restricted deposits and funded reserves	<u>\$ 1,462,216</u>	<u>\$ 1,169,751</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 5: PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

The Authority's property and equipment activity for the years ended December 31, 2017 and 2016 was as follows:

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Buildings and improvements	\$ 23,845,221			\$ 23,845,221
Furniture and fixtures	62,203	\$ 9,437	\$ -0-	71,640
	23,907,424	9,437		23,916,861
Less accumulated depreciation	2,777,591	606,992		3,384,583
Net property and equipment	<u>\$ 21,129,833</u>	<u>\$ (597,555)</u>	<u>\$ -0-</u>	<u>\$ 20,532,278</u>

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Buildings and improvements	\$ 23,845,221			\$ 23,845,221
Furniture and fixtures	53,961	\$ 8,242	\$ -0-	62,203
	23,899,182	8,242		23,907,424
Less accumulated depreciation	2,170,945	606,646		2,777,591
Net property and equipment	<u>\$ 21,728,237</u>	<u>\$ (598,404)</u>	<u>\$ -0-</u>	<u>\$ 21,129,833</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 6: NOTES PAYABLE SECURED BY MORTGAGES

In connection with the development of the property, the Partnership has the following nonrecourse notes secured by mortgages:

Note secured by first mortgage

In 2011, New Jersey Housing and Mortgage Finance Agency issued a commitment to finance a note secured by a first mortgage for the acquisition and renovation of the project in the amount of \$5,872,659, of which \$4,808,894 was drawn. The note bears interest at 6.55%, which was amended to 5% on May 30, 2012. From the date of the note, December 2011, to January 1, 2014, accrued interest only was due on amounts drawn and billed monthly. This note was amended effective December 1, 2016, to update the principal in the amount of \$4,543,601 and extend the maturity date to November 1, 2046. Accrued interest on this note was \$18,909 and \$19,166 at December 31, 2017 and 2016, respectively. As of January 1, 2014, monthly payments of principal and interest were due in the amount of \$31,526. Effective December 1, 2016, monthly payments of principal and interest are due in the amount of \$24,391. The balance of this note was \$4,470,828 and \$4,538,141 at December 31, 2017 and 2016, respectively.

Note secured by second mortgage

The note secured by the second mortgage is an interest subsidy loan provided by NJHMFA in the amount of \$512,723. The note bears interest at .032% and matures on December 1, 2043. The loan is non-amortizing and is required to be repaid from 50% of available cash flow after payment of certain expenses and fees as defined in the Third Amended and Restated Partnership Agreement of CPLP. Proceeds of \$184,089 were received in 2014 and were used to make final payments on the second note secured by the first mortgage. Proceeds of \$200,000 were received in 2016 and were used to fund the operating reserve escrow account. Payments of \$291,135 and \$0 were made based on available cash in during 2017 and 2016, respectively. The balance of this note was \$92,954 and \$384,089 at December 31, 2017 and 2016, respectively.

Note secured by third mortgage

The note secured by the third mortgage in the amount of \$1,880,003 is payable to Fulton Home Bank of New Jersey, a member bank of the Federal Home Loan Bank (FHLB) of NY. The loan was provided by the FHLB's affordable housing program. No repayment is required so long as the Partnership maintains the property as an affordable housing project for 15 years. The note is non-interest bearing. SHDC is the sponsor/guarantor of the note. Proceeds were used to make final payments on the second note secured by the first mortgage.

Note secured by fourth mortgage

The note secured by the fourth mortgage is owed to Seniors Housing Development Corporation of Gloucester County (SHDC), the principal shareholder of the General Partner. The amount outstanding is \$8,200,222 at December 31, 2017 and 2016. Interest is payable on the note at the rate of 3.57% calculated on a 365 day year. The note has no specific maturity date. This loan is a nonrecourse loan as to all general partners of CPLP and is due to be repaid in annual principal payments plus accrued interest beginning June 1, 2012 from available cash flow after payment of certain expenses and fees as defined in the Third Amended and Restated Partnership Agreement of CPLP. No payments were made in 2017 or 2016. Accrued interest on this note was \$2,005,123 and \$1,713,177 at December 31, 2017 and 2016, respectively.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 6: NOTES PAYABLE SECURED BY MORTGAGES (continued)

Aggregate annual maturities of all mortgage loans payable are as follows:

Year Ending December 31,	
2018	\$ 163,712
2019	74,378
2020	78,183
2021	82,183
2022	86,388
Thereafter	<u>14,159,163</u>
	14,644,007
Less: Debt issuance costs, net	<u>626,760</u>
	<u>\$ 14,017,247</u>

Note 7: RELATED PARTY TRANSACTIONS

Development fee

SHDC served as developer for the substantial renovation of the Colonial Park Apartments. For the performance of this function, SHDC earned a development fee of \$3,065,643. SHDC was paid \$100,000 and \$400,000 during 2016 and 2015, respectively. Development fee payable is \$1,804,705 and \$1,904,705 as of December 31, 2017 and 2016, respectively. Any amount of the deferred development fee that has not been paid in full will become due on December 31, 2025.

Management company

SHDC serves as the management company for the Partnership. SHDC charges the project a fee for bookkeeping and management services. The fees are \$6.67 and \$53.63 per unit per month, respectively. The bookkeeping fee is capped at \$1,030 per month. Management and bookkeeping fees were \$128,712 and \$12,360, respectively, for 2017 and \$126,072 and \$12,276, respectively, for 2016.

Partnership profits, losses, and distributions

The third amended and restated partnership agreement, which was effective December 8, 2011, provides that items of Partnership income or loss, other than from sales or other dispositions, are allocated .01% to the general partner, and 99.99% to the limited partner. Specific allocations are determined and governed by the Partnership agreement.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 7: RELATED PARTY TRANSACTIONS (continued)

Ground lease

The Partnership entered into a ground lease agreement with SHDC to lease the land on which the building stands for a period of 32 years. The annual lease payment varies from a low of \$10,000 in 2011 to a high in 2028 and 2029 at \$130,000 per year. Interest accrues on the unpaid balance of principal and interest at a rate of 1% per month. No ground lease payments were made in 2017 or 2016. Lease payments due for the next five years are as follows:

Year Ending December 31,

2018	\$ 80,000
2019	85,000
2020	90,000
2021	95,000
2022	100,000

Lease expense at December 31, 2017 and 2016 is \$75,000 and \$70,000, respectively. Accrued ground lease payable at December 31, 2017 and 2016 is \$462,700 and \$349,450, respectively.

Notes payable

As described in Note 6, the Partnership has a note payable to its management company.

General partner

The general partner is a corporation, eMurphyg, Inc. The stock of eMurphyg is owned 79% by SHDC.

Contracted employees

The Partnership does not have its own employees, but instead utilizes employees of the Housing Authority of Gloucester County ("HAGC"). Salaries, payroll taxes and related expenses are charged to the Partnership at cost. If an employee does not work full-time for the Partnership, his or her time is allocated to the Partnership based on percentage of time spent on duties associated with the project.

Note 8: ALLOWABLE DISTRIBUTIONS TO PARTNERS

Under the terms of the Third Amended and Restated Partnership Agreement, distributions to partners from funds provided by rental operations are allowed, provided that cash flow is available after payment of operating expenses, deposits to reserves, permanent debt service, and other required payments. For the year ended December 31, 2017 and 2016, there was no surplus cash available for allowable distributions to partners.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Notes to Financial Statements (continued)

Note 9: COMMITMENTS AND CONTINGENCIES

The Partnership received a commitment for an annual allocation of \$841,825 of low income housing tax credits from New Jersey Housing and Mortgage Finance Agency.

The Partnership's low-income housing tax credits are contingent on its ability to maintain compliance with applicable provisions of Section 42 of the Internal Revenue Code (IRC 42), as amended, through 2028. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the limited partner. Management believes it is operating in compliance with IRC 42.

The Partnership has no significant contracts outstanding at the end of the year.

Certain claims have been filed against the Partnership. In the opinion of management, all matters are adequately covered by insurance or are without merit.

Note 10: VULNERABILITY DUE TO CONCENTRATION

The Partnership's sole revenue producing asset is the housing project; operations are concentrated in the multi-family real estate market. In addition, the Partnership operates in a regulated environment. Operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, NJDCA. Such administrative directives, rules and regulations are subject to change. Changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

COLONIAL PARK, LP

NJHMFA PROJECT NO. 2659

SUPPLEMENTARY INFORMATION

(AS REQUIRED BY NJHMFA)

FOR THE YEARS ENDED

DECEMBER 31, 2017 AND 2016

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>SCHEDULE A - RECEIVABLES OTHER THAN FROM TENANTS</u>		
Due from HUD for rental subsidy	\$ 140,638	\$ -
Due from NJHMFA for negative arbitrage	101,918	101,918
Solar credits	-	36,999
Other receivables	<u>995</u>	<u>946</u>
	<u><u>\$ 243,551</u></u>	<u><u>\$ 139,863</u></u>
 <u>SCHEDULE B - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</u>		
<u>Accounts payable</u>		
Utilities	\$ 48,705	\$ 46,979
Maintenance	10,064	9,240
Administrative	<u>823</u>	<u>932</u>
	<u><u>\$ 59,592</u></u>	<u><u>\$ 57,151</u></u>
 <u>Other accrued liabilities</u>		
Estimated incurred but not reported insurance claims - self-insurance	\$ 14,699	\$ 13,464
Investor service fee	<u>3,000</u>	<u>\$ -</u>
	<u><u>\$ 17,699</u></u>	<u><u>\$ 13,464</u></u>

SCHEDULE C - LOANS, NOTES OR MORTGAGE NOTES PAYABLE
(OTHER THAN MORTGAGES PAYABLE TO NJHMFA)

SEE NOTES 7 AND 8.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

SCHEDULE D - CHANGES IN RESERVE BALANCES

	Balance December 31, 2016	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2017
Working capital	\$ 32				\$ 32
Operating reserve	200,283			\$ 289	200,572
Repair and replacement reserve	682,904	\$ 282,018		1,234	966,156
Insurance escrow	226,398	69,696	\$ (61,680)	466	234,880
Minimum escrow requirement account	41,472				41,472
Real estate tax escrow	12,205	12,216	(12,192)	22	12,251
MIP	6,457	25,392	(25,023)	27	6,853
	<u>\$ 1,169,751</u>	<u>\$ 389,322</u>	<u>\$ (98,895)</u>	<u>\$ 2,038</u>	<u>\$ 1,462,216</u>
	Balance December 31, 2015	Additions/ Transfers	Withdrawals/ Transfers	Interest Earned	Balance December 31, 2016
Working capital	\$ 319,710		\$ (319,710)	\$ 32	\$ 32
Operating reserve		\$ 200,283			200,283
Repair and replacement reserve	180,741	501,298		865	682,904
Insurance escrow	109,494	179,882	(63,371)	393	226,398
Minimum escrow requirement account	41,472				41,472
Real estate tax escrow	11,670	12,738	(12,228)	25	12,205
MIP	105	31,734	(25,386)	4	6,457
	<u>\$ 663,192</u>	<u>\$ 925,935</u>	<u>\$ (420,695)</u>	<u>\$ 1,319</u>	<u>\$ 1,169,751</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

SCHEDULE E - CHANGES IN PROPERTY AND EQUIPMENT ACCOUNTS

	Assets			Accumulated Depreciation					Net Book Value
	Balance December 31, 2016	Additions	Disposals	Balance December 31, 2017	Balance December 31, 2016	Current Provision	Disposals	Balance December 31, 2017	
Building and improvements	\$ 23,845,221			\$ 23,845,221	\$ 2,748,644	\$ 596,131		\$ 3,344,775	\$ 20,500,446
Furniture and fixtures	62,203	\$ 9,437		71,640	28,947	10,861		39,808	31,832
	<u>\$ 23,907,424</u>	<u>\$ 9,437</u>	<u>\$ -</u>	<u>\$ 23,916,861</u>	<u>\$ 2,777,591</u>	<u>\$ 606,992</u>	<u>\$ -</u>	<u>\$ 3,384,583</u>	<u>\$ 20,532,278</u>

	Assets			Accumulated Depreciation					Net Book Value
	Balance December 31, 2015	Additions	Disposals	Balance December 31, 2016	Balance December 31, 2015	Current Provision	Disposals	Balance December 31, 2016	
Building and improvements	\$ 23,845,221			\$ 23,845,221	\$ 2,152,513	\$ 596,131		\$ 2,748,644	\$ 21,096,577
Furniture and fixtures	53,961	\$ 8,242		62,203	18,432	10,515		28,947	33,256
	<u>\$ 23,899,182</u>	<u>\$ 8,242</u>	<u>\$ -</u>	<u>\$ 23,907,424</u>	<u>\$ 2,170,945</u>	<u>\$ 606,646</u>	<u>\$ -</u>	<u>\$ 2,777,591</u>	<u>\$ 21,129,833</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>SCHEDULE F - OTHER INCOME</u>		
Laundry machines	\$ 9,900	\$ 9,900
Miscellaneous service income	3,629	2,733
Income from investments	1,098	1,054
Late charges	1,618	1,992
Solar credits	23,634	61,391
Retroactive rent adjustment	87,073	-
	<u>\$ 126,952</u>	<u>\$ 77,070</u>
<u>SCHEDULE G - ADMINISTRATIVE EXPENSES</u>		
Telephone	\$ 12,407	\$ 12,399
Postage	-	152
Inspection and other fees	1,891	151
Other professional fees	3,500	-
Advertising	135	155
Legal services	5,259	3,662
Credit check fees	977	949
Annual audit	15,140	15,030
Social services	4,746	3,380
Net Congregate expenses	3,621	1,949
Bookkeeping, accounting	12,360	12,276
Miscellaneous administrative expenses	10,596	7,549
Other - office expenses	1,986	2,823
Other - bad debt (rental subsidy)	23,066	-
	<u>\$ 95,684</u>	<u>\$ 60,475</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

	2017	2016
<u>SCHEDULE H - SALARIES AND RELATED CHARGES (CONTRACTED) *</u>		
Superintendent's salary *	\$ 57,920	\$ 48,885
Janitorial salaries *	85,991	61,844
Security salaries*	150,238	152,647
Social services salaries *	61,946	77,236
Office and administrative salaries *	116,321	120,352
Maintenance salaries*	10,347	40,358
Employee benefits *	474,568	288,108
Employer's payroll taxes *	48,055	42,416
Worker's compensation insurance *	16,471	21,274
	<u>\$ 1,021,857</u>	<u>\$ 853,120</u>
<u>SCHEDULE I - MAINTENANCE AND REPAIRS</u>		
Land lease	\$ 75,000	\$ 70,000
Plumbing	5,510	2,685
Electrical	1,908	985
Grounds & landscaping supplies	334	6,547
Painting and decorating	3,985	456
Small equipment and tools	3,133	2,393
Janitorial supplies	4,179	3,199
Hardware supplies	919	1,086
Other maintenance and repairs	15,306	14,426
	<u>\$ 110,274</u>	<u>\$ 101,777</u>

*Colonial Park, LP does not have its own employees but utilizes employees of the Housing Authority of Gloucester County, either full-time or part-time, who are charged to Colonial Park at cost, including payroll taxes, benefits and related expenses.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>SCHEDULE J - MAINTENANCE CONTRACTS</u>		
Fire system monitoring	\$ 1,358	\$ 978
Elevator	21,109	3,528
Rubbish removal	8,760	9,017
Heating and air conditioning	2,316	729
Grounds, parking and landscaping	1,958	4,990
Painting and decorating	3,037	-
Exterminating	21,320	12,505
Other maintenance contracts	4,242	6,346
	<u>\$ 64,100</u>	<u>\$ 40,593</u>

SCHEDULE K - UTILITIES

Water	\$ 27,679	\$ 27,679
Sewer charges	111,600	111,600
Electricity	59,549	64,215
Gas	43,830	37,176
Fuel	-	220
	<u>\$ 242,658</u>	<u>\$ 240,890</u>

SCHEDULE L - COMPUTATION OF MANAGEMENT AGENT FEE

Fee (per unit per month)	\$ 53.63	\$ 52.53
Number of units	<u>200</u>	<u>200</u>
	10,726	10,506
Number of months	<u>12</u>	<u>12</u>
Management agent fee	<u>\$ 128,712</u>	<u>\$ 126,072</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

SCHEDULE M - COMPUTATION OF PAYMENT IN
LIEU OF TAXES (PILOT)

	<u>2017</u>			<u>2016</u>		
	<u>January 1 to</u> <u>May 31</u>	<u>June 1 to</u> <u>December 31</u>	<u>Expense</u>	<u>January 1 to</u> <u>May 31</u>	<u>June 1 to</u> <u>December 31</u>	<u>Expense</u>
Base	\$ 12,000	\$ 12,000		\$ 12,000	\$ 12,000	
Add: Published Annual Adjustment Factor	<u>1.016</u>	<u>1.016</u>		<u>1.019</u>	<u>1.019</u>	
	5,080	7,112		5,095	7,133	
Add: Prior year PILOT payable	<u>7,000</u>			<u>7,119</u>		
Total PILOT due	12,080			12,214		
PILOT paid	<u>12,304</u>			<u>12,347</u>		
			\$ 12,080			\$ 12,109
		<u>\$ 6,888</u>			<u>\$ 7,000</u>	

COLONIAL PARK, LP
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2016 and 2015

SCHEDULE N - AVAILABLE CASH FLOW SCHEDULE (AS DEFINED BY PARTNERSHIP AGREEMENT)

Net loss at year end \$ (406,013)

Additions

Depreciation/amortization	642,962	
Escrow disbursements	98,895	
Unpaid interest:		
Purchase mortgage - SHDC	291,665	
1st mortgage note	-	
Investor service fee	3,000	
Change in Miscellaneous receivables	36,950	
Change in Prepaid expenses	704	
Change in Due from the Housing Authority of Gloucester County	10,303	
Change in Accounts payable	2,441	
Change in Accrued liabilities	1,235	
Change in Due to the Housing Authority of Gloucester County	423	
Ground lease	75,000	
Ground lease interest	38,250	
Total additions		1,201,828

Deductions

Capital purchases from operations	(9,437)	
Debt principal payments	(67,314)	
Escrow deposits	(389,322)	
Interest on escrow accounts	(2,038)	
Change in Provision for bad debt	(23,066)	
Change in Accounts receivable - tenants	(2,771)	
Change in Accounts receivable - HUD	(117,572)	
Change in Accrued PILOT	(112)	
Change in Prepaid rents	(88)	
Change in Deferred development fee	(100,000)	
Total deductions		(711,720)

Cash flow available \$ 84,095

*As per Colonial Park, LP's partnership agreement, current year available cash is to be used to pay the third priority, deferred development fee.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 1202
Supplemental Information (Continued)
Years Ended December 31, 2016 and 2015

SCHEDULE O - CUMULATIVE RETURN ON EQUITY

Return on equity 7.04%

Per NJHMFA

2011	\$ 3,240
2012	49,280
2013	49,280
2014	171,906
2015	475,263
2016	475,138
2017	<u>475,138</u>

Total accumulated return on equity	<u><u>\$ 1,699,245</u></u>
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Contributions

Syndication payments	\$ 6,749,116
	<u>x 7.04%</u>

Return on equity - 2017	<u><u>\$ 475,138</u></u>
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There were no distributions to partners during the year ended December 31, 2017.

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

SCHEDULE P - RELATED PARTY TRANSACTIONS

Company Name	Type of Service	Amount Paid	
		2017	2016
Seniors Housing Development Corporation	Bookkeeping and reporting services	\$ 12,360	\$ 12,276
Seniors Housing Development Corporation	Accrued management fee	128,712	126,072
Seniors Housing Development Corporation	Ground lease	75,000	70,000
Housing Authority of Gloucester County	Contracted salaries and related expenses	1,021,857	853,120
		<u>\$ 1,237,929</u>	<u>\$ 1,061,468</u>

COLONIAL PARK, LP
NJHMFA PROJECT NO. 2659
Supplemental Information (Continued)
Years Ended December 31, 2017 and 2016

SCHEDULE Q - SCHEDULES OF OPERATIONS - REGULATORY BASIS

	<u>2017</u>	<u>2016</u>
Revenue		
Gross potential rent	\$ 2,508,037	\$ 2,344,692
Less vacancy loss and collection losses	<u>61,123</u>	<u>36,344</u>
Net rental income	2,446,914	2,308,348
Other income	126,952	44,218
Recovery of bad debts	<u>-</u>	<u>32,852</u>
	<u>2,573,866</u>	<u>2,385,418</u>
Expenses		
Administrative expenses	95,684	60,475
Salaries & related charges (contracted)	1,021,857	853,120
Maintenance contracts	64,100	40,593
Maintenance and repairs	110,274	101,777
Management fee	128,712	126,072
Payment in lieu of taxes	12,080	12,109
Property and liability insurance	87,858	115,242
Utilities	<u>242,658</u>	<u>240,890</u>
	<u>1,763,223</u>	<u>1,550,278</u>
Income from operations before interest and depreciation	<u>810,643</u>	<u>835,140</u>
Interest and reserve		
Interest on mortgages and lease	(591,490)	(523,895)
Provision for repairs and replacements reserve	(283,252)	(502,163)
Refund from repairs and replacements reserve	<u>-</u>	<u>-</u>
	<u>(874,742)</u>	<u>(1,026,058)</u>
Income (loss) from operations before depreciation	(64,099)	(190,918)
Depreciation expense	<u>358,448</u>	<u>61,650</u>
Loss from operations before excess depreciation and fees and charges	(422,547)	(252,568)
Depreciation expense (in excess of mortgage principal)	248,544	544,996
Fees and charges	<u>(18,174)</u>	<u>(25,005)</u>
Net loss	<u>\$ (689,265)</u>	<u>\$ (822,569)</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Partners of
Colonial Park, LP

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 Colonial Park, LP, which comprise the balance sheet as of December 31, 2017, and the related statements of operations, changes in partners' capital (deficit), and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colonial Park, LP'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 Colonial Park, LP's internal control. Accordingly, we do not express an opinion on the effectiveness of Colonial Park, LP'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 entity'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 Colonial Park, LP'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*.

Furthermore, during the performance of our audit of the financial statements of Colonial Park, LP, nothing came to our attention that caused us to believe that:

- Colonial Park, LP had not filed and paid its federal, state and local income taxes (including payroll taxes) in a timely manner; and
- Colonial Park, LP made any cash distributions to the partners that were not duly authorized by the New Jersey Housing and Mortgage Finance Agency (NJHMFA).

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants

Woodbury, New Jersey
March 23, 2018

**Colonial Park, LP
Schedule of Findings
For the Year Ended December 31, 2017**

Schedule of Current Year Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by HUD and the NJHMFA.

None Noted.

Schedule of Current Year Federal/State Awards/Financial Assistance Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to Federal and/or State awards/financial assistance that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by HUD and the NJHMFA.

None Noted.

**Colonial Park, LP
Schedule of Prior Year Findings
As Prepared By Management**

Schedule of Prior Year Financial Statement Findings

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by HUD and the NJHMFA.

None Noted.

Schedule of Prior Year Federal/State Awards/Financial Assistance Findings

This section identifies the status of prior year findings related to Federal and/or State awards/financial assistance that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by HUD and the NJHMFA.

None Noted.

INDEPENDENT AUDITOR'S REPORT ON STANDARD HUD COMPLIANCE

To the Partners of
Colonial Park, LP

We have audited the financial statements of Colonial Park, LP as of and for the year ended December 31, 2017, and have issued our report thereon dated March 23, 2018.

Auditor's Responsibility

We conducted our audit in accordance with generally accepted auditing standards, in the United States (GAAS) and when applicable the standards to financial audits contained in the generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Colonial Park, LP's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Management's Responsibility

The management of Colonial Park, LP is responsible for compliance with those requirements.

Opinion

In our opinion, Colonial Park, LP complied, in all material respects, with the requirements described above for the year ended December 31, 2017.

Compliance and Other Matters

In addition, we have tested Colonial Park, LP's compliance with the certain specific program requirements that are part of the most recent Consolidated Audit Guide, issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, for the year ended December 31, 2017.

We also attest to you that we have reviewed the following on a test basis:

1. All reports required by HUD for timely filing and accuracy.
2. The validity of the H.A.P. contract and amendments thereto.
3. The accuracy of the maximum chargeable rents.
4. The qualifications of the tenants as to admission and their required monthly contributions.
5. The certifications and recertifications of tenants.
6. The files located at the project, the managing agent's office, and supervisory managing agent's office for adequacy.

Based on our review of the items 1 to 6 above, nothing came to our attention that would invalidate the future and uninterrupted receipt of the federal subsidies, under existing rules and regulations.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants

Woodbury, New Jersey
March 23, 2018