

**Israel Senior Citizens Housing
Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018**

Financial Statements and
Supplementary Information

June 30, 2018 and 2017



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Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

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Independent Auditors' Report

Board of Trustees
Israel Senior Citizens Housing Development Fund Corp.

Report on the Financial Statements

We have audited the accompanying financial statements of Israel Senior Citizens Housing Development Fund Corp. (the "Corporation"), HUD Project Nos. 012-SH015 and 012-SH018, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 the 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.

Auditors' 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 of 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 auditors' 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 the Corporation. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information required by HUD included in the report (shown on pages 17 to 23) is presented for purposes of additional analysis and is not a required part of the financial statements. The aforementioned information has been prepared in the prescribed format and following the instructions of the United States Department of Housing and Urban Development. 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.

Other Reporting Required by Government Accounting Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Corporation's 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 the Corporation's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Statements of Financial Position
June 30, 2018 and 2017

		<u>2018</u>	<u>2017</u>
Assets			
Current Assets			
1120	Cash, operations	\$ 124,121	\$ 230,973
1130	Tenant accounts receivable	30,625	38,325
1131	Allowance for doubtful accounts	(7,359)	(20,542)
1135	Accounts receivable, HUD	157,597	22,567
1140	Accounts and notes receivable, operations	529	164
1200	Prepaid expenses	<u>55,592</u>	<u>66,883</u>
1100T	Total current assets	<u>361,105</u>	<u>338,370</u>
Deposits Held in Trust, Funded			
1191	Tenant deposits	<u>127,913</u>	<u>120,702</u>
Restricted Deposits and Funded Reserves			
1310	Escrow deposits	400,620	571,133
1320	Reserve for replacements	926,655	1,418,259
1330	Other reserves	<u>50</u>	<u>163,425</u>
1300T	Total restricted deposits and funded reserves	<u>1,327,325</u>	<u>2,152,817</u>
Fixed Assets			
1410	Land and improvements	1,101,248	1,064,433
1420	Buildings	20,691,632	19,385,041
1440	Building equipment, portable	310,160	310,160
1450	Furniture for project/tenant use	28,945	28,945
1490	Miscellaneous fixed assets	<u>26,151</u>	<u>207,567</u>
1400T	Total fixed assets	22,158,136	20,996,146
1495	Less accumulated depreciation	<u>(9,599,098)</u>	<u>(8,702,161)</u>
1400N	Net fixed assets	<u>12,559,038</u>	<u>12,293,985</u>
1000T	Total assets	<u>\$ 14,375,381</u>	<u>\$ 14,905,874</u>

See notes to financial statements

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Liabilities and Net Assets		
Current Liabilities		
2110	\$ 633,395	\$ 508,831
2111	294,476	163,420
2120	136,707	108,315
2121	10,512	8,286
2123	55,338	27,125
2131	24,111	24,633
2170	236,457	230,119
2210	14,292	19,517
2122T	<u>1,405,288</u>	<u>1,090,246</u>
Deposit Liabilities		
2191	<u>127,913</u>	<u>120,367</u>
Long-Term Liabilities		
2320	10,400,724	10,637,182
2340	<u>(173,788)</u>	<u>(182,328)</u>
2300T	<u>10,226,936</u>	<u>10,454,854</u>
2000T	<u>11,760,137</u>	<u>11,665,467</u>
Net Assets		
3131	2,565,244	3,190,407
3132	<u>50,000</u>	<u>50,000</u>
3130	<u>2,615,244</u>	<u>3,240,407</u>
2033T	<u>\$ 14,375,381</u>	<u>\$ 14,905,874</u>

See notes to financial statements

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Statements of Activities

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Rental Revenue		
5120 Rental revenue, gross potential	\$ 1,822,138	\$ 1,799,063
5121 Tenant assistance payments	3,292,834	3,266,115
5170 Garage and parking spaces	6,676	6,508
5190 Miscellaneous rent revenue	<u>13,877</u>	<u>16,051</u>
5100T Total rental revenue	<u>5,135,525</u>	<u>5,087,737</u>
Vacancies		
5220 Apartments	<u>(101,980)</u>	<u>(124,126)</u>
5200T Total vacancies	<u>(101,980)</u>	<u>(124,126)</u>
5152N Net rental revenue	<u>5,033,545</u>	<u>4,963,611</u>
5300 Nursing home/assisted living/board and care/ other elderly care/coop and other revenue	<u>187,564</u>	<u>64,992</u>
Financial Revenue		
5440 Revenue from investments, replacement reserve	396	676
5490 Revenue from investments, miscellaneous	<u>4</u>	<u>1,108</u>
5400T Total financial revenue	<u>400</u>	<u>1,784</u>
Other Revenue		
5910 Laundry and vending machine revenue	19,685	17,448
5920 Tenant charges	32,240	32,563
5990 Miscellaneous revenue	<u>4,992</u>	<u>93,133</u>
5900T Total other revenue	<u>56,917</u>	<u>143,144</u>
5000T Total revenue	<u>5,278,426</u>	<u>5,173,531</u>
Expenses		
Administrative Expenses		
6203 Conventions and meetings	6,205	107
6204 Management consultants	1,634	-
6310 Office salaries	153,449	172,579
6311 Office expenses	90,061	84,182
6320 Management fee	483,808	477,541
6330 Manager or superintendent salaries	94,601	87,368
6331 Administrative rent-free unit	17,862	16,656
6340 Legal expense, project	8,096	7,629
6350 Auditing expense	13,500	12,000
6351 Bookkeeping fees/accounting services	122,389	126,883
6370 Bad debts	2,439	23,121
6390 Miscellaneous administrative expenses	<u>12,388</u>	<u>22,787</u>
6263T Total administrative expenses	<u>1,006,432</u>	<u>1,030,853</u>
Utilities Expenses		
6450 Electricity	258,586	251,468
6451 Water	138,012	138,576
6452 Gas	27,271	190,147
6453 Sewer	<u>219,439</u>	<u>220,336</u>
6400T Total utilities expenses	<u>643,308</u>	<u>800,527</u>

See notes to financial statements

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Statements of Activities

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating and Maintenance Expenses		
6510 Payroll	\$ 486,424	\$ 507,425
6515 Supplies	49,124	88,391
6520 Contracts	992,122	531,253
6530 Security payroll/contract	355,212	326,887
6546 Heating/cooling repairs and maintenance	54,688	59,863
6500T Total operating and maintenance expenses	<u>1,937,570</u>	<u>1,513,819</u>
Taxes and Insurance		
6711 Payroll taxes (project's share)	84,168	84,652
6720 Property and liability insurance (hazard)	322,165	308,959
6722 Workmen's compensation	61,313	56,067
6723 Health insurance and other employee benefits	470,907	529,921
6790 Miscellaneous taxes, licenses, permits and insurance	1,508	6,090
6700T Total taxes and insurance expense	<u>940,061</u>	<u>985,689</u>
Financial Expense		
6820 Interest on first mortgage payable	300,754	306,977
6850 Mortgage insurance premium/service charge	48,341	49,364
6800T Total financial expense	<u>349,095</u>	<u>356,341</u>
6900 Nursing home/assisted living/board and care/ other elderly care expenses	<u>130,186</u>	<u>138,263</u>
6000T Total cost of operations before depreciation	<u>5,006,652</u>	<u>4,825,492</u>
5060T Profit before depreciation	<u>271,774</u>	<u>348,039</u>
Depreciation		
6600 Depreciation expense	<u>896,937</u>	<u>851,628</u>
Total depreciation	<u>896,937</u>	<u>851,628</u>
5060N Operating loss after depreciation	<u>(625,163)</u>	<u>(503,589)</u>
Corporate or Mortgagor Entity Revenue		
7105 Entity revenue	<u>-</u>	<u>(2,187)</u>
Total expenses	<u>5,903,589</u>	<u>5,674,933</u>
3250 Change in net assets	(625,163)	(501,402)
Unrestricted Net Assets, Beginning of Year	<u>3,190,407</u>	<u>3,691,809</u>
Unrestricted Net Assets, End of Year	<u>2,565,244</u>	<u>3,190,407</u>
Temporarily Restricted Net Assets, Beginning of Year	<u>50,000</u>	<u>50,000</u>
Temporarily Restricted Net Assets, End of Year	<u>50,000</u>	<u>50,000</u>
Net Assets, End of Year	<u>\$ 2,615,244</u>	<u>\$ 3,240,407</u>

See notes to financial statements

Israel Senior Citizens Housing Development Fund Corp.
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Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
S1200-010 Rental receipts	\$ 4,867,506	\$ 4,954,090
S1200-020 Interest receipts	400	1,784
S1200-030 Other operating receipts	<u>244,116</u>	<u>285,124</u>
S1200-040 Total receipts	<u>5,112,022</u>	<u>5,240,998</u>
S1200-050 Administrative expenses paid	(222,326)	(211,455)
S1200-070 Management fees paid	(455,595)	(479,044)
S1200-090 Utilities paid	(798,674)	(641,715)
S1200-100 Salaries and wages paid	(1,061,294)	(1,094,537)
S1200-110 Operating and maintenance paid	(632,506)	(664,933)
S1200-140 Property insurance paid	(322,165)	(308,959)
S1200-150 Miscellaneous taxes and insurance paid	719	(6,105)
S1200-170 Other operating expenses paid	(746,176)	(808,903)
S1200-180 Interest paid on first mortgage	(301,276)	(307,484)
S1200-210 Mortgage insurance premium paid	(47,647)	(48,688)
S1200-225 Entity/construction disbursements	<u>(359,792)</u>	<u>(455,955)</u>
S1200-230 Total disbursements	<u>(4,946,732)</u>	<u>(5,027,778)</u>
S1200-240 Net cash provided by operating activities	<u>165,290</u>	<u>213,220</u>
Cash Flows from Investing Activities		
S1200-245 Net withdrawals from (deposits to) mortgage escrows	170,513	(351,500)
S1200-250 Net withdrawals from reserve for replacements	491,604	683,142
S1200-255 Net withdrawals from other reserves	163,375	889,528
S1200-330 Net purchases of fixed assets	<u>(867,514)</u>	<u>(1,063,323)</u>
S1200-350 Net cash (used in) provided by investing activities	<u>(42,022)</u>	<u>157,847</u>
Cash Flows from Financing Activities		
S1200-360 Mortgage principal payments, first mortgage	<u>(230,120)</u>	<u>(223,951)</u>
S1200-460 Net cash used in financing activities	<u>(230,120)</u>	<u>(223,951)</u>
S1200-470 Net (decrease) increase in cash	(106,852)	147,116
S1200-480 Cash, Beginning of Year	<u>230,973</u>	<u>83,857</u>
S1200T Cash, End of Year	<u>\$ 124,121</u>	<u>\$ 230,973</u>

See notes to financial statements

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Significant Noncash Investing and Financing Activities		
Contributed rental property improvements	\$ -	\$ 2,187
Additions to fixed assets included in accounts payable, construction/development	\$ 196,372	\$ 163,420
Payments of prior year accounts payable, construction/ development included in rental property	\$ (163,420)	\$ (255,971)
Additions to fixed assets included in accounts payable, operations	\$ -	\$ 36,564
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
3250 Change in net assets	\$ (625,163)	\$ (501,402)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
6600 Depreciation	896,937	851,628
S1200-486 Interest expense on debt issuance cost	8,540	8,581
S1200-600 Bad debts	2,439	23,121
S1200-600 Contributed rental property improvements	-	(2,187)
S1200-600 Tenant security deposit held in trust timing difference	-	(335)
Changes in asset and liability accounts:		
(Increase) decrease in assets:		
S1200-490 Tenant accounts receivable	(7,922)	(2,039)
S1200-500 Accounts receivable, other	(135,395)	70,367
S1200-520 Prepaid expenses	11,291	(2,924)
S1200-530 Tenant security deposits funded	(7,211)	(7,529)
Increase (decrease) in assets:		
S1200-540 Accounts payable	(38,856)	(228,426)
S1200-560 Accrued liabilities	58,831	(1,796)
S1200-570 Accrued interest payable	(522)	(507)
S1200-580 Tenant security deposits held in trust	7,546	7,529
S1200-590 Prepaid revenue	(5,225)	(861)
Total adjustments	790,453	714,622
S1200-610 Net cash provided by operating activities	\$ 165,290	\$ 213,220

See notes to financial statements

Israel Senior Citizens Housing Development Fund Corp.

HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

1. Description of the Organization

Israel Senior Citizens Housing Development Fund Corp. (the "Corporation") is a nonprofit corporation created in 1982 pursuant to the Memberships Corporations of New York State. Its primary purpose is to develop and to operate housing and auxiliary facilities for low income older adults under Section 202, a U.S. Department of Housing and Urban Development ("HUD") program that provides capital advances to private, nonprofit sponsors to finance the development of housing for elderly residents. Such projects are regulated by HUD as to rent charges and operating methods. The project consists of 512 units located in Queens, New York and is currently operating under the name of Israel Senior Citizens Housing.

JASA Corporation is the sole member of and wholly controls the Corporation. JASA Corporation also wholly controls nine other housing entities, the Jewish Association for Services for the Aged ("JASA"), JASA Housing Management Services for the Aged, Inc. ("JHM"), and One Stop Senior Services in its capacity as their sole member. The Corporation is related to JASA Corporation and the above-listed entities by this control.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Corporation prepared the financial statements on the accrual basis of accounting. Also, the Corporation presents its financial statements following the generally accepted accounting principles in the United States of America. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Furthermore, information is required to segregate program service expenses from management and general expenses.

Contributions received, if any, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents.

Israel Senior Citizens Housing Development Fund Corp.

HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

Accounts Receivable and Allowance for Doubtful Accounts

The Corporation reports tenant accounts receivable and accounts receivable, net of an allowance for doubtful accounts. Management's basis for its estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2018 and 2017, the allowance for doubtful accounts was \$7,359 and \$20,542, respectively.

Fixed Assets and Depreciation

The Corporation carries fixed assets at cost. Management uses the straight-line method of depreciation and expenses depreciation equally each year over the useful lives of the assets. It is the Corporation's policy to capitalize items of \$5,000 or greater. Useful lives range from 10 to 40 years.

Impairment of Long-Lived Assets

The Corporation reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When reviewing recovery, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The Corporation did not recognize any impairment loss during the years ended June 30, 2018 and 2017.

Deferred Financing Costs

The Corporation amortizes financing costs as interest expense over the term of the related loan using the straight-line method, which approximates the effective interest method. Interest expense for the years ended June 30, 2018 and 2017 was \$8,540 and \$8,581, respectively.

Revenue

Rental Income

The Corporation's revenue is derived principally from rent on its affordable housing apartments. Rental payments come directly from tenants as well as from HUD via a housing subsidy for low-income tenants.

The Corporation recognizes rental income as it becomes due. Rental payments received in advance of their due date are deferred until earned. Leases between the Corporation and its tenants are operating leases.

Israel Senior Citizens Housing Development Fund Corp.

HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

Grant Income

HUD awarded the Corporation a cost reimbursement grant. See Note 6. The Corporation recognized revenue under this grant as costs were incurred.

The Corporation was also awarded a grant from the Fund for the City of New York. See Note 8. Revenue was recognized as the funds became unconditionally committed for a specific purpose. Unspent funds remain as temporarily restricted net assets.

Income Taxes

The Corporation has applied for and received a tax-exemption under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2018 or 2017. Due to its tax-exempt status, the Corporation is not subject to income taxes. The Corporation is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions requiring disclosure.

Subsequent Events

Management evaluated subsequent events through September 28, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that had a material impact on the Corporation's financial statements.

3. Mortgage Payable

On January 31, 2013, the Corporation obtained a mortgage from Greystone Funding Corporation ("Greystone") in the principal amount of \$11,795,300. The loan is insured by HUD and secured by a mortgage. The note bears interest at a rate of 2.72% per annum. The Corporation pays principal and interest in monthly installments of \$43,571. The mortgage maturity date is February 1, 2048.

In 2015, Greystone sold the rights, title and interest in the loan to KeyBank National Association. As of June 30, 2018 and 2017, outstanding principal is \$10,637,182 and \$10,867,301, respectively, and accrued interest is \$24,111 and \$24,633, respectively.

Under agreements with the mortgage lender and HUD, the Corporation is required to make monthly escrow deposits for repairs and replacement of equipment. HUD must approve the use of these funds by the Corporation. As of June 30, 2018 and 2017, the balance of the repair escrow was \$50 and \$9,583, respectively.

In addition, the Corporation was required to deposit funds into a developer fee escrow for the restricted portion of developer fee to be earned upon building rehabilitation. As of June 30, 2017, the balance of the developer fee escrow was \$153,842. There was no developer fee escrow as of June 30, 2018. The repair and developer fee escrows are included in "other reserves" line on the statements of financial position.

Israel Senior Citizens Housing Development Fund Corp.

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Notes to Financial Statements
June 30, 2018 and 2017

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter are as follows:

Years ending June 30:	
2019	\$ 236,457
2020	242,970
2021	249,661
2022	256,538
2023	263,603
Thereafter	<u>9,387,952</u>
Total	<u>\$ 10,637,181</u>

4. Restricted Deposits and Funded Reserves

Reserve for Replacements

Under provisions of the HUD regulatory agreement, the Corporation is required to make monthly deposits of \$10,667 to a replacement reserve escrow account which consists of restricted cash that the Corporation can use for the replacement of property and equipment. The use of these funds requires prior approval from HUD. As of June 30, 2018 and 2017, the balance in the reserve for replacements was \$926,655 and \$1,418,259, respectively. For the years ended June 30, 2018 and 2017, HUD approved replacement withdrawals were \$620,000 and \$947,573, respectively.

Escrow Deposits

Under the provisions of the mortgage agreement, the Corporation is required to make monthly deposits of approximately \$33,300 into an escrow account managed by the lender for insurance and mortgage insurance premiums. As of June 30, 2018 and 2017, the balance in the escrow account was \$400,620 and \$571,133, respectively.

5. Related Party Transactions

Jewish Association for Services for the Aged ("JASA")

The Corporation is a participant in a general insurance plan with JASA, sponsored by the UJA-Federation, which also includes health insurance and worker's compensation. Property and liability insurance expense for the years ended June 30, 2018 and 2017 were \$322,165 and \$308,959, respectively. Worker's compensation, short-term disability, and health insurance for the years ended June 30, 2018 and 2017 were \$91,016 and \$85,091, respectively.

JASA is a participant in a multi-employer, defined-benefit retirement plan sponsored by the UJA-Federation. The Corporation does not make any direct contributions to the plan on behalf of its employees; however, JASA made contributions to the plan for its employees and the Corporation's non-union employees. For the years ended June 30, 2018 and 2017, the Corporation reimbursed JASA for pension costs in the amount of \$9,324 and \$7,916, respectively.

Israel Senior Citizens Housing Development Fund Corp. HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

The Corporation pays JASA, through a HUD grant, to provide social services for the tenants. The program expenses for the years ended June 30, 2018 and 2017 were \$130,186 and \$138,263, respectively. As further described in Note 6, HUD has not yet approved continued funding of this grant past December 31, 2017.

As of June 30, 2018 and 2017, \$81,701 and \$44,755, respectively, remained due to JASA and are included in "accounts payable, operations" on the statements of financial position.

JASA Housing Management Services for the Aged, Inc. ("JHM")

JHM manages the rental property under a management agreement approved by HUD. The management agreement provides for a management fee of 9.35% of rental receipts on building one and 9.89% of rental receipts on building two. Management fees earned for the years ended June 30, 2018 and 2017 were \$483,808 and \$477,541, respectively.

The Corporation pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. These expenses for the years ended June 30, 2018 and 2017 were \$112,968 and \$115,656, respectively.

As of June 30, 2018 and 2017, \$55,338 and \$27,125, respectively, remain due to JHM and are included in "accrued management fee payable" on the statements of financial position.

6. Grant Revenue

The Corporation was awarded a service coordinator grant from HUD to use toward payment of the service coordinator's salary, benefits and other administrative costs. The Corporation reimburses JASA with the grant. The Corporation received and recognized grant revenue of \$187,564 and \$64,992 for the years ended June 30, 2018 and 2017, respectively. Grant expense for the years ended June 30, 2018 and 2017 were \$130,186 and \$138,263, respectively. As of June 30, 2018 and 2017, \$157,597 and \$22,567, respectively, remain receivable and are included in "accounts receivable, HUD" on the statements of financial position. Since HUD has not yet approved a new award, no grant revenue is recorded for the period January 2018 through June 30, 2018.

7. Housing Assistance Payment ("HAP") Contract

HUD has contracted with the Corporation pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments to the Corporation on behalf of qualified tenants. The agreement expires October 31, 2020. For the years ended June 30, 2018 and 2017, rental assistance payments of \$3,292,834 and \$3,266,115, respectively, were earned under the terms of the agreement.

Israel Senior Citizens Housing Development Fund Corp.

HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

8. Post-Hurricane Sandy Resiliency Grant

In 2013, the Corporation received a grant from the Fund for the City of New York for \$50,000, which was included in "other revenue" on the statements of activities. The grantor restricted the funds for resiliency planning (equipping the building to reduce the impact of future natural disasters) and are included as temporarily restricted net assets. The remaining balance of the restricted funds as of June 30, 2018 and 2017 is \$50,000.

9. Post-Hurricane Sandy Resiliency Contributions by JASA

During fiscal year 2015, JASA obtained a cost reimbursement Social Service Block Grant (the "SSBG") from the New York State Office for the Aging. The purpose of the grant was to allow JASA to incur resiliency costs to better prepare its eight housing entities at that time for potential future weather events like Hurricane Sandy. JASA incurs the costs under various contracts with unrelated third parties and simultaneously contributes the resulting assets to the housing entities. The assets contributed are recorded as contribution revenue and as additions to the rental property at fair value. During the year ended June 30, 2017, noncash contributions of \$2,187 was recognized by the Corporation as "entity revenue" on the statements of activities. The SSBG ended on June 30, 2018.

10. Functional Expenses

The costs of providing various programs and other activities for the years ended June 30, 2018 and 2017 are summarized on a functional basis as follows:

	<u>2018</u>	<u>2017</u>
Program services, HUD assisted elderly housing project	\$ 5,177,370	\$ 4,930,606
Management and general	<u>726,219</u>	<u>746,514</u>
Total	<u>\$ 5,903,589</u>	<u>\$ 5,677,120</u>

11. Pension Plan

The Corporation is a participant in a pension plan that has been characterized for financial accounting purposes as a multi-employer pension plan. The 1199SEIU Health Care Employees Pension Fund (the "Fund") is a noncontributory, multi-employer defined benefit plan which covers union employees of the Corporation. The risks of participating in multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multi-employer plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Israel Senior Citizens Housing Development Fund Corp.

HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

- If one of the participating employers petitions to stop participating in the multi-employer plan, such employer may be required to pay the plan a withdrawal liability based on the funded status of the plan.

The Fund is designed to provide retirement benefits for its members including the eligible employees of the Corporation. Benefits are calculated utilizing specified percentages within the plan document.

Pursuant to the collective bargaining agreement, the monthly required contribution was 10.64% during the period January 1, 2015 through December 31, 2015. Effective January 1, 2016, the monthly required contribution was 10.76% of the covered employees' payroll. This resulted in contributions of \$99,483 and \$103,347 for the years ended June 30, 2018 and 2017, respectively. These amounts are included in health insurance and other employee benefits on the statements of activities.

The following table discloses the name and the most recent funded status of the Fund, as of January 1, 2016 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of December 31, 2015:

<u>Valuation Date</u>	<u>Fair Value of Plan Assets</u>	<u>Actuarial Present Value of Accumulated Plan Benefits</u>	<u>Total Contributions</u>	<u>Funded Status</u>	<u>Zone Status</u>
January 1, 2016	\$ 9,329,507,000	\$ 12,319,581,000	\$ 625,342,000	76 %	Green

As of January 1, 2016, the Fund has a certified green zone status as determined by the Fund's actuary. The Fund did not utilize any extended amortization provisions that would affect the calculation of their zone status.

The Corporation is currently in the process of obtaining the funded status of the Fund as of January 1, 2017 (the date of the actuarial valuation), inclusive of the fair value of plan assets as of December 31, 2016.

12. Real Estate Tax Exemption

The Corporation has executed documentation necessary to obtain a real estate tax exemption under the New York City Property Tax Code. As of June 30, 2018 and 2017, the exemption was approved and was in effect.

13. Concentrations of Credit Risk

The Corporation maintains its cash balances in several accounts in one bank. The Federal Deposit Insurance Corporation insures the cash balances up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Corporation has not experienced any losses concerning its bank balances more than government-provided insurance. Management believes that no significant concentration of credit risk exists concerning these cash balances as of June 30, 2018.

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Notes to Financial Statements
June 30, 2018 and 2017

14. Commitments and Contingencies

The Corporation has entered into a HAP contract under the revised regulations of 24 Code of Federal Regulations (CFR). As such, upon termination of the contract, whether initiated by the Corporation opting out of the contract or by HUD, any unused balance in the residual receipts reserve must be remitted to HUD.

Under the Corporation's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Corporation about transactions relating to these contracts. The accompanying financial statements contain no provision for possible disallowances resulting from such reviews. Although such possible disallowances could be substantial, in the opinion of management, actual disallowances resulting from such reviews, if any, would be immaterial.

15. Current Vulnerability Due to Certain Concentrations

The Corporation's principal asset is a 512-unit apartment project comprised of two buildings. The Corporation's operations are concentrated in the multi-family real estate market. Also, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal 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 the additional administrative burden, to comply with a change.

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD
Statement of Activities Data
Year Ended June 30, 2018

S1000-010	Total first mortgage (or bond) principal payments required during the audit period (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 230,120</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 128,000</u>
S1000-030	Replacement reserves, or residual receipts and releases which are included as expense items on the statements of activities.	<u>\$ 453,794</u>

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD

Reserve Account Data

Year Ended June 30, 2018

Reserve for Replacements

1320P	Balance, beginning of year	\$	1,418,259
1320DT	Total monthly deposits		128,000
1320INT	Interest income		396
1320WT	Approved withdrawals		<u>(620,000)</u>
1320	Balance, end of year	\$	<u><u>926,655</u></u>

See independent auditors' report

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD

Surplus Cash Data

Year Ended June 30, 2018

Surplus Cash, Distributions and Residual Receipts

S1300-010	Cash	\$ 252,034
1135	Accounts receivable, HUD	<u>157,597</u>
S1300-040	Total cash	<u>409,631</u>
S1300-050	Accrued mortgage interest payable	24,111
S1300-075	Accounts payable (due within 30 days)	633,395
S1300-100	Accrued expenses (not escrowed)	202,557
2210	Prepaid revenue	14,292
2191	Tenant deposits held in trust	127,913
S1300-120	Restricted funds received but not spent, Fund for the City of New York grant	50,000
S1300-120	Principal payment due, first mortgage	19,460
S1300-120	Deposit due to replacement reserve	<u>10,667</u>
S1300-140	Total current obligations	<u>1,082,395</u>
S1300-150	Surplus cash (deficiency)	<u>\$ (672,764)</u>
S1300-210	Deposit due residual receipts reserve	<u>\$ -</u>

See independent auditors' report

Israel Senior Citizens Housing Development Fund Corp.

HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD

Fixed Assets Data

Year Ended June 30, 2018

		Assets			
		Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
1410	Land and Improvements	\$ 1,064,433	\$ 36,815	\$ -	\$ 1,101,248
1420	Buildings	19,385,041	1,306,591	-	20,691,632
1440	Building Equipment, Portable	310,160	-	-	310,160
1450	Furniture for Project/Tenant Use	28,945	-	-	28,945
1490	Miscellaneous Fixed Assets	207,567	870,651	(1,052,067)	26,151
1400T	Total fixed assets	20,996,146	<u>\$ 2,214,057</u>	<u>\$ (1,052,067)</u>	22,158,136
1495T	Total accumulated depreciation	8,702,161	<u>\$ 896,937</u>	<u>\$ -</u>	9,599,098
1400N	Total net book value	<u>\$ 12,293,985</u>			<u>\$ 12,559,038</u>
		Amount			
1410AT	Additions for 1410 Details				
	Sidewalk and parking lot replacement	\$ 29,965			
	Storm drain/security	6,850			
	Total	<u>\$ 36,815</u>			
		Amount			
1420AT	Additions for 1420 Details				
	Apartment renovations	\$ 23,324			
	Window replacement	635,531			
	Building improvements	259,394			
	Common area renovations	60,281			
	Façade repair and waterproofing	273,401			
	Rooftop	54,660			
	Total	<u>\$ 1,306,591</u>			
		Amount			
1490AT	Additions for 1490 Details				
	Construction-in-progress	<u>\$ 870,651</u>			
	Total	<u>\$ 870,651</u>			
		Amount			
1490AT	Deletions from 1490 Details				
	Construction-in-progress, placed in service	<u>\$ 1,052,067</u>			
	Total	<u>\$ 1,052,067</u>			

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD
Statement of Financial Position Data
Year Ended June 30, 2018

Statement of Financial Position, Detail

1140	Accounts and notes receivable, operations	\$ <u>529</u>
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Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD
Statement of Activities Data
Year Ended June 30, 2018

Statement of Activities, Detail

5190-010	Description, miscellaneous rent revenue:	
	NYCHA, Section 8	\$ 5,465
	NYSHCR, Section 8	4,824
	HPD, SCRIE	<u>3,588</u>
5190-020	Total	<u>\$ 13,877</u>
5300	Description, nursing home/assisted living/board and care/ other elderly care/coop and other revenue,	
5390	Other service revenue	<u>\$ 187,564</u>
	Total	<u>\$ 187,564</u>
5490-010	Description, revenue from investments, miscellaneous, Interest income, other reserves	<u>\$ 4</u>
5490-020	Total	<u>\$ 4</u>
5990-010	Description, miscellaneous other revenue:	
	Administrative fee income	\$ 451
	Miscellaneous revenue	<u>4,541</u>
5990-020	Total	<u>\$ 4,992</u>
6390-010	Description, miscellaneous administrative expenses:	
	Employee relations and recruiting	\$ 604
	Bank, credit card and other charges	10,193
	Fees, violations and penalties	1,560
	Local travel	<u>31</u>
6390-020	Total	<u>\$ 12,388</u>
6790-010	Description, miscellaneous taxes, licenses, permits and insurance, Miscellaneous taxes	<u>\$ 1,508</u>
6790-020	Total	<u>\$ 1,508</u>
6900	Description, nursing home/assisted living/board and care/ other elderly care expenses,	
6990	Other service expenses	<u>\$ 130,186</u>
	Total	<u>\$ 130,186</u>

See independent auditors' report

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Supplementary Data Required by HUD

Other Information

Year Ended June 30, 2018

Related Party Transactions, Detail

S3100-210	JHM (management fee)	\$	483,808
S3100-210	JHM (bookkeeping/accounting)		112,968
S3100-210	JASA (service coordinator)		<u>130,186</u>
	Total	\$	<u><u>726,962</u></u>

See independent auditors' report

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Mortgage Insurance for the Purchase or Refinancing of existing Multi-Family Housing Projects (Section 223(f))	14.155	N/A	\$ 10,867,301
Multi-Family Housing Service Coordinators	14.191	N/A	187,564
Section 8 Project Based Cluster, Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	<u>3,292,834</u>
Total Section 8 Project Based Cluster			<u>3,292,834</u>
Total U.S. Department of Housing and Urban Development			<u>11,054,865</u>
Total expenditures of federal awards			<u><u>\$ 14,347,699</u></u>

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Notes to Schedule of Expenditures of Federal Awards
 June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Israel Senior Citizens Housing Development Fund Corp. (the "Corporation"), HUD Project Nos. 012-SH015 and 012-SH018, under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Corporation. The Corporation did not provide any funding to subrecipients during the year ended June 30, 2018.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance.

3. Indirect Cost Rate

The Corporation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. U.S. Department of Housing and Urban Development Loan Program

The Corporation has received a U.S. Department of Housing and Urban Development mortgage insurance loan under Section 223(f) of the National Housing Act. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. The Corporation received no additional loans during the year. The balance of the loan outstanding at June 30, 2018 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance June 30, 2018</u>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multi-Family Housing Projects (Section 223(f))	\$ 10,637,181

**Independent Auditors' 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***

Board of Trustees
Israel Senior Citizens Housing Development Fund Corp.

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 Israel Senior Citizens Housing Development Fund Corp. (the "Corporation"), HUD Project Nos. 012-SH015 and 012-SH018, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2018.

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 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 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*.

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.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Israel Senior Citizens Housing Development Fund Corp.

Report on Compliance for Each Major Federal Program

We have audited Israel Senior Citizens Housing Development Fund Corp.'s (the "Corporation"), HUD Project Nos. 012-SH015 and 012-SH018, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended June 30, 2018. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to each federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("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 each major federal program for the year ended June 30, 2018.

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.

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 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.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.856	U.S. Department of Housing and Urban Development: Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multi-Family Housing Projects (Section 223(f))

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

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

**Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018**

Summary Schedule of Prior Year's Audit Findings
Year Ended June 30, 2018

Section IV - Summary Schedule of Prior Year's Audit Findings

None.

Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018

Mortgagor's Certification
June 30, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Israel Senior Citizens Housing Development Fund Corp., HUD Project Nos. 012-SH015 and 012-SH018 and, to the best of our knowledge and belief, the same are accurate and complete.



Signature of Chief Operating Officer

Tracy Welsh

Name of Chief Operating Officer

DATE: _____

9/28/18

Employer Identification No: 11-2077747

**Israel Senior Citizens Housing Development Fund Corp.
HUD Project Nos. 012-SH015 and 012-SH018**

Management Agent's Certification
June 30, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Israel Senior Citizens Housing Development Fund Corp., HUD Project Nos. 012-SH015 and 012-SH018 and, to the best of our knowledge and belief, the same are accurate and complete.



Signature of Director of Housing

Donald Manning

Name of Director of Housing

DATE: 9/28/18

JASA Housing Management Services for the Aged, Inc.

Management Agent's Name

Employer Identification No: 13-3078676