Providence Square Urban Renewal Associates, L.P.
D/B/A Providence Square

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2015 and 2014

Providence Square Urban Renewal Associates, L.P.
D/B/A Providence Square

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Independent Auditor's Report

To the Partners
Providence Square Urban Renewal Associates, L.P.

We have audited the accompanying financial statements of Providence Square Urban Renewal Associates, L.P., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, changes in partners' equity (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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Providence Square Urban Renewal Associates, L.P. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 18 to 20 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 underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Baltimore, Maryland
March 28, 2016

Providence Square Urban Renewal Associates, L.P.
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Balance Sheets
December 31, 2015 and 2014

Assets

	2015	2014
Current assets		
Cash	$ 30,848	$ 248,226
Tenant accounts receivable, net	2,015	3,022
Prepaid expenses	77,071	27,653
Total current assets	109,934	278,901
Restricted deposits and funded reserves		
Tenant security deposits	69,083	65,238
Replacement reserve	52,457	115
Real estate tax and insurance escrow	24,100	15,273
Total restricted deposits and funded reserves	145,640	80,626
Rental property		
Buildings and improvements	10,438,847	10,241,430
Land improvements	123,679	60,000
Furniture and equipment	393,186	393,186
	10,955,712	10,694,616
Accumulated depreciation	(6,057,403)	(5,800,691)
	4,898,309	4,893,925
Land	331,537	331,537
Total rental property	5,229,846	5,225,462
Total assets	$ 5,485,420	$ 5,584,989

Liabilities and Partners' Equity (Deficit)

	2015	2014
Current liabilities		
Accounts payable	$ 34,753	$ 45,717
Accrued interest payable -first mortgage	6,933	7,000
Accrued interest payable - other mortgages	1,884	-
First mortgage payable - current	60,765	58,742
Accrued real estate taxes	-	32,204
Total current liabilities	104,335	143,663
Deposits and prepaid liability		
Tenant security deposits	69,083	65,238
Prepaid rent	22,776	15,535
Total deposits and prepaid liability	91,859	80,773
Long-term liabilities		
First mortgage payable, net of current maturities	2,073,145	2,132,498
Mortgages payable	3,852,304	3,852,304
Accrued interest payable - mortgages	1,174,880	1,124,153
Due to partners	106,630	-
Local administrative fee payable	2,500	2,500
Total long-term liabilities	7,209,459	7,111,455
Partners' equity (deficit)	(1,920,233)	(1,750,902)
Total liabilities and partners' equity (deficit)	$ 5,485,420	$ 5,584,989

See Notes to Financial Statements.

Providence Square Urban Renewal Associates, L.P.
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Statements of Operations
Years Ended December 31, 2015 and 2014

	2015	2014
Revenue		
Rental income	$ 1,074,786	$ 1,027,579
Vacancies and concessions	(43,839)	(13,336)
Other operating income	13,103	10,192
Total revenue	1,044,050	1,024,435
Operating expenses		
Salaries and employee benefits	125,110	138,313
Repairs and maintenance	189,382	185,382
Utilities	96,235	98,225
Property management fee	67,336	65,790
Real estate taxes	53,768	102,658
Property insurance	37,445	37,706
Miscellaneous operating expenses	72,018	83,584
Total operating expenses	641,294	711,658
Net operating income	402,756	312,777
Other income (expense)		
Interest expense - mortgages	(135,401)	(124,203)
Other financial income (expense)	-	(382)
Local adminstrative fee	(2,500)	(2,500)
Depreciation	(256,712)	(256,036)
Total other income (expense)	(394,613)	(383,121)
Net income (loss)	$ 8,143	$ (70,344)

See Notes to Financial Statements.

Providence Square Urban Renewal Associates, L.P.
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Statements of Changes in Partners' Equity (Deficit)
Years Ended December 31, 2015 and 2014

	General partner	Special limited partner	Investor limited partner	Total partners' equity (deficit)
Balance, December 31, 2013	$ 9,843	$ (2,276)	$ (1,639,586)	$ (1,632,019)
Net loss	23,081	(8)	(93,417)	(70,344)
Distributions	(24,270)	(4)	(24,265)	(48,539)
Balance, December 31, 2014	8,654	(2,288)	(1,757,268)	(1,750,902)
Net income	93,367	1	(85,225)	8,143
Distributions	(88,737)	(18)	(88,719)	(177,474)
Balance, December 31, 2015	$ 13,284	$ (2,305)	$ (1,931,212)	$ (1,920,233)
Partners' percentage of partnership losses	1.00%	0.01%	98.99%	100.00%

See Notes to Financial Statements.

Providence Square Urban Renewal Associates, L.P.
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Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Rental receipts	$ 1,039,195	$ 1,019,989
Other operating receipts	13,103	10,192
Salaries and employee benefits paid	(125,259)	(140,343)
Repairs and maintenance paid	(207,515)	(189,851)
Utilities paid	(88,659)	(96,150)
Property management fee paid	(66,163)	(67,805)
Real estate taxes paid	(135,347)	(84,875)
Property insurance paid	(37,488)	(37,487)
Net mortgage escrow withdrawals (deposits)	(8,827)	(3,803)
Interest expense paid	(82,857)	(71,889)
Miscellaneous financial expenses paid	-	(382)
Local administrative fee	(2,500)	(17,886)
Miscellaneous operating expenses paid	(73,449)	(79,306)
Net cash provided by operating activities	224,234	240,404
Cash flows from investing activities		
Expenditures on rental property	(261,096)	-
Change in reserve for replacements	(52,342)	193
Net cash (used in) provided by investing activities	(313,438)	193
Cash flows from financing activities		
Principal payments on mortgage payable	(57,330)	(68,259)
Distributions to partners	(177,474)	(48,539)
Due to partners	106,630	-
Net cash used in financing activities	(128,174)	(116,798)
Net (decrease) increase in cash	(217,378)	123,799
Cash, beginning	248,226	124,427
Cash, ending	$ 30,848	$ 248,226

Providence Square Urban Renewal Associates, L.P.
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Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Net income (loss)	$ 8,143	$ (70,344)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	256,712	256,036
Changes in:		
Tenant accounts receivable	1,007	210
Accounts receivable - subsidy	-	121
Prepaid expenses	(49,418)	219
Real estate tax and insurance escrow	(8,827)	(3,803)
Accounts payable	(10,964)	(2,161)
Accrued interest payable - mortgages	52,544	52,314
Real estate taxes payable	(32,204)	17,783
Prepaid rent	7,241	5,415
Local administrative fee payable	-	(15,386)
Net cash provided by operating activities	$ 224,234	$ 240,404

See Independent Auditor's Report.

Providence Square Urban Renewal Associates, L.P.
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Notes to Financial Statements
December 31, 2015 and 2014

Note 1 - Organization and nature of operations

Providence Square Urban Renewal Associates, L.P. (the "Partnership"), was formed as a limited partnership under the laws of the State of New Jersey on May 4, 1993. The purpose of the Partnership is to acquire, construct, renovate and operate a housing project consisting of 98 residential rental units for the purpose of providing affordable housing. The property is located in New Brunswick, New Jersey.

Items of Partnership income or loss are generally allocated 1.00% to the General Partner and 99.00% to the Limited and Special Limited partners; however, specific allocations are determined and governed by the limited partnership agreement.

The major activities of the Partnership are governed by the limited partnership agreement and Internal Revenue Code Section 42 ("Section 42"). Each building of the project qualified for and was allocated low-income housing tax credits pursuant to Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project was required to meet the provisions of these regulations during each of 15 consecutive years, through 2008, in order to qualify to receive the tax credits. In addition, the Partnership has executed an extended use regulatory agreement and declaration of restrictive covenants which requires the utilization of the project pursuant to Section 42 for a minimum of 30 years, even if the Partnership disposes of the project.

By agreement, the Partnership is to be terminated by December 31, 2047.

Note 2 - Significant accounting policies

Basis of accounting
The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tenant receivables
Tenant receivables are reported net of allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that the management's estimate of the allowance will change. For the years ended December 31, 2015 and 2014, the allowance was $- and $747, respectively.

Rental property
Rental property is recorded at cost and depreciated over their estimated useful lives using the straight-line method for financial reporting purposes. Useful lives are estimated as follows:

Buildings and improvements	40 years
Land improvements	20 years
Furniture and equipment	10 years

For tax purposes, accelerated methods are used to depreciate the cost of furniture, furnishings and equipment over 5 to 7 years and land improvements over 15 years, while the buildings are depreciable using the straight-line method over a 27½-year period. Maintenance and repairs are charged to expense when incurred. Upon retirement or other disposition, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements of operations.

Impairment of long lived assets
The Partnership 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 recovery is reviewed, 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 in order 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. No impairment loss was recognized during the years ended December 31, 2015 and 2014.

Deferred cost and amortization
Mortgage costs are amortized over the term of the loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Advertising costs
Advertising costs are charged to operations when incurred.

Income taxes
The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership 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 Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2012 remain open.

Rental income

Residential rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. Commercial rental income is recognized over the lease term as it becomes receivable according to the provisions of the respective leases. However, if the rentals vary from a straight-line basis, future rentals including scheduled and specific rent increases and/or rent concessions are recognized on a straight-line basis over the lease terms. All leases between the Partnership and the tenants of the property are operating leases that have the option to renew annually.

Reclassifications

Certain amounts reflected in the allocation of net loss in the statement of changes in partners' equity (deficit) for the year ended December 31, 2014 have been reclassified between the investment limited partner and general partner to reflect a special allocation of gross income equal to the distributions received by the partners. Such reclassification has no impact on the total net loss or total partners' equity (deficit) reported.

Note 3 - Restricted deposits and funded reserves

Pursuant to various agreements with Columbia Bank and the City of New Brunswick, as well as limited partnership agreement provisions, monies were required to be placed on restricted deposit. Such funds may only be used for designated purposes.

Following is a summary of balances at December 31, 2015 and 2014:

Mortgage escrows

	2015	2014
Balance, January 1	$ 15,273	$ 11,470
Deposits	138,932	126,166
Payments	(130,105)	(122,363)
Balance, December 31	$ 24,100	$ 15,273

Pursuant to the terms in the partnership agreement, a minimum of $3,000 per month is required to be deposited into the replacement reserves.

Replacement reserves

	2015	2014
Balance, January 1	$ 115	$ 308
Deposits	91,892	21,756
Withdrawals	(39,550)	(21,949)
Balance, December 31	$ 52,457	$ 115

Note 4 - Related party transactions

The Partnership contracted with the Pennrose Management Company (the "Management Company"), an affiliate of the General Partner, to manage the day-to-day operations of the property for a fee equal to 6.50% of income collected (subject to certain exclusions) as compensation for its services; however, under the terms of the limited partnership agreement, in the event that there is no cash flow in a given year of at least $1, then 33⅓ of the fee is to be deferred and will be payable from future cash flow. During 2015 and 2014, $67,336 and $65,790, respectively, were incurred under the contract.

The Management Company provides payroll and other administrative services on a reimbursement basis. During 2015 and 2014, $157,625 and $167,220, respectively, were reimbursed.

In addition, the Management Company is also entitled to a fixed monthly administrative fee to defray the costs of certain expenditures. During 2015 and 2014, $7,291 was incurred.

Pennrose Management Company - Capital Improvement Division, an affiliate of the general partner, provides maintenance oversight to the project. During 2015 and 2014, $8,232 was incurred.

An affiliate of the general partner advanced funds to the partnership totaling $106,630. The funds are non-interest bearing and due on demand. As of December 31, 2015 and 2014, $106,630 and $0, respectively, remain payable.

The limited partnership agreement provides for an annual cumulative $2,500 local administrative fee to the Special Limited Partner. Such fee is payable out of distributable cash flow. For the years ended December 31, 2015 and 2014, $2,500 has been incurred and remains payable.

Note 5 - Mortgages payable

In connection with the development of the property, the Partnership has negotiated the following nonrecourse mortgages:

First mortgage
Columbia Bank issued a commitment for permanent financing in the amount of $2,400,000 for a period of 10 years, maturing July 1, 2019. The loan bore interest at the rate of 6.50% for the initial 60 - month period and was to adjust for the second 60-month period. Monthly principal and interest payments were due in the amount of $15,321.

Effective July 1, 2013, the loan was modified to reduce the interest rate to 3.75%. Monthly principal and interest payments are due in the amount of $11,679. Interest expense for the years ended December 31, 2015 and 2014 was $82,790 and $71,592, respectively. Accrued interest as of December 31, 2015 and 2014 is $6,933 and $7,000, respectively. The principal outstanding as of December 31, 2015 and 2014 is $2,133,910 and $2,191,240, respectively.

Second mortgage
The City of New Brunswick issued a commitment to lend $2,315,115 for a period of 30 years. The source of funding is an Urban Development Action Grant to the City. The loan has two segments. A total of $1,508,201 was designated as being for property acquisitions and is interest free. A total of $806,914 was designated as being for rehabilitation expenditures and bears interest at the rate of 6.52% per annum, simple interest, with interest currently payable

annually to the extent of 10% available cash flow with any excess of such cash flow being applied to principal. Interest on this segment began to accrue with completion of construction. The entire loan balance is due on December 31, 2023. Interest expense for the years ended December 31, 2015 and 2014 was $52,611. Accrued interest as of December 31, 2015 and 2014 is $1,176,764 and $1,124,153, respectively, of which $1,884 and $0, respectively is currently due. The principal outstanding as of December 31, 2015 and 2014 is $2,315,115.

Third mortgage

The New Brunswick Development Corporation ("Devco") issued a commitment to lend $1,537,189 for a period of 30 years. The loan is noninterest bearing and matures 30 years from the date of the final advance, December 31, 2023, provided, however, that if the property is then being operated in a sound manner as affordable senior housing, Devco is to grant an addition to the maturity date of not less than 10 years. The principal outstanding as of December 31, 2015 and 2014 is $1,537,189.

Annual maturities of the mortgages for the next five years and thereafter are summarized as follows:

	First mortgage	Second mortgage	Third mortgage	Total
2016	$ 60,765	$ -	$ -	$ 60,765
2017	63,314	-	-	63,314
2018	65,737	-	-	65,737
2019	1,944,094	-	-	1,944,094
2020	-	-	-	-
Thereafter	-	2,315,115	1,537,189	3,852,304
Total	$ 2,133,910	$ 2,315,115	$ 1,537,189	5,986,214
Less current maturities				(60,765)
Net long-term portion				$ 5,925,449

The above mortgages are collateralized by all land, buildings and equipment of the Partnership.

As a further condition of obtaining the second mortgage, the Partnership has covenanted that 100% of the units in the property are to be rented to qualifying elderly individuals whose incomes are not in excess of 60% of the area median income in which the property is located.

Note 6 - Distributable cash flow

Cash flow, which means the excess of cash receipts over cash expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined in the limited partnership agreement as follows:

1. To pay the annual local administrative fee;
2. To repay any loan payable to any partner other than the General Partner;
3. To the partners, an amount or amounts equal to the unpaid balance of any voluntary loan made by them;
4. To the extent of 50.00% of the remaining cash flow to the guarantor, an amount or amounts equal to the unpaid balance of any operating loan made by it; and
5. The balance 49.98% to the Limited Partner, 50.00% to the General Partner, 0.01% to the Class B Special Limited Partners and 0.01% to the Class A Special Limited Partners.

Note 7 - Surplus cash

As of December 31, 2015, the Partnership's surplus cash (deficit) position based on the balance sheet was as follows:

	Amount
Cash	$ 30,848
Tenant security deposits	69,083
Outstanding replacement reserve request	52,457
Total	152,388
Accounts payable	34,753
Tenant security deposits	69,083
Prepaid rent	22,776
Accrued interest - first mortgage	6,933
Total	133,545
Surplus cash	$ 18,843

Note 8 - Real estate taxes

The Partnership entered into a PILOT agreement with the City of New Brunswick which exempts all real and personal property from local taxation and subjects the property to an alternative tax based on annual gross revenue, as defined. This alternative tax totaled $53,768 and $102,658 in 2015 and 2014, respectively.

	2015	2014
Revenue		
Tenant rent	$ 568,416	$ 969,543
Commercial rent	-	58,036
Other income includable in calculation	13,103	10,192
Total revenue	581,519	1,037,771
Deductions		
Vacancies and concessions	(43,839)	(13,336)
Gross revenue	537,680	1,024,435
PILOT tax rate	10%	10%
PILOT tax expense	53,768	102,444
Adjustment	-	214
Total PILOT tax expense	$ 53,768	$ 102,658

Note 9 - Rental revenue

Tenants' rents for 40 of the units are subsidized by the Housing Authority of The City of New Brunswick through HUD under its Section 8 Housing Assistance Payments ("HAP") Program. This program restricts assistance to those tenants who qualify by meeting certain HUD established criteria including maximum income limitations. The assistance contract obligates the Housing Authority of The City of New Brunswick to provide rental subsidies. The contracts are renewed annually, subject to the provider's approval to funding. Subsidies totaled $445,332 and $450,233 in 2015 and 2014, respectively, which is approximately 44% and 46%, respectively, of total residential rents.

Note 10 - Commercial lease agreement

The Partnership leases certain portions of the project under non-cancellable operating leases for terms of five years. For the years ended December 31, 2015 and 2014, rental revenue earned under the agreements was $61,038 and $58,036, respectively. Future income per the commercial lease agreements is as follows:

2016	$ 63,242
2017	65,139
2018	33,733

Note 11 - Current vulnerability due to certain concentrations

The Partnership's principal asset is a 98-unit apartment project. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal and state agencies, including, but not limited to, HUD and the Housing Authority of The City of New Brunswick. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD or the City of Brunswick. 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.

Note 12 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 28, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Providence Square Urban Renewal Associates, L.P.
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Schedules of Certain Income and Expenses
Years Ended December 31, 2015 and 2014

	2015	2014
Rental income		
Rent revenue - gross potential	$ 568,416	$ 519,310
Tenant assistance payments	445,332	450,233
Commercial rent revenue	61,038	58,036
Total rental income	$ 1,074,786	$ 1,027,579
Vacancies and concessions		
Apartments vacancies	$ 43,839	$ 12,959
Rental concessions	-	377
Total vacancies and concessions	$ 43,839	$ 13,336
Other operating income		
Laundry and vending	$ 7,474	$ 6,680
Damages income	2,373	1,123
Late fees	920	671
Miscellaneous other income	2,336	1,718
Total other operating income	$ 13,103	$ 10,192
Salaries and employee benefits		
Salaries - administrative	$ 48,319	$ 49,187
Salaries - leasing	345	133
Salaries - maintenance	50,914	60,092
Payroll taxes	9,781	13,284
Health insurance and other benefits	9,544	9,962
Workmen's compensation insurance	6,207	5,655
Total salaries and employee benefits	$ 125,110	$ 138,313
Repairs and maintenance		
Exterminating	$ 17,732	$ 11,496
Grounds	30,228	17,952
Fire protection	4,546	8,606
Security services/contract	-	471
Supplies	4,127	3,528
HVAC expense	17,954	7,711
Painting - exterior	108	-
Painting, decorating and cleaning	1,889	6,361
Repairs and maintenance - other than contracts	72,309	98,516
Repairs and maintenance - contracts	20,670	8,232
Carpeting	19,819	22,509
Total repairs and maintenance	$ 189,382	$ 185,382

Providence Square Urban Renewal Associates, L.P.
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Schedules of Certain Income and Expenses
Years Ended December 31, 2015 and 2014

	2015	2014
Utilities		
Electricity	$ 35,436	$ 41,182
Water	21,257	16,922
Sewer	21,544	17,175
Trash removal	10,828	12,631
Gas	7,170	10,315
Total utilities	$ 96,235	$ 98,225
Miscellaneous operating expenses		
Office supplies and expense	$ 4,186	$ 8,198
Training and travel	3,095	3,667
Telephone and answering service	6,187	7,378
Computer supplies and expense	12,910	12,674
Bad debt (recovery) expense	(1,304)	(1,730)
Administrative fee	7,291	7,291
Miscellaneous administrative	7,219	5,928
Rent free unit	6,891	12,768
Advertising and newspaper	2,832	5,354
Legal	956	1,135
Audit	6,814	6,747
Other professional fees	5,605	7,232
Other taxes, licenses and insurance	9,336	6,942
Total miscellaneous operating expenses	$ 72,018	$ 83,584
Interest expense - mortgages		
Interest expense - first mortgage	$ 82,790	$ 71,592
Interest expense - second mortgage	52,611	52,611
Total interest expense - mortgages	$ 135,401	$ 124,203

Providence Square Urban Renewal Associates, L.P.
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Schedules of Certain Income and Expenses
Years Ended December 31, 2015 and 2014

Annual Calculation of Allowable Net Profit and Excess Profit Charge per N.J.S.A 40A:20-3(a) and (c) for the fiscal year ending 2015:

Gross Revenue:		
(1)	Total Gross Revenue per audited Statements of Operations (less subsidy of $445,332)	$ 598,718
Adjustments:		
(2)	Insurance, Operating and Maintenance Expenses paid by Tenant which are ordinarily paid by a Landlord	-
(3)	Vacancy reserves in excess of the allowable reserve of 10% of Gross Revenues	-
(4)	Rental income from an affiliate related to the Project	-
(5)	Adjusted Total Gross Revenue (sum of (1) through (4))	598,718
Expenses:		
(6)	Total Expenses per audited Statement of Operations *(the statutes N.J.S.A. 40A:20-15 do not expressly identify what items are to be deducted from gross revenues. City's position is that these statutes be read in pari-materia with N.J.S.A 40A:20-3.)*	1,033,407
Adjustments:		
(7)	Depreciation or obsolescence	256,712
(8)	Interest on debt, except interest which is part of debt service	52,611
(9)	Income taxes	-
(10)	Salaries, bonuses or compensation paid, directly or indirectly, to Directors, Management, Officers, Stockholders, Partners or other persons holding any any proprietary ownership interest in the property.	-
(11)	Payments for services rendered in excess of reasonable and customary payments to an affiliate or related party	-
(12)	Amortization in excess of allowable reserve	-
(13)	Adjusted Total Expenses (Line (6) less lines (7) through (12)	724,084
(14)	Statutory Net Profit (Line (5) less (13))	(125,366)
(15)	Less allowable profit *(Allowable profit 12% (per financial agreement) x Total Project Cost (Line 17)*	1,147,380
(16)	Excess Service Charge (Line (14) less (15)	$ -
(17)	Total Project Cost *(per "Computation of Total Project Cost per N.J.S.A 40A:20-3(h)" form)*	$ 9,561,496

See Independent Auditor's Report.