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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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IN RE:

BNOIS SPINKA,

Debtor.

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Case No.: 15-43251 (NHL)
Chapter 11 Reorganization

Fourth Amended Disclosure Statement

Dated: May31, 2016

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

I. INTRODUCTION

1. The above-captioned Debtor[1] submits this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code to its known Creditors in order to disclose that information deemed by the Debtor to be material, important, and necessary for Creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance or rejection of the Plan of Reorganization (hereafter the "Plan"), on file with the Bankruptcy Court. Only "impaired" Creditors, as that term is defined in the Bankruptcy Code, are entitled to vote for the Plan or to reject the Plan. A full definition of what constitutes impairment is contained in § 1124 of the Bankruptcy Code.

[1] Capitalized terms used herein shall have the same meaning as defined in the Plan.

2. A copy of the Plan accompanies this Disclosure Statement, as well as a Ballot Form for the acceptance or the rejection of the Plan, and a Notice and Order approving the adequacy of the information contained in the Disclosure Statement, fixing the time for filing acceptances and rejections to the Plan, and for a hearing on Confirmation of the Plan.

3. The Court has set June 1, 2016 at 3:30 p.m. for a hearing on the acceptance or rejection and confirmation of the Plan. Presidential Bank, FSB ("Bank") challenges the timeliness of the notice. The Debtor served notice of the Third Amended Disclosure Statement hearing on all creditors by mail, including the Bank, on March 21, 2016, pursuant to the Order of this Court directing that the Debtor file and serve its Amended Disclosure Statement by March 21, 2016. The within Fourth Amended Disclosure Statement has been served upon the interested parties as reflected on the Affidavit of Service. Creditors who are entitled to vote may vote on the Plan by filling out and mailing the accompanying ballot to counsel for the Official Unsecured Creditors' Committee, Brian J. Hufnagel, Esq., Forchelli, Curto, Deegan, Schwartz, Mineo & Terrana, LLP, The Omni, 333 Earle Ovington Boulevard, Suite 1010, Uniondale, New York 11553, so as to be received on or before _____, 2016.

4. As a Creditor, your vote is important. In order for the Plan to be deemed accepted, members of each impaired Class designated in the Plan that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Claims of the Class that vote must vote to accept the Plan. A claim or interest is impaired unless the Plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default; (A) cures or provides for a cure subject to Court approval of any such default that

occurred before or after the commencement of the case under this title, other than a default of a kind specified in § 365 (b)(2) of this title; (B) reinstates the maturity of such claim or interest as such maturity existed before such default; (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH IS OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION BY THE COURT AS TO THE MERITS OF THE PLAN. THE COURT DOES NOT RENDER ANY OPINION AS TO WHETHER THE PLAN SHOULD BE ACCEPTED OR REJECTED BY CREDITORS. CREDITORS ARE URGED TO READ THE PLAN IN FULL.

THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BETWEEN THE DEBTOR AND ITS CREDITORS AND INTERESTED PARTIES, AND IT SHOULD BE READ TOGETHER WITH THIS

DISCLOSURE STATEMENT SO THAT AN INTELLIGENT AND INFORMED JUDGMENT CONCERNING THE PLAN CAN BE MADE.

II. OVERVIEW

5. The Debtor is a religious corporation organized under the Religious Corporation Law of the State of New York.

6. The Debtor is in the business of owning and operating religious institutions, such as synagogues and schools, for its members. The Debtor operates these functions out of three locations: (i) 127 Wallabout Street, Brooklyn, New York, a synagogue and girls' school with 115 girls ("Wallabout"), (ii) 795 Kent Avenue, Brooklyn, New York, a boys' school with 285 boys ("Kent"), and (iii) 5405 Route 42, South Fallsburgh, New York, a summer camp ("Fallsburgh"). This religious Debtor has been operating and functioning since 1990, and is affiliated with the Spinka Hasadic Jewish sects. The Spinka Hasadic sect was founded several hundred years ago in Europe and moved to the United States after World War II. The purpose of the Debtor and the Spinka Hasadic sect is to further the religious activities and beliefs of its members.

7. The Debtor is affiliated with the Krula Hasadic Jewish sect, specifically, two corporations, Yeshiva Nachlas Tzvi D'Krula, which operates the Fallsburgh summer camp, and Cong. Khal Zichron Shmiel Zvi D'Krula, which operates the synagogue. In certain instances, the Debtor operates under the "Krula" name, including, for example, the name Cong. Khal Zichron Shmiel Zvi D'Krula operating the synagogue. These entities are separate, religious not-for-profit corporations, as evidenced by the IRS letters recognizing their exempt not-for-profit status, by letters dated July 17, 1991, April 25, 2000 and December 9, 2002 (ExhibitsA, BandC). Rabbi Naftali Horowitz is the spiritual, but not temporal, head of the Debtor and the Krula Congregation. The temporal business matters of the Debtor are conducted by Sol

Kahn and Nathan Schwartz, businessmen who are unpaid volunteers and the Debtor's paid employees. These employees are involved in the long rangeand major decision issues involving the Debtor, and also in approving major expenditures and acquisitions and monitoring the forward progress of the schools and the synagogue.

8. The Krula entities have their own business activities. Copies of the balance sheets of the two Krula entities are attached hereto as Exhibits D andE. Messrs. Eckstein and Spitzer, on behalf of Yeshiva Krula and Congregation Krula, provided financial information to Joel Goldenberg who arranged to compile that information into the balance sheets attached hereto. The amounts due to the Debtor are reflected in this accounts receivable of $81,730 still owed on account of camp tuition fees which will be collected and then will result in an accounts payable payment to the Debtor on account of earned income. These amounts plus additional amounts to be collected from the accounts receivable aggregating $120,000 should be paid prior to confirmation. The Debtor has been in contact with Camp Krula regarding the collection of these amounts and has been assured that these amounts will be collected within the near future. The Debtor believes that these amounts will be collectable.

9. As a non-profit entity, the Debtor generally pays its bills from donations, tuition, and membership fees.

10. The Debtor's Plan provides for the full payment of the Allowed secured Claim of the Bank under a down payment and a five year monthly payment schedule, and the full payment of all secured and unsecured claims under payment schedules. The Debtor has increased its previous offer to the Bank to pay the Bank its Allowed secured Claim at a higher interest rate than was contemplated by the New York State Supreme Court in the original Order regarding the Bank's mortgage. The Plan contemplates that the Debtor's schools will continue to operate

based on the reduced mortgage expenditures to the Bank expected to be paid under the Plan. The Debtor shall arrange to make the payments necessary under the Plan from the payments due under the lease to be signed between the Debtor and Cong. Khal Zichron Shmiel Zvi D'Krula ("Camp Krula") regarding the Debtor's Fallsburgh premises, and the oral financial understanding of the Debtor and Camp Krula regarding the use of the Fallsburgh property is reduced to writing (Exhibit F)The financial statements of Camp Krula over 2013, 2014 and 2015 (Exhibits G, H and I) reflect that the lease payments approximate the payment of the obligations paid by Krula over the years to the Debtor, and thus Krula will be able to make the payments required under the Plan. In any event, although Presidential Bank has objected to Confirmation of the Plan on various grounds including the Debtor's ability to make the payments due under the Plan to creditors, such objections are reserved and will be addressed by the Court at Confirmation of the Plan. Thus, the net income of Krula before deducting the capital improvements required to be made and which are no longer required on behalf of, and for, the Debtor of $252,921 (2013), $197,844 (2014) and $102,300 (plus an approximate $192,000 in accounts receivable not yet collected – see Exhibit E), approximate the annual payments of $215,000 due under the lease to be signed (ExhibitJ). This Plan is in the best interest of all creditors and will allow a greater distribution than would otherwise be available.

III. BACKGROUND

11. The problem here arose in connection with the Debtor's giving a mortgage to the Bank in March of 2007 in the amount of $3,075,000 for purposes of acquiring the Debtor's Fallsburgh property. The Fallsburgh property operates as a retreat and camp in the summer months providing religious instruction for the members and the young students of the Debtor's synagogues and schools located in Brooklyn. As part of that mortgage financing, the Bank

demanded and obtained a collateral mortgage upon the Debtor's headquarters located at Wallabout. The monthly payments were approximately $23,000. The Bank is therefore secured by both the Wallabout and Fallsburgh properties.

12. The Debtor continued to make payments until on or about September 2008, when it began experiencing financial difficulties arising out of the credit crisis. Donations and tuition dried up as the members and other charitable persons began feeling the adverse effects of the financial difficulties in the United States at the time. The Bank accelerated its loan. The Debtor's payments were returned by letter from the Bank dated March 18, 2009 (Exhibit K).

13. The Debtor and the Bank entered into a Forbearance Agreement. The Debtor continued making payments. However, in late 2012, the Debtor was required to expend funds to protect its installations in Brooklyn in conjunction with Hurricane Sandy. This resulted in delayed payments to the Bank.

14. Additionally, the Debtor had been involved in a dispute with the Town of Fallsburgh (the "Town") regarding the payment of taxes. The Debtor contended it was exempt and was not required to pay taxes as a not-for-profit religious corporation using the premises for non-profit purposes. The Town contended, however, that the Debtor was required to pay taxes. In January 2011, the Debtor and the Town reached an agreement which exempted the Debtor from the payment of future real estate taxes as a tax exempt entity, but the Town required that the past due taxes of approximately $400,000 be paid as part of the arrangement. The Debtor was compelled to make several large tax payments in late 2012 and early 2013 in order to avoid a tax lien foreclosure sale.

15. As a result of the above difficulties, the Debtor continued to fall behind in payments to the Bank. In February 2013, the Debtor made a payment of approximately

$22,000 in an effort to begin catching up on the loan. In June 2013, the Bank commenced a foreclosure action. During the negotiations with the Bank, the Bank obtained a judgment of foreclosure in February 2015.

16. Negotiations commenced in early 2013 by the Debtor to settle the matter. In 2014, the offers of a substantial down payment with a limited term were proposed by the Debtor and were rejected by the Bank. Several proposals were made over the next several months. In April of 2015, the Bank proposed that the Debtor put up very substantial funds as a down payment against a discounted settlement amount. The Debtor proceeded to seek funds from its congregants in order to meet this initial requirement. In June of 2015, the Debtor indicated that it could raise the substantial down payment required by the Bank referred to above, as part of the discounted settlement amount, which convinced the Debtor's congregants to make donations toward the down payment. There then ensued a series of delayed intervals involving the Bank's submission of counter proposals. These proposals continued up through July 15, 2015, at which time the Debtor realized the continual "negotiations" were nothing more than the Bank's proceeding to perfect its rights post-judgment. There was a foreclosure sale scheduled for July 17, 2015.

IV. CHAPTER 11 FILING

17. On July 16, 2015 the Debtor filed its Chapter 11 petition. Immediately upon filing, the Debtor sought by motion to pay payroll, cash management, and use of cash collateral to pay expenses, but the Bank objected to each of these applications. The Bank objected to continued applications which were made on July 20, 2015, July 21, 2015, July 22, 2015, July 31, 2015, August 18, 2015, September 2, 2015, September 4, 2015, October 8, 2015, November 24, 2015, December 8, 2015, January 20, 2016, and February 3, 2016.

V. VALUATION

18. The Debtor has examined the Wallabout, Kent, and Fallsburg properties owned by the Debtor and values such properties for bankruptcy purposes at amounts which permit the creditors to be paid in full. The Debtor will request the Court to authorize an appraiser to be appointed. These values are as follows:

(a) 127 Wallabout Street Brooklyn, NY	$8,000,000
(b) 795 Kent Avenue Brooklyn, NY	$5,000,000
(c) 5402 Route 42 Fallsburg, NY	$2,500,000

Wallabout and Fallsburgh Properties

19. The Wallabout and Fallsburgh properties have mortgages which are held by the Bank which are alleged to secure the Bank's loans. On February 19, 2016, the Committee filed objections to the Bank mortgages asserting that such mortgages were invalid in that such mortgages did not comply with the requirements of the New York State Religious Non-for-Profit Corporation Law and therefore are invalid under the overwhelming State Law authority. It appears that the authorization of the New York State Supreme Court for the issuance of the Bank mortgages is significantly different than the terms of the mortgages of the Bank in connection to the 2009 refinancing. The Committee requests that it be permitted to seek a vacatur of the Bank mortgages in the New York State Supreme Court on the above stated grounds. In the event that the Committee prevails on its motion, the Bank's mortgages will be invalidated and the Bank will be an unsecured creditor in this case as well as under the Plan. Moreover, its claims may be reduced by the amounts determined by the New York State Supreme Court. The Plan filed by the

Debtor accordingly treats the Bank as secured in the event that the Committee's claims do not prevail, and as unsecured in the event the Committee prevails, but, however, leaving open the amount of such claims until there is a determination in the New York State Supreme Court. The Bank, thus, must proceed to seek to validate its claims before any treatment is made under the Debtor's Plan. It should also be noted that the Bank has appeared to make a claim with respect to the title insurance policy it has whereby the Bank has asserted that it does not hold a first and prior security interest in the Fallsburgh property and that it is subordinated to the prior claims of a life tenant on the property who had such life interests prior to the mortgages being given. It is not clear whether the Bank has pursued its title insurance claims in as much as the Bank has failed to provide the documents requested by the Debtor with respect to the title insurance issue. The Committee has alleged that the Bank acted carelessly in connection with its mortgage recording and that such carelessness should be assessed against the Bank claim. Finally, it is not at all clear how the existence of these life tenants affect the value of the Fallsburgh property and who should bear the cost of any diminution in value of the Fallsburgh property.

Kent Property

20. The Debtor submits that it is the lawful fee owner of the real property located at 795 Kent Avenue, Brooklyn, New York (the "Kent Property"), which property remains subject to the first mortgage of Cornell Realty Management LLC ("Cornell"). Prior to January 5, 2012, Cornell held a mortgage (the "Kent Mortgage") in and to the Kent Property as well as an Assignment of Leases and Rents (the "Kent ALR") with respect to the Kent Property. For fair and reasonable consideration, Cornell received an assignment of the Kent Mortgage and the Kent ALR from the prior mortgagee with respect to the Kent Property upon Cornell's purchase of the outstanding note (the "Kent Note") which the Debtor is obligated under. The Debtor's

obligations to Cornell under the Kent Note were and remain secured by, among other things, the Kent Mortgage and the Kent ALR. As a result of and subsequent to the Debtor's default under the Kent Note, in or around December 2011, the Debtor provided Cornell with a Bargain and Sale Deed with respect to the Kent Property, which was recorded on January 5, 2012. The Debtor believes and posits that Cornell's recording of the Bargain and Sale Deed was improper as it represented a transfer of ownership of the Kent Property by a religious, not-for-profit corporation which transfer required the prior approval or authorization of a Court of competent jurisdiction or the Attorney General of the State of New York. Since such approval was not obtained, the Debtor maintains that it currently is the legal and lawful owner of the Kent Property, and that it has remained the legal and rightful owner of the Kent Property from July 2006 through today. As such, by the Plan, the Debtor seeks this Court's authority to file a correction deed, as well as any other documentation that may be required, in order to properly reflect the Debtor's present and continuous ownership of the Kent Property since at least January 5, 2012. By the Plan, the Debtor also seeks to reinstate the Kent Mortgage and Kent ALR held by Cornell as such security instruments existed and were in place prior to Cornell's recording of the Bargain and Sale Deed. To the extent any mortgage recording tax and/or any other fees or charges are incurred by Cornell with respect to the reinstatement or recording of the Kent Mortgage and Kent ALR and Cornell's treatment under this Plan, the Debtor shall reimburse Cornell for all such amounts which shall be deemed part of Cornell's allowed claims. For these reasons, the Debtor believes that it is and has remained the continuous owner of the Kent Property since July 2006, when it became the fee owner of the Kent Property, and that Cornell is and has remained the first mortgagee and secured creditor as to the Kent Property since it took an assignment of the Kent Mortgage and Kent ALR. Through the Plan, Debtor seeks a finding of

facts and order of this Court consistent with the above.

VI. DEBTOR'S OPERATIONS

21. Prior to the Chapter 11 petition, the Debtor maintained sufficient records to be able to determine the amounts necessary to be paid by the Debtor. As a non-for-profit corporation, the Debtor does not file tax returns. The Debtor maintains a bank account which deals with government lunch program subsidies for the Debtor's students' lunch (the "Government Lunch Program"). The food subsidy account (#7386) pays for the meals provided for the Debtor's students. The account receives all its money from federal and state funds, and the federal and state governments monitor the operations of this account. Because of the government subsidies, this account may only be used for food, paper goods, and certain payroll for food workers. There are approximately 30 vendors who are paid from this account and several food workers. The program requires that these vendors be paid and that the food employees be paid, and any excess funds are remitted back to the government entity in question. Attached hereto are the financial reports regarding the operation of the Government Lunch Program for the years ending 2012, 2013 and 2014 (ExhibitsL, MandN).

22. During the Chapter 11 period, the Debtor has also maintained detailed operating reports which are contained in the Monthly Operating Reports filed by the Debtor. The Debtor has $84,940 as of April 30, 2016 in net income, which includes the receipts for an annual fundraising dinner. On confirmation, the Debtor will receive income of $18,500 per month from the tenant Krula with regard to the Fallsburgh operations. To date, Krula, which operates the Fallsburgh property, has undertaken to pay $75,000 for past amounts owed to the Debtor, within the next several weeks and an additional $45,000 as collected by Krula, in addition to paying the ordinary operating expenses at the Fallsburgh property. The Debtor has received $75,000 from

Krula.

VII. SOURCE OF FUNDS FOR PLAN

23. The Debtor will have obtained the necessary funds for Confirmation from operations of the Debtor and third-party funds. Presidential Bank has objected to Confirmation on various grounds including that the Debtor will not be able to substantiate that it will be able to obtain the funds necessary to confirm the Plan. All such objections are reserved and will be addressed by the Court on Confirmation of the Plan.

24. Presidential Bank has claimed that the Debtor has insufficient income to pay Plan obligations but this is incorrect. Once the Plan is confirmed, and the Debtor has reached an agreement and a payment schedule, the Debtor believes that it will be able to generate sufficient donation income to meets its expenses. Donors and members will be more apt to donate funds when the Debtor has reached a fixed settlement amount and can present the settlement to these donors. Further, the Bank has made a mistake as to rental income. These calculations do not take into account Be Above lease will be rejected, and a new tenant will pay significantly greater rent based on the fair market value of such space of an additional $100,000 per year (see Section entitles “Executory Contracts”).

25. The Debtor expects that the confirmation of the Plan will probably take place after the first anniversary of the Chapter 11 filing on July 15, 2015. The Debtor will have the detailed financial information of the Debtor’s operations on an annual basis which can be compared to the projections filed by the Debtor. To the extent that the Debtor does not meet the target operations as reflected on the projections, the Debtor will rely on the guaranty of Bernard Kohn who has agreed to advance $400,000 per year over the next five (5) years to meet any shortfall in the Debtor’s operations (Exhibit O). Primarily, however, the Debtor’s expected income should be

increased by the increased rental to be paid by Be Above, representing a fair market rental of $110,000 in addition to the present monthly rent. The Debtor anticipates that the lease with Be Above, will be rejected unless the tenant agrees to pay a more fair market rate. Additional donations may be required which will be undertaken through organized lunch or other events to meet shortfalls.

26. To summarize in tabular form:

FUNDS NECESSARY FOR CONFIRMATION OF PLAN (payable on the Effective Date):

(A)	Down payment to Class 1 (Presidential Bank, FSB)[2]	$190,485.48
(B)	First payment to Class 1	$18,630.00
(C)	First payment to Class 2 (10 years) (Quality Builders)	$4,416.00
(D)	First payment to Class 3 (Cornell Realty)	$29,571.60
(E)	First payment to Class 5 (vehicle lease)	$300.00
(F)	First payment to Class 6 priority claims of Employees	$5,416.00
(G)	First payment to Class 8 Unsecured Creditors ($600,000 over 10 years)	$5,000.00
	TOTAL (approximately)	$254,000.00

UNPAID ESTIMATED FEES ACCRUED THROUGH CONFIRMATION

2 Paid by donation.

(1)	Leo Fox, Esq. Counsel to Debtor[3]:	$50,000.00
(2)	Brian Hufnagel, Esq., Attorney for Creditors Committee[3]	$35,000.00
(3)	Abraham Schwartz, CPA, Accountant for Debtor[3]	$20,000.00
	FUNDS NEEDED FOR CONFIRMATION:	approximately $360,000
	Source of Funds:	
(1)	Krula payment	$75,000
(2)	Donations and cash flow[4]	$575,000

The Debtor has a donor Cheskel Berkowitz who has committed in writing (ExhibitP) to fund this amount and who has the funds to back up this commitment (ExhibitQ). Mr. Berkowitz is a follower of the Rabbi and is not related by blood to the Rabbi. Mr. Berkowitz's proposed donations are donations and will not be repaid.

TOTAL SOURCES $650,000

Presidential Bank has objected to Confirmation on various grounds including that the Debtor will not be able to substantiate that it will be able to obtain the funds necessary to confirm the Plan. All such objections are reserved and will be addressed by the Court on Confirmation of the Plan. The Debtor is able to make the payments contemplated under the Plan based on its existing operations for this Chapter 11 year and for the forthcoming five years during which the Bank is to receive its monthly payment schedule (see projections Exhibit R). The Debtor has also obtained a guarantor, Bernardo Kohn, also a donor who is not related the Rabbi, to guaranty an amount up to $400,000 per year of any shortfall in payments owed to creditors over the next five (5) years (Exhibit R). These amounts are donations and will not be repaid. In addition, as noted

[3] Assumes balances owed on bills are granted and paid from Debtor's available funds. These professionals may negotiate a payment schedule with the Debtor if necessary.

4 Assumes payments on lease by Krula of the Camp in the amount of approximately $222,000 per year.

above, Krula has undertaken to make these payments and can make these payments where no further capital expenditures are required.

VIII. SUMMARY OF PLAN

27. The Plan is composed of 9 classes of Creditors. (a) Class 1 representing the Allowed secured Claim of the Bank; (b) Class 2 representing Allowed secured construction lien claim of Quality Builders (c) Class 3 the Allowed secured Claim of Cornell Realty Management LLC, (d) Class 4 representing the Allowed secured Claim of the New York City Department of Finance, (e) Class 5 representing the Allowed secured Claim of U.S. Bank, N.A., d/b/a USB Leasing LT, (f) Class 6 representing the Allowed priority wage Claims of the Debtor's employees, (g) Class 7 representing the Allowed non-priority Claims of the New York State Department of Labor, and (h) the Allowed unsecured Claims of the Debtor's unsecured Creditors and (xi) Class 9 representing the interests of the members of the religious non-for-profit corporation.

28. **Class 1**: Class 1 consists of the Bank's Allowed Claim. The Bank holds a claim in the amount of $3,809,709.64 representing a judgment in the amount of $3,809,709.64. The Bank filed a proof of claim in the amount of $4,260,017.82, on October 16, 2015. The Bank filed an amended proof of claim in the amount of $4,789,137.33 on March 29, 2016. The Bank's first filed proof of claim includes interest of $134,868.57 running from September 11, 2014 through February 17, 2015, plus post-judgment interest at the rate of 9% in the amount of $141,912.07, plus attorneys' fees of $75,000, plus itemized costs of $5,516.71, plus interest on attorneys' fees and costs of $2,999.37, plus costs to preserve the properties of $87,771.29, plus other fees and charges of $2,240.17. Presidential Bank asserts that this claim continues to accrue interest and other charges post Confirmation including interest and significant attorneys fees. The First Amended Plan filed by the Bank in January 2016 provides for the Bank's claim in the

amount of $4,260,017. The Bank's Second Amended Plan filed on March 21, 2016, provides for a claim of $4,860,000, more than $600,000 than the amount set forth in its filed claim in October 2015. The actual judgment amount of $3,809,000 entered in February 2015 accrues interest at less than $30,000 per month at the judgment rate of 9% per annum. The amount of the claim at this point under this calculation is approximately $4,280,000 plus interests and costs. The Debtor disputes these amounts. As noted, the Committee has filed a motion and objections to claim which asserts that the Bank's mortgage claim should be invalidated under the provisions of the non-for-profit law and the New York State Religious Corporation Non-for-Profit Law in that the Bank failed to properly obtain its mortgage, and has failed to properly perfect whatever mortgage it purportedly obtained, resulting in damages to the Debtor. This motion is pending in the Bankruptcy Court for the purposes of permitting the Committee to proceed in the New York State Supreme Court to make a Motion to vacate the foreclosure judgment which had been obtained prior to the Chapter 11 filing. It is unlikely that this Motion can be heard by the Bankruptcy Court and if forwarded to the New York State Supreme Court to be heard and decided within the one (1) year time period contemplated in the Presidential Bank Plan.

29. Assuming the Committee does not prevail, and that this treatment shall be subject to the New York State Supreme Court ruling to the extent this treatment is otherwise not in accordance with the New York State Supreme Court ruling, the Bank's Allowed Class 1 Claim shall be paid in full by (a) a payment of $190,485.48 (5% of the Allowed Claim), to be paid on the Effective Date, (b) monthly installment payments of $20,757 (an increase of $2,000 per month) at the interest rate of 4.4% per annum (a rate which is approximately the rate authorized by the New York State Supreme Court with respect to the Bank's mortgage instead of the 7.625% provided for in the mortgage) on a 30 year payment schedule, over a period of five (5) years, payable monthly

on the first day of each month, commencing on the Effective Date and continuing until the 60th month thereafter, and (c) at the end of the five (5) year period, a balloon payment of the outstanding balance owed on that day. All payments shall be first applied to interest, other fees allowed by the Court, and then to principal. The monthly payments shall be funded by monies received from Camp Krula with respect to the lease it holds upon the Fallsburgh property and cash flow. The Debtor shall have the right to prepay any amounts to the Bank without penalty.

30. The Bank's liens shall continue. Upon a default as to the Bank payments and 15 days' written notice to the Debtor and to Debtor's counsel of such default, and upon the failure to cure such default within such 15 day period, the Bank may re-advertise its foreclosure judgment and proceed to a foreclosure sale in accordance with the timing requirements of the New York State Supreme Court. This Class is impaired and may vote on the Plan.

31. Once the Claim is fully paid, this Creditor shall deliver written releases of, or assign at the direction of the Debtor, its mortgages on the Fallsburgh and Wallabout properties. In all respects, the treatment herein shall conform to the New York State Supreme Court rulings to the extent inconsistent with this treatment.

32. This Class is impaired and may vote on the Plan.

33. **Class 2:** Class 2 consists of the Allowed secured construction lien Claim of Quality Builders holding a second lien position on the Fallsburgh property, in the amount of $925,000. Quality Builders is listed in the Debtor's Schedule D as having a Claim in the amount of $925,000. Payment shall be made on account of this Claim by an installment payment of $4,416.00 per month beginning on the Effective Date and continuing through a total of 120 months thereafter and with the principal balance remaining payable in the 121st month. This Class is impaired and may vote on the Plan.

34. **Class 3**: Class 3 consists of the Allowed secured Claim of Cornell Realty Management LLC, who holds security documents in the form of, *inter alia*, the Kent Mortgage, Kent ALR, deed and lease to the Debtor on the Kent Property, in the amount of $354,659.22, plus reasonable attorney's fees, expenses, costs and other charges permitted under § 506(b) of the Bankruptcy Code. Cornell is listed in the Debtor's Schedule D as having a disputed claim in the amount of $3,000,000. The amount of Cornell's Allowed secured Claim represents a compromise of the obligations due from the Debtor to Cornell. The Debtor shall pay the Allowed Class 3 Claim without interest, at the rate of $29,571.60 per month, payable on the first of each month, commencing on the first day of the month immediately after the Effective Date, until the entire Allowed Class 3 secured Claim, including such reasonable attorney's fees, expenses, costs and other charges permitted under § 506(b) of the Bankruptcy Code, is paid in full. The Kent Mortgage, Kent ALR, deed and lease shall remain in effect as security until the Allowed Class 3 secured Claim is satisfied in full. To the extent any mortgage recording tax and/or any other fees or charges are incurred by Cornell with respect to the reinstatement or recording of the Kent Mortgage and Kent ALR and Cornell's treatment under this Plan, the Debtor shall reimburse Cornell for all such amounts which shall be deemed part of Cornell's Allowed Class 3 secured Claim. This Class is impaired and may vote on the Plan.

35. **Class 4**: Class 4 consists of the Allowed secured Claim of the New York City Department of Finance, holding a real estate tax claim on the Kent Property, which is listed in the Debtor's Schedule D as having a disputed claim in the amount of $1,600,000, to be objected to on the ground that the Debtor is a tax exempt entity. The Allowed Class 4 Claim shall be paid in full on the later of on or before the Effective Date, or, upon the date of a final and non-appealable Order of the Court which ultimately allows such Claim. This Class is unimpaired and Creditors

may not vote on the Plan. In the event Cornell is held liable for any portion of the real estate tax claim held or asserted by the New York City Department of Finance or the real estate taxes on the Kent Property, the Debtor agrees to pay the full amount of such liability as part of the Allowed Class 4 Claim and to indemnify and hold harmless Cornell for the full amount of such real estate tax claim and/or obligations, including, without limitation, the fees, costs, expenses and charges incurred by Cornell in connection with such claims asserted by the New York City Department of Finance.

36. **Class 5**: Class 5 consists of the Allowed secured Claim of U.S. Bank N.A., d/b/a USB Leasing LT in the amount of $1,470.33. This Claim is for a vehicle lease. Payment shall be made on account of Class 5 Claims as follows: commencing on or before the Effective Date and continuing each month thereafter, the Debtor shall pay $300 a month until this Claim is fully satisfied. This Class is impaired and Creditors may vote on the Plan.

37. **Class 6**: Class 6 consists of the Allowed priority wage Claims under § 507(a)(4) of the Bankruptcy Code of the Debtor's employees in an amount not to exceed $65,000. These Creditors were scheduled on the Debtor's Schedule E for $114,019.16. $65,000 represents the balance due to the Debtor's employees after taking into account Court authorized payments of certain wages. Class 6 Claimants shall be paid their respective Allowed Claims, paid out over one year, commencing on the Effective Date, in 12 equal monthly installments, payable on the first day of each month, each installment constituting 8.3% of the amounts which are due. ($5,416.000) This Class is impaired and Creditors may vote on the Plan.

38. **Class 7**: Class 7 consists of the Debtor's Allowed priority non-wage Claims of the New York State Department of Labor entitled to priority pursuant to § 507(a)(8). This Claim was filed for unemployment insurance contributions in an unliquidated amount. The

Debtor will object to this Claim. Any Allowed Claim entitled to priority under § 507(a)(8) shall be paid on account of such Claim regular payments in cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such claim, over a period ending not later than July 16, 2020, in a manner not less favorable than the most favored nonpriority unsecured claim provided for in this Plan. This Class is impaired and Creditors may vote on the Plan.

39. **Class 8**: Class 8 consists of the Allowed unsecured Claims of the unsecured Creditors in the amount of approximately $6,182,983.59 (which will include the Bank claim in the event a determination is made that its claim is unsecured as set forth previously). Class 8 Claimants shall be paid 100%. Class 8 shall receive a 10% *pro rata* distribution of their Allowed Claims totaling approximately $618,000, payable monthly in the first year and thereafter annually over 10 years with the first monthly payment commencing on the Effective Date, and thereafter in nine (9) consecutive annual payments, each in the amount of $61,829.84. In addition, this Class shall receive, without interest, a total of 90% of the remaining amount principal amount of their claims, payable on a *pro rata* basis, from (a) the sum of $20,757 per month (the amount allocated to pay the Bank if such bank held an Allowed Class 1 secured Claim) commencing on the first day of the month after the Effective Date and payable monthly on the first of the month for five (5) years; (b) net proceeds recovered by the Committee as described below at paragraph 46 commencing on the thirteenth (13^{th}) month after the Effective Date, payable on the conclusion of the payments to Class 3, until the one hundred twentieth (120^{th}) month after the Effective Date; (c) monthly installments of $25,000, each installment due on the first day of the month commencing on the thirteenth (13^{th}) month after the Effective Date, until the one hundred twentieth month (120^{th}) after the Effective Date; (d) monthly installments of $5,416.67, each on the first day of the month, payable up until the full payments to Class 8 and; (e) on the one hundred twentieth month

(120th) after the Effective Date, a balloon payment equal to the principal balance due and owing with respect to the Class 8 claims totaling approximately $4,800,000 (plus the amount determined to be due and owing to the Bank) shall be paid, assuming no recovery from the litigation above.

40. **Class 9:** Class 9 consists of the members of the Debtor, a religious non-for-profit corporation. These members pay membership fees. These members have a religious affinity to the Debtor and to its Rabbi, to the method of prayer and the fellowship provided by the Debtor to its members. This class is a class that the Court must consider as to which of the two competing plans by the Bank and by the Debtor is in the best interest of such members according to prevailing State Law. The Debtor's Plan shall continue to leave these members in place upon their commitment to continue to pay their membership fees and tuition and otherwise continue to appreciate the benefits provided by the Debtor.

IX. ADMINISTRATION EXPENSES AND UNCLASSIFIED CLAIMS

41. Chapter 11 administration creditors, include the attorneys for the Debtor who have rendered services and who are entitled to compensation under §§ 327 and 503(b) of the Bankruptcy Code, and the fees payable to the Office of the United States Trustee under 28 U.S.C. § 1930, are not classified. All post-confirmation quarterly reports and quarterly fees required by the United States Trustee under 28 U.S.C. § 1930 shall be filed and paid on a quarterly basis until entry of a final decree, dismissal of the case or conversion to Chapter 7. The professional fees may be paid under a different agreement reached with the Debtor.

42. Unless otherwise provided for in the Confirmation Order or other award of the Court, fees and expenses incurred for services after the Confirmation Date to the Debtor by one or more professionals retained in these proceedings in furtherance of carrying out the terms and conditions of this Plan shall be paid by written invoice or statement accompanied by supporting

time records and an itemization of time records to be submitted by the professional to (1) attorneys for the Debtor and (2) the Debtor. The bills shall be paid by the Debtor within 20 business days on account thereof, unless the Debtor objects to the fees within that time. This objection shall be served on counsel for the Debtor. In the event that such objections cannot be resolved consensually, any fees requested in excess of the amount for which an objection is raised shall be resolved at a hearing before the Bankruptcy Court who is in the best position to determine the dispute regarding the payment of such fees.

X. THE REORGANIZED DEBTOR

1. The reorganized Debtor shall continue to operate and conduct its affairs, with its present management. The Debtor will continue to operate its bus system through the Krula entity in the event the Court authorizes such action. The Debtor will owe less than the value of its assets and is therefore in a solvent position (see Balance Sheet on Confirmation, Plan, Exhibit E). The Debtor will have sufficient funds to make the payments required under the Plan to the Creditors (See Projections, Exhibit D).

XI. THE LIQUIDATION ANALYSIS

2. The Debtor believes that the only alternative to confirming this Chapter 11 Plan is a conversion of this case to a case under Chapter 7 of the Bankruptcy Code. The Religious Non-for-Profit Corporation Law of the State of New York requires that the New York State Supreme Court in the county in which the Religious Non-for-Profit Corporation is located must approve any plan for the liquidation of the assets of such corporation. Accordingly, the Debtor must submit a liquidation request where there are so many contingencies that would be required to be performed before there could ever be a liquidation of this religious non-for-profit debtor. The time period involved in such a liquidation, including the sales of the Debtor's assets and the

determination of the recipient of such proceeds, would be lengthy and the subject of significant litigation in the New York State Supreme Court upon the conclusion of the litigation of this Court.

3. The liquidation analysis assumes that a liquidation sale of the Debtor's assets would result in net proceeds which would pay the secured claims, the Chapter 11 administration expenses which would have substantially increased in light of the above litigation, or the Chapter 7 administration expenses, leaving the unsecured creditors with little or no distribution and the Debtor being unable to continue its good works. It is assumed that the Debtor can achieve higher sales prices in Chapter 11 than in Chapter 7. Moreover, there has been no determination as to the amount of the liquidation value in light of the life tenancy interest held with respect to the Fallsburgh property and the implications arising there from.

4. The Debtor believes that the Debtor will be able to establish, under the terms of the Plan, that it has met one of the requirements to confirm a Plan, which is that the treatment under the Plan provides creditors with better treatment than such creditors would receive in liquidation.

XII. EXECUTORY CONTRACTS

5. The Debtor hereby rejects all contracts as of the Filing Date, including its lease with Be Above (but excluding the lease with T-Mobile). The Debtor is entering into a lease agreement with the Krula entity involved in the operation of the summer camp pursuant to which the Debtor shall receive monthly income of $18,500 per month.

XIII. TAX IMPLICATIONS

6. The Debtor is not aware of any significant tax implication which would inure to the

Debtor as a result of the filing and confirming of this Plan of Reorganization other than as stated herein. The Debtor suggests that Creditors consult their tax advisors with respect to the implication of the Plan and the Confirmation upon such creditors.

XIV. PREFERENCE AND FRAUDULENT CONVEYANCE ACTIONS

7. The Debtor has consulted with the Committee to conduct an investigation as to whether there are any valid causes of action, including proceedings to avoid transfers and invalidate claims including, but not limited to, proceedings under §§ 505, 506 544(b), 547, 548, 549,or 550 of the Bankruptcy Code or other applicable state law. The Committee shall determine on or before 30 days after Confirmation whether to seek prosecution of any such actions. The Committee shall have the power and the standing under §§ 105, 1129, 1142 and 1143 of the Bankruptcy Code to prosecute such claims in the Bankruptcy Court and to seek recovery and/or settlement of any such claims by application on notice and Order of this Court. The Committee may retain, pursuant to § 327 of the Bankruptcy Code, attorneys, as it determines in its discretion who are necessary or advisable, to prosecute such claims. The Committee shall arrange for the distribution of the net proceeds, net after payment of attorneys' fees and costs and expenses of the Committee, with respect to the prosecution of such claims, to the general unsecured creditors in Class 8 on a *pro rata* basis, based on the Allowed amounts of the claims of Class 8, in addition to the distributions proposed to be made by the Debtor under Class 8.

XV. RETENTION OF JURISDICTION BY THE COURT

8. Notwithstanding Confirmation, the Bankruptcy Court shall retain jurisdiction for the following purposes:

(a) Determination of the allowability of Claims upon objections filed to such Claims;

(b) Determination of requests for payment of Claims and fees entitled to priority under § 507;

(c) Resolution of any disputes concerning the interpretation of the Plan;

(d) Implementation of the provisions of the Plan;

(e) Entry of Orders in aid of Consummation of the Plan;

(f) Modification of the Plan pursuant to § 1127 of the Code;

(g) Adjudication of any causes of action including voiding powers actions commenced by the Debtor-in-Possession; and

(h) Entry of a Final Order of Consummation and closing the case.

XVI. EFFECTS OF COURT'S CONFIRMATION AND FEASIBILITY OF THE PLAN

9. Pursuant to § 1141(d) of the Bankruptcy Code, the Confirmation Order shall discharge claims against the Debtor. Except as expressly provided herein, the rights afforded in the Plan and the treatment of all Creditors, provided herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims involving this Debtor existing as of the Confirmation Date, of any nature whatsoever, whether known or unknown, contingent or unliquidated, including any interest accrued or expenses incurred thereon, from and after the Debtor's Filing Date, against the Debtor and the Debtor-in-Possession (or any of its properties or interest in properties). Except as otherwise provided in the Plan, upon the Confirmation Date, all Claims against the Debtor, will be satisfied, discharged, and released (except for those obligations identified in the Plan, *ultra vires* claims, breaches of fiduciary duty, or fraud) in full exchange for the consideration provided for hereunder. All persons and entities shall be precluded from asserting against the Debtor, its successors, its respective assets or properties, any of the above Claims that occurred prior to the Confirmation Date.

XVII. INJUNCTION AND EXONERATION

10. Except as otherwise provided in the Plan or Confirmation Order, on and after the

Confirmation Date, all entities which have held, currently hold, or may hold a debt, claim, other liability of interest against the Debtor pursuant to the provisions of § 1141(d) of the Bankruptcy Code and this section, are permanently enjoined from taking any of the following actions on account of such debt, claim, liability, interest or right: (a) commencing or continuing in any manner any action or other proceeding on account of such claim against property which is to be distributed under this Plan, other than to enforce any right to distribution with respect to such property under the Plan; (b) enforcing, attaching, collecting, or recovering in any manner or judgment, award, decree, order other than as permitted under sub-paragraph (a) above; and (c) creating, perfecting, or enforcing any lien or encumbrance against any property to be distributed under this Plan.

XVIII. ANTICIPATED CONFIRMATION DATE

11. It is anticipated the Plan will be confirmed by the Bankruptcy Court within forty (40) days, assuming the following events take place:

A. The Plan is duly accepted by creditors;

B. The Bankruptcy Court finds that the Plan is feasible and in the best interests of creditors;

C. The Court finds that the Plan is fair and equitable and does not discriminate unfairly;

D. The Debtor has made arrangement with the professionals for the payment of these professional fees.

XIX. WHERE TO FILE BALLOTS ON THE PLAN

43. Pursuant to a Court Order approving this Disclosure Statement, ballots on the Debtor's Plan must be received by _____, 2016. All ballots should be properly completed and forwarded to: Brian J. Hufnagel, Esq., Forchelli, Curto, Deegan, Schwartz, Mineo & Terrana,

LLP, The Omni, 333 Earle Ovington Boulevard, Suite 1010, Uniondale, New York 11553.

Dated: New York, New York
May 31, 2016

BNOIS SPINKA

By: */s/* _____

*/s/ Leo Fox, Esq.*_____
Leo Fox, Esq. (LF-1947)
Attorney for Debtor
630 Third Avenue
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(212) 867-9595