Springpoint Senior Living, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information

December 31, 2017 and 2016
### Springpoint Senior Living, Inc. and Affiliates

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December 31, 2017 and 2016

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Independent Auditors’ Report

Board of Trustees
Springpoint Senior Living, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Springpoint Senior Living, Inc. and Affiliates (collectively, the "Company") which comprise the consolidated balance sheet as of December 31, 2017 and 2016, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Springpoint Senior Living, Inc. and Affiliates as of December 31, 2017 and 2016, and the results of their operations and changes in net assets, and cash flows for the years then ended in conformity 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 consolidated financial statements as a whole. The accompanying consolidating and combining financial information (pages 44 through 58) is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets, and cash flows of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
May 16, 2018
| **Springpoint Senior Living, Inc. and Affiliates** |
| **Consolidated Balance Sheet** |
| **December 31, 2017 and 2016** |

### Assets

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td><strong>Liabilities and Net Assets</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>$38,559,876</td>
<td>Current maturities of long-term debt and capital lease obligations</td>
</tr>
<tr>
<td>948,792</td>
<td>Current portion of construction line of credit</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $1,591,471 in 2017 and $1,081,004 in 2016</td>
<td>Accounts payable</td>
</tr>
<tr>
<td>12,646,680</td>
<td>Accrued expenses</td>
</tr>
<tr>
<td>6,679,297</td>
<td>Residents' deposits</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>Total current liabilities</strong></td>
</tr>
<tr>
<td>58,834,645</td>
<td><strong>Total current liabilities</strong></td>
</tr>
</tbody>
</table>

| **Investments** | **Long-Term Debt and Capital Lease Obligations** |
| 107,652,572 | **Capital Advances** | 80,035,527 |
| 56,953,110 | **Capital Advances** | 80,035,527 |
| 4,369,619 | **Liability for Split-Interest Agreements and Deferred Gift Agreements** | 3,103,404 |
| 4,577,822 | **Refundable Entrance Fees** | 337,159,223 |
| 957,536 | **Deferred Revenue from Entrance Fees** | 289,462,899 |
| 994,855 | **Construction Line of Credit, Net of Current Portion** | 47,235,650 |
| **Total current assets** | **Total current liabilities** | **26,209,032** |
| **Investments** | **Total current liabilities** | 80,035,527 |
| **Assets Whose Use is Limited** | **Capital Advances** | 80,035,527 |
| **Investments Held Under Split-Interest Agreements** | **Capital Advances** | 80,035,527 |
| 4,369,619 | **Liability for Split-Interest Agreements and Deferred Gift Agreements** | 3,103,404 |
| 4,577,822 | **Refundable Entrance Fees** | 337,159,223 |
| 957,536 | **Deferred Revenue from Entrance Fees** | 289,462,899 |
| 994,855 | **Construction Line of Credit, Net of Current Portion** | 47,235,650 |
| **Total current assets** | **Total current liabilities** | **26,209,032** |
| **Investments** | **Total current liabilities** | 80,035,527 |
| **Assets Whose Use is Limited** | **Capital Advances** | 80,035,527 |
| 56,953,110 | **Capital Advances** | 80,035,527 |
| 4,369,619 | **Liability for Split-Interest Agreements and Deferred Gift Agreements** | 3,103,404 |
| 4,577,822 | **Refundable Entrance Fees** | 337,159,223 |
| 957,536 | **Deferred Revenue from Entrance Fees** | 289,462,899 |
| 994,855 | **Construction Line of Credit, Net of Current Portion** | 47,235,650 |
| **Total current assets** | **Total current liabilities** | **26,209,032** |
| **Investments** | **Total current liabilities** | 80,035,527 |
| 107,652,572 | **Total current liabilities** | 26,209,032 |
| **Property and Equipment, Net** | **Total current liabilities** | 80,035,527 |
| 577,967,693 | **Total current liabilities** | 26,209,032 |
| 527,330,891 | **Total current liabilities** | 26,209,032 |
| **Goodwill, Net** | **Total current liabilities** | 26,209,032 |
| 93,313,494 | **Total current liabilities** | 26,209,032 |
| 70,746,931 | **Total current liabilities** | 26,209,032 |
| **Other Assets, Net** | **Total current liabilities** | 26,209,032 |
| 3,655,633 | **Total current liabilities** | 26,209,032 |
| 2,660,977 | **Total current liabilities** | 26,209,032 |
| **Total current assets** | **Total current liabilities** | 26,209,032 |
| **Investments** | **Total current liabilities** | 26,209,032 |
| 107,652,572 | **Total current liabilities** | 26,209,032 |
| **Property and Equipment, Net** | **Total current liabilities** | 26,209,032 |
| 577,967,693 | **Total current liabilities** | 26,209,032 |
| 527,330,891 | **Total current liabilities** | 26,209,032 |
| **Goodwill, Net** | **Total current liabilities** | 26,209,032 |
| 93,313,494 | **Total current liabilities** | 26,209,032 |
| 70,746,931 | **Total current liabilities** | 26,209,032 |
| **Other Assets, Net** | **Total current liabilities** | 26,209,032 |
| 3,655,633 | **Total current liabilities** | 26,209,032 |
| 2,660,977 | **Total current liabilities** | 26,209,032 |
| **Total assets** | **Total liabilities** | **880,454,890** |
| **Total assets** | **Total liabilities** | 779,359,470 |

### Net Assets

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>Non-controlling ownership interest in limited partnerships</td>
</tr>
<tr>
<td>2,157,059</td>
<td>12,244,414</td>
</tr>
<tr>
<td>Non-controlling ownership interest in limited partnerships</td>
<td>Retainage Payable</td>
</tr>
<tr>
<td>12,244,414</td>
<td>2,368,401</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>Derivative Instruments</td>
</tr>
<tr>
<td>8,679,188</td>
<td>883,225</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td><strong>Total liabilities</strong></td>
</tr>
<tr>
<td>3,523,534</td>
<td><strong>802,035,255</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>Total net assets</strong></td>
</tr>
<tr>
<td>802,035,255</td>
<td><strong>22,675,785</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>Total liabilities</strong></td>
</tr>
<tr>
<td><strong>907,059,085</strong></td>
<td>802,035,255</td>
</tr>
</tbody>
</table>

**See notes to consolidated financial statements**
### Changes in Unrestricted Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and other support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from residential facilities</td>
<td>$88,554,275</td>
<td>$83,083,687</td>
</tr>
<tr>
<td>Revenue from healthcare facilities</td>
<td>58,371,006</td>
<td>55,328,453</td>
</tr>
<tr>
<td>Services to residents</td>
<td>13,846,624</td>
<td>13,225,288</td>
</tr>
<tr>
<td>Contributions and bequests</td>
<td>1,223,825</td>
<td>546,173</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>1,968,743</td>
<td>1,783,447</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1,727,378</td>
<td>1,335,234</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions used for operations</strong></td>
<td>1,228,467</td>
<td>1,171,990</td>
</tr>
<tr>
<td><strong>Total revenues and other support</strong></td>
<td>166,920,318</td>
<td>156,474,272</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses:</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional care of residents</td>
<td>41,656,925</td>
<td>39,835,564</td>
</tr>
<tr>
<td>Resident services</td>
<td>4,918,730</td>
<td>4,612,485</td>
</tr>
<tr>
<td>Dining services</td>
<td>20,771,735</td>
<td>18,406,478</td>
</tr>
<tr>
<td>Operation and maintenance of facility</td>
<td>38,779,631</td>
<td>32,275,963</td>
</tr>
<tr>
<td>Housekeeping and laundry</td>
<td>7,053,409</td>
<td>6,286,770</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>28,342,052</td>
<td>26,809,672</td>
</tr>
<tr>
<td>Resident assistance and program services</td>
<td>484,613</td>
<td>467,732</td>
</tr>
<tr>
<td>Marketing</td>
<td>6,082,384</td>
<td>5,739,499</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,089,376</td>
<td>2,692,663</td>
</tr>
<tr>
<td>Interest</td>
<td>8,478,672</td>
<td>8,136,341</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>814,680</td>
<td>494,943</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>160,472,207</td>
<td>145,758,110</td>
</tr>
</tbody>
</table>

| **Operating income** | 6,448,111 | 10,716,162 |
| **Change in unrealized gains on investments** | 8,848,563 | 3,510,308 |
| **Net realized gains on investments** | 1,902,667 | 274,322 |
| **Amortization of entrance fees** | 14,801,853 | 14,525,017 |
| **Change in fair value of derivative financial instruments** | 1,011,902 | 1,920,260 |
| **Loss on disposal of fixed assets** | (76,101) | (86,408) |
| **Equity contribution from limited partner** | 552,390 | - |
| **Transfer from temporarily restricted net assets** | - | 1,988,936 |
| **Depreciation and amortization** | (31,291,699) | (28,085,527) |
| **Revenues and other support in excess of expenses** | 2,195,686 | 4,763,070 |
| **Pension liability adjustment** | (118,329) | 87,545 |
| **Increase in unrestricted net assets** | 2,077,357 | 4,850,615 |

### Changes in Temporarily Restricted Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions</strong></td>
<td>1,511,878</td>
<td>1,639,335</td>
</tr>
<tr>
<td><strong>Reclassification from unrestricted</strong></td>
<td>452,609</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in value of split-interest agreements</strong></td>
<td>57,677</td>
<td>(4,060)</td>
</tr>
<tr>
<td><strong>Investment income</strong></td>
<td>721,841</td>
<td>395,939</td>
</tr>
<tr>
<td><strong>Net unrealized loss on investments</strong></td>
<td>(1,469)</td>
<td>(5,949)</td>
</tr>
<tr>
<td><strong>Transfer to unrestricted net assets</strong></td>
<td>-</td>
<td>(1,988,936)</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions used for operations</strong></td>
<td>(1,210,007)</td>
<td>(1,171,990)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in temporarily restricted net assets</strong></td>
<td>1,532,529</td>
<td>(1,135,661)</td>
</tr>
</tbody>
</table>

### Changes in Permanently Restricted Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in value of perpetual trusts</strong></td>
<td>318,524</td>
<td>16,177</td>
</tr>
<tr>
<td><strong>Increase in permanently restricted net assets</strong></td>
<td>318,524</td>
<td>16,177</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>3,928,410</td>
<td>3,731,131</td>
</tr>
<tr>
<td><strong>Net Assets, Beginning</strong></td>
<td>22,675,785</td>
<td>18,944,654</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$26,604,195</td>
<td>$22,675,785</td>
</tr>
</tbody>
</table>

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See notes to consolidated financial statements
## Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$ 3,928,409</td>
<td>$ 3,731,131</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(57,677)</td>
<td>4,060</td>
</tr>
<tr>
<td>Net change in fair value of derivative instruments</td>
<td>(1,011,902)</td>
<td>(1,920,260)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>31,291,699</td>
<td>28,060,122</td>
</tr>
<tr>
<td>Loss on sale of property and equipment</td>
<td>78,101</td>
<td>86,408</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>(10,749,761)</td>
<td>(3,778,681)</td>
</tr>
<tr>
<td>Entrance fee payable</td>
<td>-</td>
<td>(1,133,521)</td>
</tr>
<tr>
<td>Amortization of entrance fees</td>
<td>(14,801,853)</td>
<td>(14,525,017)</td>
</tr>
<tr>
<td>Interest component of deferred financing costs</td>
<td>250,096</td>
<td>288,071</td>
</tr>
<tr>
<td>Amortization of bond premium</td>
<td>(21,938)</td>
<td>-</td>
</tr>
<tr>
<td>Write off of goodwill</td>
<td>(168,073)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash received under nonrefundable entrance fee plans</td>
<td>7,907,617</td>
<td>5,417,468</td>
</tr>
<tr>
<td>Change in investments held by others under split-interest agreements</td>
<td>37,319</td>
<td>(99,802)</td>
</tr>
<tr>
<td>Change in beneficial interest in perpetual trusts</td>
<td>(318,524)</td>
<td>(16,177)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>3,344,822</td>
<td>(4,243,159)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(540,423)</td>
<td>1,121,062</td>
</tr>
<tr>
<td>Other assets</td>
<td>(9,620)</td>
<td>(240,470)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(3,528,653)</td>
<td>(2,649,152)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(2,016,706)</td>
<td>1,204,442</td>
</tr>
<tr>
<td>Residents’ deposits</td>
<td>(1,408,996)</td>
<td>(565,297)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>350,403</td>
<td>808,428</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>12,554,340</td>
<td>11,349,656</td>
</tr>
</tbody>
</table>

## Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net purchases of investments and assets whose use is limited</td>
<td>(9,786,068)</td>
<td>(9,366,725)</td>
</tr>
<tr>
<td>Net change in notes receivable</td>
<td>-</td>
<td>860,000</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(41,346,331)</td>
<td>(38,844,166)</td>
</tr>
<tr>
<td>Cash transferred from The Moorings</td>
<td>2,278,665</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of CCRC</td>
<td>-</td>
<td>(32,745,000)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(48,853,734)</td>
<td>(80,095,891)</td>
</tr>
</tbody>
</table>

## Cash Flows from Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of long-term debt and capital lease obligation</td>
<td>(6,976,019)</td>
<td>(8,080,675)</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>2,334,338</td>
<td>46,361,898</td>
</tr>
<tr>
<td>Borrowings on construction line of credit</td>
<td>25,771,288</td>
<td>19,289,889</td>
</tr>
<tr>
<td>Payment of construction line of credit</td>
<td>(771,000)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash received under refundable entrance fee plans</td>
<td>13,445,392</td>
<td>14,999,790</td>
</tr>
<tr>
<td>Payments under deferred gift agreements and split-interest agreements</td>
<td>(398,801)</td>
<td>(67,791)</td>
</tr>
<tr>
<td>Payment of deferred financing costs</td>
<td>(39,303)</td>
<td>(962,418)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>33,365,795</td>
<td>71,540,693</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>(2,933,599)</td>
<td>2,794,458</td>
</tr>
</tbody>
</table>

## Cash and Cash Equivalents, Beginning

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, Beginning</td>
<td>41,493,475</td>
<td>38,699,017</td>
</tr>
</tbody>
</table>

## Cash and Cash Equivalents, Ending

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, Ending</td>
<td>$ 38,559,876</td>
<td>$ 41,493,475</td>
</tr>
</tbody>
</table>

## Supplemental Disclosure of Cash Flow Information

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>$ 8,753,262</td>
<td>$ 7,788,855</td>
</tr>
</tbody>
</table>

## Supplemental Disclosure of Noncash Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital lease obligation incurred for property and equipment</td>
<td>$ 269,726</td>
<td>$ 301,391</td>
</tr>
<tr>
<td>Construction payable for property and equipment</td>
<td>$ 4,338,306</td>
<td>$ 6,492,800</td>
</tr>
<tr>
<td>Assets acquired from Cadbury Entities</td>
<td>$ 31,577,431</td>
<td>-</td>
</tr>
<tr>
<td>Entrance fee contracts acquired</td>
<td>$ 56,255,185</td>
<td>$ 61,957,051</td>
</tr>
</tbody>
</table>
1. Organization

Springpoint Senior Living, Inc. ("SSL") is a not-for-profit organization located in Wall, New Jersey. SSL provides administrative, financial and support services to its affiliated organizations.

Springpoint Senior Living, Inc. and Affiliates (the "Company") consists of SSL, and the following affiliates which are controlled through common board membership. All members of the Company described below are not-for-profit corporations, except as otherwise noted.

Continuing Care Retirement Communities:

Springpoint at Monroe Village, Inc. ("Monroe")
Springpoint at Meadow Lakes, Inc. ("Meadow Lakes")
Springpoint at Crestwood, Inc. ("Crestwood")
Springpoint at Montgomery, Inc. ("Montgomery")
Springpoint at The Atrium, Inc. ("The Atrium")
Marcus L. Ward Home ("Winchester Gardens")
Springpoint at Denville, Inc. ("The Oaks")
Springpoint at Lewes, Inc. ("The Moorings")

Skilled Nursing Community (under development):

Springpoint at Half Acre Road, Inc. ("Village Point")

Non-Facility Based:

Springpoint Foundation (the "Foundation")
Springpoint at Haddonfield, Inc.
Integrated Management Services, Inc.
Springpoint Realty, Inc.
Springpoint of Eastern, Inc.
Senior Net, Inc.
Springpoint at Home, Inc. ("Springpoint at Home")
Presbyterian Home at Wall, Inc.
Presbyterian Home of Plainfield, Inc.
Cadbury at Cherry Hill, Inc.
Cadbury Continuing Care at Home, Inc.

Non-Facility Based For Profit:

Princeton Senior Living, LLC ("PSL")
Affordable Housing Solutions, Inc. ("AHS")
Plainfield Tower Solutions, Inc. ("PTS")
Senior Living Solar, Inc. ("SLS")
Manchester Housing Solutions, Inc. ("MHS")
The following affiliates are controlled by SSL’s ability to appoint board members:

Affordable Housing Communities:

The Presbyterian Home at Galloway, Inc. ("Countryside Meadow")
The Presbyterian Home at Franklin ("Franklin")
The Presbyterian Home at Atlantic Highlands, Inc. ("Portland Pointe")
Middlesex Borough Senior Citizens Housing Corporation ("Watchung Terrace")
The Presbyterian Home at Howell, Inc. ("Crossroads")
The Presbyterian Home at Stafford, Inc. ("Stafford by the Bay")
The Presbyterian Home at East Windsor, Inc. ("Wheaton Pointe")
The Presbyterian Home at West Windsor, Inc. ("The Gables")
The Presbyterian Home at Dover, Inc. ("Dover")
The Presbyterian Home at Manchester, Inc. ("Manchester Pines ")

The Company has a 0.01% general partner interest in the following "Limited Partnerships", which operate Low Income Housing Tax Credit Communities:

Asbury Senior Citizens Housing, LP ("Asbury")
Butler Senior Citizens Housing, LP ("Butler")
Howell Senior Citizens Housing, LP ("Howell")
Mount Holly Senior Citizens Housing, LP ("Mount Holly")
Wall Senior Citizens Housing, LP ("Wall")
Plainfield Senior Citizens Housing, LP ("Plainfield")
Ramsey Senior Citizens Housing, LP ("Ramsey")
Manchester Senior Housing, LP ("Hentage at Whiting")

As general partner the Company controls the major operating and financial policies of the Limited Partnerships. As a result, the Limited Partnerships are accounted for as subsidiaries of the general partners for financial reporting purposes. Profits and losses of the Limited Partnerships, arising from project operations, and cash flows, to the extent available, are generally allocated to the general partners at the percentage above. Cumulative losses allocable to the limited partners cannot exceed the limited partners' investment in the partnerships. Losses in excess of that amount are allocable to the general partners.

The limited partners in the Limited Partnerships are not controlled by, or related to, the Company.
Changes in unrestricted net assets attributable to the Company’s controlling interest and the Company’s non-controlling ownership interest in limited partnerships were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Controlling Interest</th>
<th>Non-Controlling Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at January 1, 2016</td>
<td>$ 20,200,156</td>
<td>$ 2,876,594</td>
<td>$ 17,323,562</td>
</tr>
<tr>
<td>Revenues less than expenses</td>
<td>(2,569,890)</td>
<td>(258)</td>
<td>(2,569,632)</td>
</tr>
<tr>
<td>Equity transfer</td>
<td>(2,002,309)</td>
<td>(2,002,309)</td>
<td>-</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>107,614</td>
<td>107,514</td>
<td>100</td>
</tr>
<tr>
<td>Balances at December 31, 2016</td>
<td>15,735,571</td>
<td>981,541</td>
<td>14,754,030</td>
</tr>
<tr>
<td>Revenues less than expenses</td>
<td>(3,062,317)</td>
<td>(311)</td>
<td>(3,062,006)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>671,268</td>
<td>118,878</td>
<td>552,390</td>
</tr>
<tr>
<td>Balances at December 31, 2017</td>
<td>$ 13,344,522</td>
<td>$ 1,100,108</td>
<td>$ 12,244,414</td>
</tr>
</tbody>
</table>

Springpoint Senior Living, Inc. ("SSL") entered into an Affiliation Agreement with Cadbury at Cherry Hill, Inc., Cadbury at Lewes, Inc. and Cadbury Continuing Care at Home, Inc. ("Cadbury Entities"). The affiliation agreement closed on October 1, 2017 and became effective at that date whereby there was a transfer of sole corporate membership. On that date, The Cadbury Entities became part of forty-three affiliates of SSL through a change in control. SSL controls the Cadbury Entities through a board of trustees comprised principally of the same individuals who control all of the affiliated entities of SSL.

Commensurate with the change in control, the assets and liabilities of the Cadbury Entities were recorded at fair market value as of the date of the affiliation, resulting in goodwill of $22,566,563.
The assets and liabilities of the Cadbury Entities were recorded at fair market value as of the date of the affiliation as follows (in thousands):

### Assets acquired:
- Cash and cash equivalents: $2,279
- Accounts receivable and other assets: 5,490
- Investments and assets whose use is limited: 11,211
- Investment in risk retention group: 315
- Property and equipment, net: 35,768

**Total**: $55,063

### Liabilities assumed:
- Accounts payable and accrued expenses: $(531)
- Long-term debt: $(18,599)
- Deferred revenue from entrance fees and other liabilities: $(58,331)

**Total**: $(77,461)

- Goodwill: $22,851
- Temporarily restricted net assets: $(453)

**Total**: $55,063

The transfer of membership was treated as an acquisition in accordance with the authoritative guidance. The accompanying consolidated statements of operations, changes in net assets, and cash flows include the activities of the Cadbury Entities from October 1, 2017 through December 31, 2017. Select summarized estimated consolidated results of operations for Springpoint including the Cadbury Entities for the years ended December 31, 2017 and 2016 as if the affiliation occurred as of January 1, 2016 are as follows:

<table>
<thead>
<tr>
<th>Unaudited (in thousands)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other support</td>
<td>$177,435</td>
<td>$170,195</td>
</tr>
<tr>
<td>Operating income</td>
<td>6,587</td>
<td>11,190</td>
</tr>
<tr>
<td>Revenue and other support less then expenses</td>
<td>1,779</td>
<td>4,388</td>
</tr>
</tbody>
</table>

Beginning October 1, 2017, the operations of the Cadbury Entities have been reported in the Company's consolidated statement of operations and changes in net assets. In 2017, total revenues of $4,041,085, and revenues and other support in excess of expenses of $(12,193), was attributed to the acquisition of the Cadbury Entities.
Principles of Consolidation
The consolidated financial statements include the accounts of all of the entities listed in the organization section of this note. All intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

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

Cash and Cash Equivalents
The Company considers all highly liquid financial instruments with a maturity of three months or less at date of purchase to be cash equivalents, except for those classified as investments and assets whose use is limited.

Investments and Investment Risk
Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues and other support in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Company's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Alternative investments (nontraditional, not readily marketable asset classes) within the investments and assets whose use is limited are structured such that the Company holds limited partnership interests and other forms of ownership that are stated at fair value as estimated in an unquoted market. Individual investment holdings may, in turn, include investments in both nonmarketable and market-traded securities. Valuation of the nonmarketable securities is determined by the investment manager. Generally, the fair value of the Company's holdings reflect net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The investments may indirectly expose the Company to securities lending, short sales and trading in futures and forward contract options, and other derivative products. The Company's risk is limited to its carrying value. Amounts can be divested only at specified times (e.g., semiannually). The financial statements of the investees are audited annually by independent auditors.
Assets Whose Use is Limited

Assets whose use is limited are recorded at fair value which is determined by reference to quoted market prices. Assets whose use is limited consist of funds held under bond indenture agreements, U.S. Department of Housing and Urban Development ("HUD") agreements, Low Income Housing Tax Credit Community ("LIHTC") reserves, and other limited uses (see Note 5).

Accounts Receivable

The Company establishes an allowance for uncollectible accounts to reduce its receivables to net realizable value. The allowances are estimated by management based on general factors such as payor mix, aging of the receivables, and historical collection experience. Accounts are written off through bad debt expense when the Company has exhausted all collection efforts and accounts are deemed uncollectible.

Residents’ Deposits

Residents’ deposits consist of security deposits and other refundable deposits. Security deposits are refundable according to the terms of the specific deposit agreement. Deposits held for those who have entered into a residency agreement are refundable prior to establishing occupancy. When residency is established, deposited amounts are applied to the remaining entrance fee payment which is payable upon occupancy.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the term of the related lease.

Impairment losses are recognized in the statement of operations and changes in net deficit as a component of expenses in excess of revenues as they are determined. The Atrium reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Atrium calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. No impairment losses were recognized in 2017 and 2016.

Rental Property

Rental property which is included in property and equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Goodwill

The Company evaluates goodwill for impairment on an annual basis. There was no impairment loss recognized in 2017 and 2016. Goodwill represents amounts recorded upon the transfer of membership of Winchester Gardens, The Moorings, Cadbury Continuing Care at Home and Monroe at the dates of acquisition. Goodwill also includes amounts recorded upon the purchase of a home care agency by Springpoint at Home, and the purchase of a continuing care retirement community by Springpoint at Denville.
Other Assets

Included in other assets are project development costs, costs of acquiring initial continuing care contracts, project acquisition costs, capitalized marketing costs, costs associated with a non-compete agreement, tax credit monitoring fees and purchased licenses.

The project acquisition costs represent expenses associated with acquiring new properties. Acquisition costs are related to Winchester Gardens, Springpoint at Home and The Oaks. These costs were capitalized and are being amortized using the straight-line method. At December 31, 2017 and 2016, the project acquisition costs, net of accumulated amortization, were $724,814 and $833,165, respectively. Accumulated amortization at December 31, 2017 and 2016 was $358,692 and $511,408, respectively.

Capitalized marketing costs represent direct marketing costs incurred to market new Independent Living units and other related costs that will provide a future economic benefit. These costs were capitalized through the date of substantial occupancy and are being amortized using the straight-line method based on the expected remaining lives of the initial residents. At December 31, 2017 and 2016, the costs of acquiring initial continuing care contracts, net of accumulated amortization, were $1,172,721 and $321,611, respectively. Accumulated amortization at December 31, 2017 and 2016 was $1,790,814 and $525,479, respectively.

Costs associated with a non-compete agreement were incurred by Springpoint at Home in connection with the purchase of a home care agency. These costs were capitalized and are being amortized using the straight-line method over the life of the agreement. At December 31, 2017 and 2016, the costs associated with the non-compete agreement, net of accumulated amortization, were $1,445 and $10,722, respectively. Accumulated amortization at December 31, 2017 and 2016 was $24,555 and $15,278, respectively.

Tax credit monitoring fees represent costs incurred to obtain tax credits to finance the construction or rehabilitation of low income housing tax credit communities. These costs were capitalized and are being amortized over 15 years using the straight-line method, which approximates the effective interest method. At December 31, 2017 and 2016, tax credit fees, net of accumulated amortization, were $383,972 and $419,943, respectively. Accumulated amortization at December 31, 2017 and 2016 was $577,825 and $513,550, respectively.

Also included in deferred costs as of December 31, 2017 and 2016 is $700,000, of purchased licenses to operate fifty nursing home beds that are determined to have an indefinite useful life. The assets are not amortized, but instead tested for impairment at least annually in accordance with the authoritative guidance which also requires that intangible assets with estimated useful lives be amortized over their respective estimated useful lives to their estimated residual values.

Split-Interest Agreements

The Foundation has been designated as the remainderman under several charitable remainder trust agreements. In accordance with the trust agreements, the Foundation pays the designated beneficiaries a specified percentage of the income earned on the trust assets or a predetermined annual annuity amount. Upon the death of the beneficiaries, the trust assets are transferred to the Foundation.
The Foundation recognizes contribution revenue at the time an irrevocable charitable remainder trust is created in the amount of the excess of the fair value of the trust assets received over the liability for the present value of the estimated future payments to beneficiaries using a discount rate of 6%.

**Beneficial Interest in Perpetual Trusts**

The Foundation has been designated the beneficiary under several perpetual trusts. A perpetual trust is held by a third-party and is an arrangement in which the donor establishes and funds a trust to exist in perpetuity that is administered by an individual or organization other than the beneficiary. The Foundation has the irrevocable right to receive the income earned on the trust’s assets but will never receive the assets themselves. The Foundation recognizes contribution revenue at the time an irrevocable trust is created at the fair value of the trust’s assets, which approximates the discounted present value of cash flows from the beneficial interest. The contribution revenue is classified as permanently restricted. The Foundation revalues its interest in the perpetual trusts annually and reports any gains or losses as changes to the value of the trusts in the consolidated statement of operations and changes in net assets as changes in permanently restricted net assets.

**Deferred Revenue from Entrance Fees**

Residents at Meadow Lakes, Monroe, Crestwood, The Atrium, Montgomery, Winchester Gardens, The Oaks and The Moorings are required to pay a fee to obtain a nontransferable right to lifetime occupancy at one of the retirement communities. Residents entered into different types of continuing care contracts depending on their move-in date and the facility they reside in. Under the terms of the various contracts, entrance fees may be nonrefundable or partially refundable. Nonrefundable entrance fees are recorded as deferred revenue upon receipt and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, adjusted at the beginning of each year. Refundable entrance fees are classified as a liability on the balance sheet.

Gross contractual refund obligations at December 31, 2017 were $345,690,429. The refundable entrance fees and deferred revenue from entrance fees reported on the consolidated balance sheet totaling $427,444,423 are impacted by the portion of the entrance fee earned through amortization and amounts used by those residents under refundable contracts in a higher level of care.

**Obligation to Provide Future Services**

Montgomery, The Atrium, The Oaks and The Moorings calculate the present value of the net cost of future service and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net obligation to provide future service and use of facilities (discounted at 5%) exceeds the deferred revenue from entrance fees, a liability is recorded with the corresponding charge to income. This calculation is performed annually. At December 31, 2017 and 2016, deferred revenue from entrance fees exceeded the calculation of the present value of the net cost of future services for Montgomery, The Atrium, The Oaks and The Moorings. Therefore, an additional liability for an obligation to provide future services and use of facilities is not required.
Derivative Financial Instruments

The Springpoint Senior Living Obligated Group (the "Obligated Group") consists of SSL, Crestwood, Meadow Lakes, Monroe, and the Foundation. The Obligated Group entered into interest rate swap agreements, which are considered derivative financial instruments, to manage interest rate risk on their long-term debt.

The Atrium, Montgomery, Winchester Gardens and Village Point also entered into interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt.

The interest rate swap agreements are reported at fair value in the accompanying consolidated balance sheet and related changes in fair value are reported in the consolidated statement of operations and changes in net assets as a change in fair value of derivative financial instruments. The liability for the fair value of the interest rate swap agreements is $883,225 and $1,895,127 at December 31, 2017 and 2016, respectively.

Third-Party Payor Settlements

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are recorded in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in the consolidated statement of operations and changes in net assets in the year of the settlement. No material amounts related to prior year settlements were recorded during 2017 or 2016.

Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions.

Classification of Net Assets

The Company separately accounts for and reports donor restricted and unrestricted net assets. Unrestricted net assets are not externally restricted for identified purposes by donors or grantors. Unrestricted net assets include resources that the board of trustees may use for any designated purpose and resources whose use is limited by agreement between the Company and an outside party other than the donor or grantor.

Temporarily restricted net assets are those whose use by the Company has been limited by donors to a specific period or purpose. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are recorded as net assets released from restrictions. Temporarily restricted net assets relate to split-interest agreements, which have a time restriction, funds raised for capital projects, and residents’ charity care assistance.
Permanently restricted net assets are those whose use is permanently limited by the donor and are to be held in perpetuity. Earnings on permanently restricted net assets which are limited to be expended for specific purposes are included in temporarily restricted net assets. Earnings without such restrictions are included in unrestricted net assets. The change in fair value of the beneficial interest in perpetual trusts held by third parties is included in the change in permanently restricted net assets.

Revenue from Residential and Healthcare Facilities

The Company provides care to residents under the Medicare and Medicaid programs. Revenue from the Medicare and Medicaid programs accounted for approximately 16% and 15%, of the revenue from residential and healthcare facilities for the years ended December 31, 2017 and 2016, respectively. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Company. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Contributions

Contributions are recorded by the Company at net realizable value at the time an unconditional promise to give is made. Gifts of long-lived assets are recorded at the fair value of the assets at the time the gift is made. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Performance Indicator

Operating income included on the consolidated statement of operations and changes in net assets excludes certain noncash items and investment income. The consolidated statement of operations and changes in net assets includes revenues and other support in excess of expenses as the performance indicator. Changes in unrestricted net assets which are excluded from revenues and other support in excess of expenses, consistent with industry practice, include contributions of long-lived assets; and pension liability adjustment.

Malpractice

The Company maintains professional liability coverage through a commercial insurance carrier on a claims-made basis.

Income Taxes

The member entities of the Company, except for PSL, PTS, AHS, MHS, SLS, and the Limited Partnerships are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code. The provision for income taxes for PSL, PTS, AHS, MHS, SLS, and the Limited Partnerships is not material to the Company. The member entities are also exempt from state and local income taxes under similar statutes.
The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2017 and 2016.

Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through May 16, 2018, the date the consolidated financial statements were issued.

3. New Accounting Standards

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers (patients) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company will be required to retrospectively adopt the guidance in ASU No. 2014-09 for years beginning after December 15, 2017. The Company has not yet determined the impact of adoption of ASU No. 2014-09 on its financial statements.

Lease Accounting

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Company’s leasing activities. The Company will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2018. The Company has not yet determined the impact of adoption of ASU No. 2016-02 on its financial statements.
Not-for-Profit Financial Statement Presentation

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU No 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retrospectively with transition provisions. The Company has not yet determined the impact of adoption of ASU No. 2016-14 on its financial statements.

4. Investments

The classification and composition of the Company’s investments is set forth in the following table:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 695,481</td>
<td>$ 1,411,582</td>
</tr>
<tr>
<td>Alternative investments-limited partnerships</td>
<td>1,008,218</td>
<td>1,202,659</td>
</tr>
<tr>
<td>Commingled funds</td>
<td>33,251,254</td>
<td>26,456,730</td>
</tr>
<tr>
<td>Common collective trusts</td>
<td>6,544,618</td>
<td>-</td>
</tr>
<tr>
<td>Common stock</td>
<td>10,160,470</td>
<td>8,792,913</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>20,791,674</td>
<td>25,867,369</td>
</tr>
<tr>
<td>Exchange traded funds</td>
<td>125,693</td>
<td>-</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>1,913,099</td>
<td>2,022,294</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>33,162,065</td>
<td>21,809,901</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$107,652,572</td>
<td>$87,563,448</td>
</tr>
</tbody>
</table>

5. Assets Whose Use Is Limited

The classification and composition of the Company’s assets whose use is limited is set forth in the following table:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 33,795,446</td>
<td>$ 25,244,011</td>
</tr>
<tr>
<td>Alternative investments-limited partnerships</td>
<td>81,712</td>
<td>188,607</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>334,840</td>
<td>479,525</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>6,835,208</td>
<td>5,373,301</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>7,632,001</td>
<td>6,697,608</td>
</tr>
<tr>
<td>Common stock</td>
<td>1,859,352</td>
<td>1,941,737</td>
</tr>
<tr>
<td>Commingled funds</td>
<td>7,363,343</td>
<td>6,086,753</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>57,901,902</td>
<td>46,011,542</td>
</tr>
</tbody>
</table>

Less current portion                                      | 948,792    | 825,322   |

**Assets whose use is limited, non-current**               | **$ 56,953,110** | **$ 45,186,220** |
Assets whose use is limited are held for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond indenture agreements</td>
<td>$17,861,491</td>
<td>$9,263,021</td>
</tr>
<tr>
<td>Liquid reserve</td>
<td>16,775,840</td>
<td>15,338,295</td>
</tr>
<tr>
<td>HUD reserve funds</td>
<td>5,572,605</td>
<td>5,326,881</td>
</tr>
<tr>
<td>LIHTC reserve funds</td>
<td>8,422,123</td>
<td>8,295,051</td>
</tr>
<tr>
<td>Residents' Assistance Fund</td>
<td>1,044,696</td>
<td>870,589</td>
</tr>
<tr>
<td>Residents' deposits</td>
<td>1,407,257</td>
<td>1,493,464</td>
</tr>
<tr>
<td>Other donor restricted funds</td>
<td>5,201,590</td>
<td>4,177,948</td>
</tr>
<tr>
<td>Deferred SERP compensation</td>
<td>1,383,062</td>
<td>1,010,248</td>
</tr>
<tr>
<td>Construction fund escrow</td>
<td>233,238</td>
<td>236,045</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$57,901,902</strong></td>
<td><strong>$46,011,542</strong></td>
</tr>
</tbody>
</table>

6. Fair Value of Financial Instruments

The Company measures its investments, investments held under split-interest agreements, investments held by others under split-interest agreements, beneficial interest in perpetual trusts, and assets whose use is limited at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

- **Level 1** - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

- **Level 2** - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

- **Level 3** - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.
The financial instruments listed below were measured using the following inputs at December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th>Reported at Fair Value</th>
<th>2017</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carry</td>
<td>Fair Value</td>
<td>Quoted Prices</td>
<td>Other</td>
</tr>
<tr>
<td></td>
<td>Value</td>
<td></td>
<td>in Active</td>
<td>Observable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Markets (Level 1)</td>
<td>Inputs (Level 2)</td>
</tr>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>34,490,927</td>
<td>34,490,927</td>
<td>34,490,927</td>
<td>-</td>
</tr>
<tr>
<td>Common stock</td>
<td>12,019,822</td>
<td>12,019,822</td>
<td>12,019,822</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managed Vol. Fund</td>
<td>548,603</td>
<td>548,603</td>
<td>548,603</td>
<td>-</td>
</tr>
<tr>
<td>All cap</td>
<td>21,055,837</td>
<td>19,743,121</td>
<td>19,743,121</td>
<td>-</td>
</tr>
<tr>
<td>International</td>
<td>9,398,957</td>
<td>9,398,957</td>
<td>9,398,957</td>
<td>-</td>
</tr>
<tr>
<td>Small cap</td>
<td>29,966</td>
<td>29,966</td>
<td>29,966</td>
<td>-</td>
</tr>
<tr>
<td>Real return</td>
<td>8,963,910</td>
<td>8,963,910</td>
<td>8,963,910</td>
<td>-</td>
</tr>
<tr>
<td>Fixed income mutual funds, Core</td>
<td>2,247,939</td>
<td>2,247,939</td>
<td>2,247,939</td>
<td>-</td>
</tr>
<tr>
<td>Corporate bonds, investment grade</td>
<td>28,423,675</td>
<td>28,423,675</td>
<td>-</td>
<td>28,423,675</td>
</tr>
<tr>
<td>Alternative investment-limited partnerships</td>
<td>1,089,930</td>
<td>1,089,930</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments held under split-interest agreements</td>
<td>4,369,619</td>
<td>4,369,619</td>
<td>-</td>
<td>4,369,619</td>
</tr>
<tr>
<td>Investments held by others under split-interest agreements</td>
<td>957,536</td>
<td>957,536</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trusts</td>
<td>3,354,783</td>
<td>3,354,783</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$127,077,197</strong></td>
<td><strong>$127,077,197</strong></td>
<td><strong>$88,881,654</strong></td>
<td><strong>$32,793,294</strong></td>
</tr>
</tbody>
</table>

**Liabilities, Derivative financial instruments**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Fair Value</td>
<td>Other</td>
<td>Unobserva</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Observable</td>
<td>ble Inputs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inputs (Level 2)</td>
<td>Inputs (Level 3)</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>883,225</td>
<td>883,225</td>
<td>-</td>
<td>883,225</td>
</tr>
</tbody>
</table>
## Disclosed at Fair Value

<table>
<thead>
<tr>
<th>Description</th>
<th>Carrying Value</th>
<th>Fair Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Other Observable Inputs (Level 2)</th>
<th>Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$38,559,876</td>
<td>$38,559,876</td>
<td>$38,559,876</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Liability for split-interest and deferred gift agreements</strong></td>
<td>3,103,404</td>
<td>3,103,404</td>
<td>-</td>
<td>-</td>
<td>3,103,404</td>
</tr>
<tr>
<td><strong>Long term debt:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2014 Bonds (Winchester Gardens)</td>
<td>27,205,000</td>
<td>27,205,000</td>
<td>-</td>
<td>-</td>
<td>27,205,000</td>
</tr>
<tr>
<td>Series 2015 Bonds - Tax Exempt (Obligated Group)</td>
<td>25,479,000</td>
<td>25,479,000</td>
<td>-</td>
<td>-</td>
<td>25,479,000</td>
</tr>
<tr>
<td>Series 2015 Bonds - Taxable (Obligated Group)</td>
<td>42,555,000</td>
<td>42,555,000</td>
<td>-</td>
<td>-</td>
<td>42,555,000</td>
</tr>
<tr>
<td>Series 2015 Bonds - Tax Exempt (Montgomery)</td>
<td>48,356,000</td>
<td>48,356,000</td>
<td>-</td>
<td>-</td>
<td>48,356,000</td>
</tr>
<tr>
<td>Series 2015 A Tax Exempt Bonds (The Atrium)</td>
<td>19,929,000</td>
<td>19,929,000</td>
<td>-</td>
<td>-</td>
<td>19,929,000</td>
</tr>
<tr>
<td>Series 2015 B Tax Exempt Bonds (The Atrium)</td>
<td>1,408,150</td>
<td>1,408,150</td>
<td>-</td>
<td>-</td>
<td>1,408,150</td>
</tr>
<tr>
<td>Series 2015 C Taxable Bonds (The Atrium)</td>
<td>373,000</td>
<td>373,000</td>
<td>-</td>
<td>-</td>
<td>373,000</td>
</tr>
<tr>
<td>Series 2016 Tax Exempt Bonds (The Oaks)</td>
<td>18,500,000</td>
<td>18,500,000</td>
<td>-</td>
<td>18,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Series 2016 Taxable Term Loan (The Oaks)</td>
<td>18,500,000</td>
<td>18,500,000</td>
<td>-</td>
<td>18,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Bank Loan (The Oaks)</td>
<td>1,787,377</td>
<td>1,787,377</td>
<td>-</td>
<td>-</td>
<td>1,787,377</td>
</tr>
<tr>
<td>Series 2016 Revenue Bonds – Tax Exempt (The Moorings)</td>
<td>17,620,000</td>
<td>19,230,400</td>
<td>-</td>
<td>19,230,400</td>
<td>-</td>
</tr>
<tr>
<td>Bank Loan (Springpoint at Home)</td>
<td>1,669,768</td>
<td>1,669,768</td>
<td>-</td>
<td>-</td>
<td>1,669,768</td>
</tr>
<tr>
<td>Mortgage notes payable (Asbury)</td>
<td>17,843,784</td>
<td>17,843,784</td>
<td>-</td>
<td>-</td>
<td>17,843,784</td>
</tr>
<tr>
<td>Promissory note (Asbury)</td>
<td>4,150,000</td>
<td>4,150,000</td>
<td>-</td>
<td>-</td>
<td>4,150,000</td>
</tr>
<tr>
<td>Mortgage note payable (Butler)</td>
<td>5,010,967</td>
<td>5,010,967</td>
<td>-</td>
<td>-</td>
<td>5,010,967</td>
</tr>
<tr>
<td>Mortgage note payable (Howell)</td>
<td>4,521,706</td>
<td>4,521,706</td>
<td>-</td>
<td>-</td>
<td>4,521,706</td>
</tr>
<tr>
<td>Mortgage note payable (Wall)</td>
<td>4,305,570</td>
<td>4,305,570</td>
<td>-</td>
<td>-</td>
<td>4,305,570</td>
</tr>
<tr>
<td>Mortgage notes payable (Mount Holly)</td>
<td>1,960,079</td>
<td>1,960,079</td>
<td>-</td>
<td>-</td>
<td>1,960,079</td>
</tr>
<tr>
<td>Mortgage note payable (Plainfield)</td>
<td>6,647,597</td>
<td>6,647,597</td>
<td>-</td>
<td>-</td>
<td>6,647,597</td>
</tr>
<tr>
<td>Mortgage note payable (Ramsey)</td>
<td>5,409,001</td>
<td>5,409,001</td>
<td>-</td>
<td>-</td>
<td>5,409,001</td>
</tr>
<tr>
<td>Mortgage notes payable (Heritage at Whiting)</td>
<td>9,893,744</td>
<td>9,893,744</td>
<td>-</td>
<td>-</td>
<td>9,893,744</td>
</tr>
<tr>
<td>Loans payable</td>
<td>3,136,140</td>
<td>3,136,140</td>
<td>-</td>
<td>-</td>
<td>3,136,140</td>
</tr>
<tr>
<td>Construction line of credit</td>
<td>49,317,650</td>
<td>49,317,650</td>
<td>-</td>
<td>-</td>
<td>49,317,650</td>
</tr>
</tbody>
</table>
## Springpoint Senior Living, Inc. and Affiliates
### Notes to Consolidated Financial Statements
#### December 31, 2017 and 2016

| Reported at Fair Value | 2016 |  |  |  |
|------------------------|------|-------------------------------|-----------------|-----------------|-----------------|
|                        | Carryng | Fair Value | Quoted Prices in Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| **Assets:**            |       |                             |                             |                               |                               |
| Cash and cash equivalents | 26,655,593 | 26,655,593 | 26,655,593 | - | - |
| Common stock           | 10,734,650 | 10,734,650 | 10,734,650 | - | - |
| Equity mutual funds:   |       |                             |                             |                               |                               |
| Managed Vol. Fund      | 128,522 | 128,522 | 128,522 | - | - |
| All cap                | 13,705,420 | 13,705,420 | 13,705,420 | - | - |
| International          | 6,478,660 | 6,478,660 | 6,478,660 | - | - |
| Large cap              | 107,423 | 107,423 | 107,423 | - | - |
| Small cap              | 27,246 | 27,246 | 27,246 | - | - |
| Real return            | 6,735,931 | 6,735,931 | 6,735,931 | - | - |
| Fixed income mutual funds, Core | 2,501,819 | 2,501,819 | 2,501,819 | - | - |
| Corporate bonds, investment grade | 32,564,977 | 32,564,977 | - | 32,564,977 | - |
| Alternative investment-limited partnerships | 1,391,266 | 1,391,266 | - | - | 1,391,266 |
| Investments held under split-interest agreements | 4,547,822 | 4,547,822 | - | 4,547,822 | - |
| Investments held by others under split-interest agreements | 994,855 | 994,855 | - | - | 994,855 |
| Beneficial interest in perpetual trusts | 3,036,259 | 3,036,259 | - | - | 3,036,259 |
| **Total**              | 109,610,443 | 109,610,443 | 67,075,264 | 37,112,799 | 5,422,380 |

| **Liabilities:**       |  |  |  |  |
| **Derivative financial instruments** | 1,895,127 | 1,895,127 | - | 1,895,127 | - |
Disclosed at Fair Value

<table>
<thead>
<tr>
<th>Description</th>
<th>Carrying Value</th>
<th>Fair Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Other Observable Inputs (Level 2)</th>
<th>Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 41,493,475</td>
<td>$ 41,493,475</td>
<td>$ 41,493,475</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Liability for split-interest and deferred gift agreements</td>
<td>3,559,982</td>
<td>3,559,982</td>
<td>-</td>
<td>-</td>
<td>3,559,982</td>
</tr>
<tr>
<td>Long term debt:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2014 Bonds (Winchester Gardens)</td>
<td>28,512,000</td>
<td>28,512,000</td>
<td>-</td>
<td>-</td>
<td>28,512,000</td>
</tr>
<tr>
<td>Series 2015 Bonds - Tax Exempt (Obligated Group)</td>
<td>28,284,000</td>
<td>28,284,000</td>
<td>-</td>
<td>-</td>
<td>28,284,000</td>
</tr>
<tr>
<td>Series 2015 Bonds - Taxable (Obligated Group)</td>
<td>42,555,000</td>
<td>42,555,000</td>
<td>-</td>
<td>-</td>
<td>42,555,000</td>
</tr>
<tr>
<td>Series 2015 Bonds - Tax Exempt (Montgomery)</td>
<td>49,109,000</td>
<td>49,109,000</td>
<td>-</td>
<td>-</td>
<td>49,109,000</td>
</tr>
<tr>
<td>Series 2015 A Tax Exempt Bonds (The Atrium)</td>
<td>19,929,000</td>
<td>19,929,000</td>
<td>-</td>
<td>-</td>
<td>19,929,000</td>
</tr>
<tr>
<td>Series 2015 B Tax Exempt Bonds (The Atrium)</td>
<td>1,611,650</td>
<td>1,611,650</td>
<td>-</td>
<td>-</td>
<td>1,611,650</td>
</tr>
<tr>
<td>Series 2015 C Taxable Bonds (The Atrium)</td>
<td>848,000</td>
<td>848,000</td>
<td>-</td>
<td>-</td>
<td>848,000</td>
</tr>
<tr>
<td>Series 2016 Tax Exempt Bonds (The Oaks)</td>
<td>18,500,000</td>
<td>18,500,000</td>
<td>-</td>
<td>18,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Series 2016 Taxable Term Loan (The Oaks)</td>
<td>18,500,000</td>
<td>18,500,000</td>
<td>-</td>
<td>18,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Bank loan</td>
<td>1,860,855</td>
<td>1,860,855</td>
<td>-</td>
<td>-</td>
<td>1,860,855</td>
</tr>
<tr>
<td>Mortgage notes payable (Asbury)</td>
<td>18,167,492</td>
<td>18,167,492</td>
<td>-</td>
<td>-</td>
<td>18,167,492</td>
</tr>
<tr>
<td>Promissory note (Asbury)</td>
<td>4,150,000</td>
<td>4,150,000</td>
<td>-</td>
<td>-</td>
<td>4,150,000</td>
</tr>
<tr>
<td>Mortgage note payable (Butler)</td>
<td>5,150,386</td>
<td>5,150,386</td>
<td>-</td>
<td>-</td>
<td>5,150,386</td>
</tr>
<tr>
<td>Mortgage note payable (Howell)</td>
<td>4,647,495</td>
<td>4,647,495</td>
<td>-</td>
<td>-</td>
<td>4,647,495</td>
</tr>
<tr>
<td>Mortgage note payable (Wall)</td>
<td>4,425,362</td>
<td>4,425,362</td>
<td>-</td>
<td>-</td>
<td>4,425,362</td>
</tr>
<tr>
<td>Mortgage notes payable (Mount Holly)</td>
<td>1,970,366</td>
<td>1,970,366</td>
<td>-</td>
<td>-</td>
<td>1,970,366</td>
</tr>
<tr>
<td>Mortgage note payable (Plainfield)</td>
<td>6,768,862</td>
<td>6,768,862</td>
<td>-</td>
<td>-</td>
<td>6,768,862</td>
</tr>
<tr>
<td>Mortgage note payable (Ramsey)</td>
<td>5,559,494</td>
<td>5,559,494</td>
<td>-</td>
<td>-</td>
<td>5,559,494</td>
</tr>
<tr>
<td>Mortgage notes payable (Heritage at Whiting)</td>
<td>9,361,897</td>
<td>9,361,897</td>
<td>-</td>
<td>-</td>
<td>9,361,897</td>
</tr>
<tr>
<td>Loans payable</td>
<td>3,136,140</td>
<td>3,136,140</td>
<td>-</td>
<td>-</td>
<td>3,136,140</td>
</tr>
</tbody>
</table>
The assets are included on the consolidated balance sheet at December 31, 2017 and 2016 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion of assets whose use is limited</td>
<td>$ 702,792</td>
<td>$ 825,322</td>
</tr>
<tr>
<td>Investments</td>
<td>107,652,572</td>
<td>87,563,448</td>
</tr>
<tr>
<td>Assets whose use is limited</td>
<td>57,199,110</td>
<td>45,186,220</td>
</tr>
<tr>
<td>Investments held under split-interest agreements</td>
<td>4,369,619</td>
<td>4,547,822</td>
</tr>
<tr>
<td>Investments held by others under split-interest agreements</td>
<td>957,536</td>
<td>994,855</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trusts</td>
<td>3,354,783</td>
<td>3,036,259</td>
</tr>
<tr>
<td></td>
<td>174,236,412</td>
<td>142,153,926</td>
</tr>
</tbody>
</table>

Less Commingled funds and common collective trusts, measured at net asset value

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>47,159,215</td>
<td>32,543,483</td>
</tr>
</tbody>
</table>

Total                                    | $ 127,077,197 | $ 109,610,443 |

The alternative investments are valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to the alternative investments in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$ 1,391,266</td>
<td>$ 3,150,062</td>
</tr>
<tr>
<td>Sales</td>
<td>(444,557)</td>
<td>(1,775,934)</td>
</tr>
<tr>
<td>Unrealized loss</td>
<td>(105,146)</td>
<td>(681,416)</td>
</tr>
<tr>
<td>Realized gain</td>
<td>248,367</td>
<td>698,554</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$ 1,089,930</td>
<td>$ 1,391,266</td>
</tr>
</tbody>
</table>

The following information related to the alternative investments discusses the nature and risk of the investments and whether they have redemption restrictions as of December 31, 2017.

<table>
<thead>
<tr>
<th>Fair Value</th>
<th>Redemption Frequency (if Currently Eligible)</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited partnerships - equity</td>
<td>1,089,930</td>
<td>None</td>
</tr>
</tbody>
</table>

The Portfolio Interests are private equity investment funds that seek capital appreciation by investing in securities of various types. Redemptions are not permitted and liquidity is available to the extent of distributable realized events.

As of December 31, 2017 and 2016, the Company has no future commitments to invest in Limited Partnerships.
The investments held by others under split-interest agreements are valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to investments held by others under split-interest agreements in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$994,855</td>
<td>$895,053</td>
</tr>
<tr>
<td>Net valuation gain (loss)</td>
<td>(37,319)</td>
<td>99,802</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$957,536</td>
<td>$994,855</td>
</tr>
</tbody>
</table>

The beneficial interest in perpetual trusts is valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to the beneficial interest in perpetual trusts in 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$3,036,259</td>
<td>$3,020,082</td>
</tr>
<tr>
<td>Net valuation gain</td>
<td>318,524</td>
<td>16,177</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$3,354,783</td>
<td>$3,036,259</td>
</tr>
</tbody>
</table>

The carrying amounts of cash and cash equivalents approximate fair value due to the short-term nature of those instruments.

Common stock is valued using quoted market prices in active markets.

Mutual funds and exchange traded funds are valued at fair value based on quoted market prices which are considered Level 1 inputs.

Fixed income securities are valued using quoted market prices of similar securities, which are considered Level 2 inputs.

Common collective trusts are valued based on the current market values of the underlying assets reported by the investment advisor using audited financial statements of the funds at year end.

Commingled funds are valued based on the current market values of the underlying assets reported by the investment advisor using audited financial statements of the funds at year end using net asset value ("NAV") of shares held.
The following information relates to the commingled pools and discusses the nature and risk of the investments and whether they have redemption restrictions.

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017 Fair Value</th>
<th>December 31, 2016 Fair Value</th>
<th>Redemption Frequency (if Currently Eligible)</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity funds</td>
<td>$20,188,611</td>
<td>$13,889,739</td>
<td>Monthly</td>
<td>6-15 days</td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>20,425,986</td>
<td>18,653,744</td>
<td>Daily or Monthly</td>
<td>10-15 days</td>
</tr>
</tbody>
</table>

Equity funds’ strategy is to achieve long-term growth primarily by investing in a diversified portfolio of global equity securities.

Fixed income funds’ strategy is to achieve income-oriented returns from a globally diversified portfolio of primarily debt or debt-like securities.

Alternative investments are valued using unobservable inputs, which are considered Level 3 inputs and are discussed in Note 2.

The fair value of the Series 2016 bonds (issued on behalf of The Oaks and The Moorings) and the Bank Loans (The Oaks and Springpoint at Home) approximates the carrying value as reported in the consolidated balance sheet due to current market interest rates. The fair value of the Series 2014, and Series 2015 (issued on behalf of the Obligated Group, The Atrium and Montgomery) approximate carrying value, since these bonds are at a variable interest rate. It is generally not practicable to estimate the fair value of the company’s mortgage payable to HUD, Affordable Housing Program loans and Low Income Housing Tax Credit Community loans since terms could not be duplicated in the market and estimating fair values may result in inappropriate amounts.

The Company measures its derivative financial instruments at fair value based on proprietary models of the maker of the instrument based upon estimated future cash flows and forecasted interest rate yields. This value represents the estimated amount the Company would receive or pay upon termination of the agreements, taking into consideration current interest rates.
7. Property and Equipment

Property and equipment consist of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and land improvements</td>
<td>$ 42,167,508</td>
<td>$ 36,602,183</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>598,983,575</td>
<td>555,442,296</td>
</tr>
<tr>
<td>Rental property</td>
<td>215,037,897</td>
<td>214,594,714</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>17,822,358</td>
<td>25,607,228</td>
</tr>
<tr>
<td>Equipment</td>
<td>41,099,814</td>
<td>40,565,657</td>
</tr>
<tr>
<td>Leaseshold improvements</td>
<td>135,161</td>
<td>135,161</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>915,246,313</strong></td>
<td><strong>872,947,239</strong></td>
</tr>
</tbody>
</table>

Less accumulated depreciation

(383,254,148)  (375,825,973)

Construction in progress

45,975,528  30,209,625

Property and equipment, net

$ 577,967,693  $ 527,330,891

Equipment includes equipment held under capital lease obligations with a carrying value of $688,360 and $655,196 at December 31, 2017 and 2016, respectively.

Included in construction in progress as of December 31, 2017 and 2016 is $2,368,401 and $227,012, respectively, of retainage payable. Also included in construction in progress is $588,585 and $328,310 of capitalized interest as of December 31, 2017 and 2016, respectively.

Depreciation expense was $31,007,772 and $27,821,164 during 2017 and 2016, respectively. During 2017, certain property and equipment was disposed of, reducing accumulated depreciation by $37,412,581. Property and equipment, net of accumulated depreciation which was recorded as a result of The Moorings acquisition is included as of December 31, 2017.

8. Long-Term Debt

Long-term debt consists of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing Program loans due October 8, 2019, February 10, 2020 and March 1, 2024, bearing no interest.</td>
<td>$ 3,136,140</td>
<td>$ 3,136,140</td>
</tr>
<tr>
<td>Asbury, First mortgage (Tranche A) payable in monthly installments with interest at 5.9% per annum through 2050</td>
<td>8,671,647</td>
<td>8,757,024</td>
</tr>
<tr>
<td>Asbury, First mortgage (Tranche B) payable in monthly installments with interest at 5.65% per annum through 2021</td>
<td>874,242</td>
<td>1,112,572</td>
</tr>
<tr>
<td>Property</td>
<td>Description</td>
<td>2017</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Asbury, Mortgage note payable</td>
<td>Interest is accrued at 1% compounding per annum through 2050, payable to the extent of net cash flow as defined in the mortgage agreement, unpaid principal and interest is due in 2050</td>
<td>$ 6,654,000</td>
</tr>
<tr>
<td>Asbury, Mortgage note payable</td>
<td>Interest is accrued at 1% per annum through 2050, payable to the extent of net cash flow as defined in the mortgage agreement, unpaid principal and interest is due in 2050</td>
<td>1,643,896</td>
</tr>
<tr>
<td>Asbury, Promissory note payable</td>
<td>Interest is accrued at 0.25% per annum through 2048, under the terms of the loan, the Partnership is entitled to a full release of the mortgage provided the Project is maintained as an affordable property for 15 years</td>
<td>4,150,000</td>
</tr>
<tr>
<td>Butler, First mortgage payable</td>
<td>Payable in monthly installments with interest at 5.4% per annum through 2037</td>
<td>5,010,967</td>
</tr>
<tr>
<td>Howell, First mortgage payable</td>
<td>Payable in monthly installments with interest at 5.4% per annum through 2037</td>
<td>4,521,706</td>
</tr>
<tr>
<td>Wall, First mortgage payable</td>
<td>Payable in monthly installments with interest at 5.4% per annum through 2037</td>
<td>4,305,570</td>
</tr>
<tr>
<td>Mount Holly, First mortgage payable</td>
<td>Payable in monthly installments with interest at 6.4% per annum through 2017. Paid in full during 2017.</td>
<td>-</td>
</tr>
<tr>
<td>Mount Holly, Second mortgage payable</td>
<td>Interest is accrued at 1% per annum thru 2037 and is payable to the extent of net cash flow, as defined in the Mortgage agreement, unpaid principal and interest is due in 2037</td>
<td>1,380,079</td>
</tr>
<tr>
<td>Mount Holly, Third mortgage payable</td>
<td>Interest is accrued at 1% per annum thru 2036, unpaid principal and interest is due at maturity in 2036</td>
<td>580,000</td>
</tr>
<tr>
<td>Plainfield, First mortgage payable</td>
<td>Payable in monthly installments with interest at 7.1% per annum through 2039</td>
<td>6,647,597</td>
</tr>
<tr>
<td>Ramsey, First mortgage payable</td>
<td>Payable in monthly installments with interest at 5.4% per annum through 2037</td>
<td>5,409,001</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2017 and 2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Heritage at Whiting, First mortgage note I, payable in monthly installments with interest at 4.35% per annum through 2037, interest only through October, 2017

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$471,979</td>
<td>$474,471</td>
</tr>
</tbody>
</table>

Heritage at Whiting, First mortgage note II, principal and interest of 2.15% due February 1, 2018

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,419,600</td>
<td>5,247,447</td>
</tr>
</tbody>
</table>

Heritage at Whiting, mortgage payable, at 1% interest commencing in 2019. Principal and interest due April 28, 2048

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,002,165</td>
<td>3,639,979</td>
</tr>
</tbody>
</table>

NJEDA, Series 2014 variable rate Revenue Refunding Bonds, issued on behalf of Winchester Gardens, due in varying annual installments through November 2034. The bonds have a variable rate of the sum of 1 month LIBOR plus 145 basis points x 69%. As of December 31, 2017, the rate was 1.94%

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>27,205,000</td>
<td>28,512,000</td>
</tr>
</tbody>
</table>

NJEDA Variable Rate Revenue Bonds, Springpoint Senior Living Obligated Group, Series 2015 tax-exempt bonds with maturities through 2035 and interest at 65% of 1 month LIBOR plus 98.5 basis points. At December 31, 2017 the rate was 2.0%.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,479,000</td>
<td>28,284,000</td>
</tr>
</tbody>
</table>

NJEDA Variable Rate Revenue Bonds, Springpoint Senior Living Obligated Group, Series 2015 taxable bonds with maturities through 2038 and interest at 1 month LIBOR plus 150 basis points. At December 31, 2017 the rate was 3.06%.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>42,555,000</td>
<td>42,555,000</td>
</tr>
</tbody>
</table>

NJEDA Variable Rate Revenue Bonds, Series 2015 tax-exempt, issued on behalf of Montgomery, with maturities through 2037 and interest at 1 month LIBOR x 67% plus 100.5 basis points. At December 31, 2017 the rate was 2.06%.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>48,356,000</td>
<td>49,109,000</td>
</tr>
</tbody>
</table>

NJEDA Variable Rate Revenue Bonds, Series 2015A tax-exempt bonds, issued on behalf of The Atrium, with maturities through 2040 and interest at the sum of 1 month LIBOR plus 200 basis points x 65%. At December 31, 2017 the rate was 2.18%.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,929,000</td>
<td>19,929,000</td>
</tr>
</tbody>
</table>

NJEDA Variable Rate Revenue Bonds, Series 2015B tax-exempt bonds, issued on behalf of The Atrium, with maturities through 2018 and interest at the sum of 1 month LIBOR plus 165 basis points x 65%. At December 31, 2017 the rate was 2.43%.

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,408,150</td>
<td>1,611,650</td>
</tr>
</tbody>
</table>
NJEDA Variable Rate Revenue Bonds, Series 2015C taxable bonds, issued on behalf of The Atrium, with maturities through 2018 and interest at 1 month LIBOR plus 165 basis points. At December 31, 2017 the rate was 3.01%.

$ 373,000  $ 848,000

NJEDA Fixed Rate Revenue Bonds, Series 2016 tax-exempt bonds, issued on behalf of The Oaks, with maturities through 2041 and interest at 2.3%.

18,500,000  18,500,000

Taxable Series 2016 Term Loan, issued on behalf of The Oaks, with maturities through 2033 and interest at 3.5%.

18,500,000  18,500,000

Bank Loan, issued on behalf of The Oaks, with maturities through 2042 and interest at 4.65%.

1,787,377  -

Sussex County, Delaware Series 2016 tax-exempt Revenue Bonds, issued on behalf of The Moorings, with maturities through 2036 and interest rates ranging from 2.0 to 5.0%.

17,620,000  -

Bank Loan, issued on behalf of Springpoint at Home, with maturities through 2018 and interest at 4.375%.

1,669,768  1,860,855

Capital lease obligations

689,357  655,196

Total

286,950,240  273,702,195

Less,

Deferred finance cost, net  3,616,056  3,204,060
Unamortized bond premium  (1,579,506)  -
Current maturities  13,830,993  8,406,103

Long-term debt, net

$ 271,081,697  $ 262,092,032

The Company has entered into note agreements with banks under the Affordable Housing Program ("AHP") of the Federal Home Loan Bank of New York whereby the banks advanced to the Company an amount not to exceed $778,780 each for development of Franklin, Stafford and Dover and $800,000 for Manchester Pines. The notes are collateralized by security agreements on the real estate owned by the Company. The notes bear no interest and are not required to be repaid so long as the housing remains available to eligible very low-income elderly persons or very low-income persons for a period of 15 years in accordance with federal regulations which govern the operations of AHP. The maturity dates of the notes are October 8, 2019, February 10, 2020, March 1, 2024 and May 6, 2026 for Franklin, Stafford, Dover and Manchester Pines, respectively. If the Company defaults on the notes, interest will be payable at a default rate of interest and shall be due on demand.
The Low Income Housing Tax Credit Communities have entered into mortgage payables that are secured by a lien on the entity’s Partnership’s Project and Land as well as an assignment of tenant lease agreements.

On November 1, 2014, the NJEDA issued on behalf of Winchester Gardens, $31,285,000 Series 2014 bonds ("Series 2014 bonds"). Proceeds from the Series 2014 bonds were used to refund a prior bond issue and pay certain costs incurred in connection with the issuance of the Series 2014 Bonds. The Series 2014 bonds are collateralized by substantially all property and equipment of Winchester Gardens and a pledge of gross receipts.

On December 1, 2015, the NJEDA issued, on behalf of the Obligated Group, $30,945,000 Variable Rate Revenue Bonds ("Obligated Group Series 2015 tax-exempt bonds"). The proceeds from the Obligated Group Series 2015 tax-exempt bonds were allocated to each member of the Obligated Group based on their direct use of the proceeds. The total proceeds were used to refund prior bond issues and pay certain costs incurred in connection with the issuance of the Obligated Group Series 2015 tax-exempt bonds. The Obligated Group Series 2015 tax-exempt bonds are collateralized by substantially all property and equipment of the Obligated Group and a pledge of gross receipts. All members of the Obligated Group are jointly and severally liable for all outstanding obligations with respect to the Obligated Group 2015 tax-exempt bonds.

On December 1, 2015, the NJEDA issued, on behalf of the Obligated Group, $42,555,000 Variable Rate Revenue Bonds ("Obligated Group Series 2015 taxable bonds"). The proceeds from the Obligated Group Series 2015 taxable bonds were allocated to each member of the Obligated Group based on their direct use of the proceeds. The total proceeds were used to refund prior bond issues and pay certain costs incurred in connection with the issuance of the Obligated Group Series 2015 taxable bonds. The Obligated Group Series 2015 taxable bonds are collateralized by substantially all property and equipment of the Obligated Group and a pledge of gross receipts. All members of the Obligated Group are jointly and severally liable for all outstanding obligations with respect to the Obligated Group Series 2015 taxable bonds.

On December 1, 2015, the NJEDA issued on behalf of Montgomery, $50,085,000 Variable Rate Revenue Bonds (the "Montgomery Series 2015 bonds"). Proceeds from the Montgomery Series 2015 bonds were used to refund prior bond issues and pay certain costs incurred in connection with the issuance of the Montgomery Series 2015 Bonds. The Montgomery Series 2015 bonds are collateralized by substantially all property and equipment of Montgomery and a pledge of gross receipts. The Series 2015 bonds have a mandatory remarketing date of December 1, 2027.

On June 15, 2015, the NJEDA issued on behalf of The Atrium, $26,000,000 Variable Rate Revenue Bonds (the "Atrium Series 2015 bonds"), which consisted of $19,929,000 Series 2015A tax-exempt, $4,551,000 Series 2015B tax-exempt, and $1,520,000 Series 2015C taxable. Proceeds from the Series 2015 bonds were used to pay off a construction line; pay off a portion of a note payable to Springpoint Senior Living; and pay certain costs incurred in connection with the issuance of the Atrium Series 2015 Bonds. The Atrium Series 2015 bonds are collateralized by substantially all property and equipment, a pledge of gross receipts and all net entrance fees.

On March 13, 2015 Springpoint at Home entered into a loan agreement with a bank for a loan in the amount of $2,175,000 ("Bank Loan"). Proceeds from the Bank Loan were used to finance the acquisition of business assets.
On May 5, 2016, the NJEDA issued on behalf of The Oaks, $18,500,000 Series 2016 tax-exempt bonds. Proceeds from the Series 2016 tax-exempt bonds were used to (a) finance a portion of the purchase of The Oaks facility; (b) to fund a debt service reserve fund; and (c) to pay certain costs incurred in connection with the issuance of the Series 2016 tax-exempt bonds. The Series 2016 tax-exempt bonds are collateralized by substantially all property and equipment of The Oaks and a pledge of gross receipts. The Series 2016 tax-exempt bonds have a mandatory remarketing date of July 1, 2026.

On May 5, 2016, the Oaks entered into an agreement with a bank for a loan in the amount of $18,500,000 ("Term Loan"). Proceeds from the Term Loan were used to (a) finance a portion of the purchase of The Oaks facility; and (b) fund working capital. The Term Loan is collateralized by substantially all property and equipment of The Oaks and a pledge of gross receipts.

On October 27, 2016, Sussex County, Delaware issued on behalf of The Moorings, $17,620,000 of first mortgage revenue bonds, consisting of $1,120,000 in fixed rate serial bonds and $16,500,000 in fixed rate term bonds. The proceeds were used to (a) refund a prior issue; (b) to establish a reserve for capital projects; and (c) to pay certain costs incurred in connection with the issuance of the Series 2016 Revenue Bonds. The Series 2016 Revenue Bonds are collateralized by substantially all property and equipment of The Moorings and a pledge of gross receipts.

In July 2017, the Oaks entered into an agreement with a bank for a loan in the amount of $1,800,000 ("Oaks Bank Loan"). Proceeds from the Oaks Bank Loan were used to purchase a parking lot across from The Oaks facility.

The above bonds are subject to various covenants, which include the achievement of certain pre-established financial indicators.

Deferred financing costs represent costs incurred to obtain financing. Amortization of these costs is provided on the straight-line method, which approximates the effective interest method. At December 31, 2017 and 2016, deferred financing costs, net of accumulated amortization, were $3,616,056 and $3,204,060, respectively. Accumulated amortization at December 31, 2017 and 2016 is $916,766 and $657,799, respectively.

Scheduled maturities of long-term debt are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$13,830,993</td>
</tr>
<tr>
<td>2019</td>
<td>5,283,531</td>
</tr>
<tr>
<td>2020</td>
<td>5,858,517</td>
</tr>
<tr>
<td>2021</td>
<td>7,633,853</td>
</tr>
<tr>
<td>2022</td>
<td>7,898,404</td>
</tr>
<tr>
<td>Thereafter</td>
<td>246,444,942</td>
</tr>
<tr>
<td>Total</td>
<td>$286,950,240</td>
</tr>
</tbody>
</table>
9. Derivative Financial Instruments

In connection with certain bonds, the Obligated Group, The Atrium, Montgomery, Winchester Gardens and Village Point have entered into interest rate swap agreements with a financial institution which are considered derivative financial instruments. The objective of these swap agreements was to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreement is a contract to exchange variable rate for fixed rate payments over the term of the swap agreement without the exchange of the underlying notional amount. The notional amount of the swap agreement is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreement. Management believes that losses related to credit risk are remote and that the swaps are continuing to function as intended.

The net cash paid or received under the swap agreement is recognized as an adjustment to unrestricted net assets. The Obligated Group, The Atrium, Montgomery, Winchester Gardens and Village Point do not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

Changes in fair value of the interest rate swap agreements are recorded as a change in fair value of derivative financial instruments. The change in fair value on derivative financial instruments was $1,011,902 in 2017 and $1,920,260 in 2016.

As of December 31, 2017, the Obligated Group had the following interest rate swaps in effect:

<table>
<thead>
<tr>
<th>Notional Amount</th>
<th>Fixed Rate</th>
<th>Variable Rate</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,479,000</td>
<td>2.4675%</td>
<td>65% of 1 month LIBOR plus 98.5 basis points (2.0% at December 31, 2017)</td>
<td>December 2015 to December 2025</td>
</tr>
<tr>
<td>$42,555,000</td>
<td>3.515%</td>
<td>1 month LIBOR plus 150 basis points (3.06% at December 31, 2017)</td>
<td>December 2015 to December 2025</td>
</tr>
</tbody>
</table>

The fair value of the interest rate swap agreements was $475,979 at December 31, 2017 and $32,691 at December 31, 2016 and was obtained from the financial institution.

As of December 31, 2017, the Atrium had the following interest rate swaps in effect:

<table>
<thead>
<tr>
<th>Notional Amount</th>
<th>Fixed Rate</th>
<th>Variable Rate</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,929,000</td>
<td>3.04%</td>
<td>Sum of USD-LIBOR plus 200 basis points x 65% (2.18% at December 31, 2017)</td>
<td>December 2015 to December 2030</td>
</tr>
</tbody>
</table>

The fair value of the interest rate swap agreements was $(444,043) at December 31, 2017 and $(562,711) at December 31, 2016 and was obtained from the financial institution.
As of December 31, 2017, Montgomery had the following interest rate swaps in effect:

<table>
<thead>
<tr>
<th>Notional Amount</th>
<th>Fixed Rate</th>
<th>Variable Rate</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$48,356,000</td>
<td>2.464%</td>
<td>USD-LIBOR x 67% plus 100.5 basis points (2.06% at December 31, 2017)</td>
<td>December 2015 to December 2027</td>
</tr>
</tbody>
</table>

The fair value of the interest rate swap agreements was $206,478 at December 31, 2017 and $(11,687) at December 31, 2016 and was obtained from the financial institution.

As of December 31, 2017, Winchester Gardens had the following interest rate swaps in effect:

<table>
<thead>
<tr>
<th>Notional Amount</th>
<th>Fixed Rate</th>
<th>Variable Rate</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$27,205,000</td>
<td>3.04%</td>
<td>USD-LIBOR x 69% plus 100 basis points (1.94% at December 31, 2017)</td>
<td>December 2014 to November 2029</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>3.58%</td>
<td>USD-LIBOR plus 140 basis points (2.76% at December 31, 2017)</td>
<td>December 2016 to September 2026</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>3.49%</td>
<td>USD-LIBOR plus 140 basis points (2.76% at December 31, 2017)</td>
<td>July 2017 to September 2026</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>3.67%</td>
<td>USD-LIBOR plus 140 basis points (2.76% at December 31, 2017)</td>
<td>November 2017 to September 2026</td>
</tr>
</tbody>
</table>

The fair value of the interest rate swap agreements was $(1,183,229) at December 31, 2017 and $(1,465,307) at December 31, 2016 and was obtained from the financial institution.

As of December 31, 2017, Village Point had the following interest rate swaps in effect:

<table>
<thead>
<tr>
<th>Notional Amount</th>
<th>Fixed Rate</th>
<th>Variable Rate</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000,000</td>
<td>3.29%</td>
<td>USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)</td>
<td>October 2016 to June 2025</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>3.73%</td>
<td>USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)</td>
<td>December 2016 to June 2025</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>3.70%</td>
<td>USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)</td>
<td>June 2017 to June 2025</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>3.72%</td>
<td>USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)</td>
<td>October 2017 to June 2025</td>
</tr>
<tr>
<td>$7,700,000</td>
<td>3.72%</td>
<td>USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)</td>
<td>October 2017 to June 2025</td>
</tr>
</tbody>
</table>
The fair value of the interest rate swap agreements was $61,590 at December 31, 2017 and $111,887 at December 31, 2016 and was obtained from the financial institution.

10. Construction Line of Credit

On December 1, 2015, Montgomery entered into a $5,699,000 construction line of credit ("Montgomery Construction Line") with a commercial bank that matures December 2020. The interest rate at December 31, 2017 was 2.87%. The line was issued to provide financing for renovations to the fitness center, healthcare center and common areas, as well as pay off the balance of the previous construction line of credit. Borrowings on the Montgomery Construction Line were $4,928,000 and $3,797,664 at December 31, 2017 and 2016, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts.

Scheduled maturities for the construction line of credit based on the entire draw down are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,602,000</td>
</tr>
<tr>
<td>2019</td>
<td>1,684,000</td>
</tr>
<tr>
<td>2020</td>
<td>1,642,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,928,000</strong></td>
</tr>
</tbody>
</table>

On November 1, 2014, Winchester Gardens entered into a $12,215,000 construction line of credit ("Winchester Construction Line") with a commercial bank. On October 1, 2016, the Construction Line was modified to increase the available draw to $28,000,000. The loan matures in October 2026. The interest rate at December 31, 2017 was 2.76%. The line was issued to provide financing for renovations to the healthcare center and common areas, as well as pay certain costs related to the financing and establish a liquid reserve fund (Note 15). Borrowings on the Winchester Construction Line were $16,689,650 and $5,749,220 at December 31, 2017 and 2016, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts.

Scheduled maturities for the construction line of credit based on the expected draw down are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$234,000</td>
</tr>
<tr>
<td>2019</td>
<td>1,404,000</td>
</tr>
<tr>
<td>2020</td>
<td>1,404,000</td>
</tr>
<tr>
<td>2021</td>
<td>1,404,000</td>
</tr>
<tr>
<td>2022</td>
<td>1,404,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>22,150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$28,000,000</strong></td>
</tr>
</tbody>
</table>
On June 5, 2015, Springpoint at Half Acre Road, Inc. entered into a $27,700,000 construction line of credit ("Half Acre Road Construction Line") with a commercial bank that matures in June 2045. The interest rate at December 31, 2017 was 2.95%. The line was issued to provide financing to build a new skilled nursing facility. Borrowings on the Half Acre Road Construction Line were $27,700,000 and $14,770,478 at December 31, 2017 and 2016, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts.

Scheduled maturities for the construction line of credit based on the expected draw down are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>246,000</td>
<td>510,000</td>
<td>537,000</td>
<td>563,000</td>
<td>592,000</td>
<td>25,252,000</td>
<td>$ 27,700,000</td>
</tr>
</tbody>
</table>

11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets of $8,679,188 and $7,146,659 at December 31, 2017 and 2016, respectively, are donor restricted amounts for the benefit of residents and development of SSL affiliates.

Temporarily restricted net assets are held for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Split-interest agreements</td>
<td>$ 1,920,679</td>
<td>$ 1,844,543</td>
</tr>
<tr>
<td>Restricted for the benefit of residents and community needs</td>
<td>$ 6,758,509</td>
<td>$ 5,302,116</td>
</tr>
<tr>
<td>Total</td>
<td>$ 8,679,188</td>
<td>$ 7,146,659</td>
</tr>
</tbody>
</table>

Permanently restricted net assets of $3,523,534 and $3,205,010 at December 31, 2017 and 2016, respectively, represent donor-restricted investments to be held in perpetuity for the benefit of the Foundation. Included in permanently restricted net assets are amounts which represent the Foundation’s beneficial interest in certain perpetual trusts which are held by third-party trustees.
12. Capital Advances

The Company has entered into capital advance agreements with HUD, whereby HUD will advance the Company an amount not to exceed $81,686,800 for development of various projects. The capital advances are due to the Federal Housing Administration and are collateralized by a deed of trust on the rental property of such projects. The capital advances bear no interest and will not be required to be repaid so long as the housing remains available to eligible very low-income elderly persons or very low-income persons with disabilities for a period of 40 years in accordance with Section 202 of the National Housing Act of 1959. The maturity dates of the agreements range from September 13, 2035 to December 25, 2050.

As of December 31, 2017 and 2016, the capital advances received totaled $80,835,527, which has been reported as a noncurrent liability in the consolidated balance sheet.

13. Retirement Plans

SSL and its affiliates sponsor a 401(k) defined contribution plan (the "Plan"). Employees are eligible to participate in the Plan upon completion of one year of service and at least 1,000 hours. Employees become 100% vested in the employee contributions immediately upon their participation. The Plan provides for SSL and its affiliates to match 100% of the employee contributions not to exceed 5% of annual compensation.

The Moorings sponsors two 403(b) plans, a nonunion plan and a union plan, for all eligible employees. For the plan year ending December 31, 2017, The Moorings suspended discretionary annual contributions and employer matches. The plans were frozen as of December 31, 2017.

In 2005, SSL initiated a Supplemental Executive Retirement Plan ("SERP"). During 2017 and 2016, the SERP funding was approximately $285,000 and $137,000, respectively, and carried a balance of approximately $1,383,000 and $1,010,000 at December 31, 2017 and 2016, respectively.

Pension expense under the Plan and the SERP was approximately $1,792,000 and $1,526,000 for the years ended December 31, 2017 and 2016, respectively.

Additionally, Meadow Lakes has a defined benefit pension plan covering substantially all of its union employees (the "Union Plan"). Benefits under the Union Plan are based on a collective bargaining agreement. Meadow Lakes' funding policy is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and any additional amounts as determined by the actuary. Effective December 31, 2000, the Board of Trustees and the union, UFCW Local 152 (formerly Local 56), agreed to freeze the benefit accruals under the Union Plan. The UFCW Local 56 employees became eligible to participate in the Plan effective January 1, 2001.
The following table is a reconciliation of the beginning and ending balances of the Company's Union Plan projected benefit obligation and fair value of plan assets at December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in projected benefit obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected benefit obligation at beginning of year</td>
<td>$1,028,349</td>
<td>$1,072,556</td>
</tr>
<tr>
<td>Interest cost</td>
<td>42,893</td>
<td>45,038</td>
</tr>
<tr>
<td>Service cost</td>
<td>1,840</td>
<td>1,946</td>
</tr>
<tr>
<td>Actuarial gain (loss)</td>
<td>(62,433)</td>
<td>(11,882)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(7,593)</td>
<td>(79,309)</td>
</tr>
<tr>
<td>Effect of settlement</td>
<td>(116,664)</td>
<td>-</td>
</tr>
<tr>
<td>Projected benefit obligation at end of year</td>
<td>886,392</td>
<td>1,028,349</td>
</tr>
</tbody>
</table>

| Change in plan assets:         |            |            |
| Fair value of plan assets at beginning of year | 616,618    | 591,215    |
| Actual return (loss) on plan assets | 19,475    | 29,911     |
| Employer contribution           | 66,100     | 74,801     |
| Benefits paid                   | (7,593)    | (79,309)   |
| Effect of settlement            | (116,664)  | -          |
| Fair value of plan assets at end of year | 577,936    | 616,618    |

| Funded status at end of year    | $ (308,456) | $ (411,731) |

Amounts recognized in the balance sheet at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses</td>
<td>$ (308,456)</td>
<td>$ (411,731)</td>
</tr>
</tbody>
</table>

Amounts recognized in net deficit, unrestricted at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrecognized net loss</td>
<td>$ 307,313</td>
<td>$ 462,817</td>
</tr>
</tbody>
</table>

A net actuarial loss of $370,947 represents the unrecognized component of net periodic pension cost at December 31, 2017.

An actuarial loss of $31,419 is expected to be recognized in net periodic pension cost in the next fiscal year.

The accumulated benefit obligation at December 31, 2017 and 2016 is $886,392 and $1,028,349, respectively.

The measurement date used to determine the fair value of the pension plan assets and projected benefit obligation was December 31.
The components of net periodic pension expense for 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$1,840</td>
<td>$1,946</td>
</tr>
<tr>
<td>Interest cost</td>
<td>42,893</td>
<td>45,038</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(18,274)</td>
<td>(17,549)</td>
</tr>
<tr>
<td>Amortization of net loss</td>
<td>51,426</td>
<td>63,301</td>
</tr>
<tr>
<td>Effect of settlement</td>
<td>40,444</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$118,329</td>
<td>$92,736</td>
</tr>
</tbody>
</table>

Weighted-average assumptions used to determine the benefit obligation at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.55 %</td>
<td>4.30 %</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Weighted-average assumptions used to determine net periodic (benefit) pension cost at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.30 %</td>
<td>4.30 %</td>
</tr>
<tr>
<td>Expected long-term rate of return on plan assets</td>
<td>3.00</td>
<td>3.00</td>
</tr>
</tbody>
</table>

The expected long-term rate of return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions for the corresponding fiscal year end.

The following tables summarize instruments measured at fair value on a recurring basis for the Plan at December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th>Assets at Fair Value as of December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Equity Mutual Funds:</td>
</tr>
<tr>
<td>Large cap</td>
</tr>
<tr>
<td>Mid cap</td>
</tr>
<tr>
<td>Small cap</td>
</tr>
<tr>
<td>International</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
The following table presents the change in fair value for the unallocated insurance contract:

<table>
<thead>
<tr>
<th></th>
<th>Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$422,775</td>
</tr>
<tr>
<td>Additional deposits</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
</tr>
<tr>
<td>Change in value</td>
<td>-</td>
</tr>
<tr>
<td>Expenses</td>
<td>-</td>
</tr>
<tr>
<td>Payments / Liquidation</td>
<td>(422,775)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ -</td>
</tr>
</tbody>
</table>

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

- Mutual funds are valued at fair value based on quoted market prices which are considered Level 1 inputs.
- Common stock is valued based on quoted prices from an active market for identical assets.
- Unallocated investment contract is valued based on unobservable inputs, as observable inputs are not available, using valuation methodologies to determine fair value to include discounted cash flows and other similar techniques.

The preceding methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$130,000</td>
</tr>
<tr>
<td>2019</td>
<td>$28,000</td>
</tr>
<tr>
<td>2020</td>
<td>$44,000</td>
</tr>
<tr>
<td>2021</td>
<td>$45,000</td>
</tr>
<tr>
<td>2022</td>
<td>$53,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$340,000</td>
</tr>
</tbody>
</table>

Total $640,000

The Company anticipates making a contribution of $50,000 the Union Plan during 2018.

14. Commitments and Contingencies

SSL leases office space and equipment through noncancelable operating leases. The total rental expense under these leases was $599,884 and $595,047 for the years ended December 31, 2017 and 2016, respectively. The future minimum rental commitment under these noncancelable leases is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$646,993</td>
</tr>
<tr>
<td>2019</td>
<td>$632,090</td>
</tr>
<tr>
<td>2020</td>
<td>$603,806</td>
</tr>
<tr>
<td>2021</td>
<td>$532,596</td>
</tr>
<tr>
<td>2022</td>
<td>$265,729</td>
</tr>
</tbody>
</table>

Total $2,681,214

Meadow Lakes, Monroe, Crestwood, Montgomery, The Atrium, Winchester Gardens and The Oaks are regulated by the New Jersey Department of Community Affairs ("DCA") pursuant to the Continuing Care Retirement Community Regulation and Financial Disclosures Act (the "Act"). The Act requires, among other things, that these affiliates establish and maintain a liquid reserve fund which is calculated as the greater of the following years debt service or 15% of the projected operating expenses, excluding depreciation and amortization and expenses related to private pay residents. Funds held under bond indenture agreements can be used to satisfy the requirement. The entities have complied with the requirements at December 31, 2017 and 2016.

SSL and the Foundation are Guarantors of Robert Noble Manor, LP ("RNM"). RNM’s primary purpose is to operate an affordable senior housing community in New Jersey. As Guarantors, they guarantee compliance of the General Partner (Robert Noble Manor, LLC) and South Amboy Renaissance Corporation, with respect to achievement of Stabilized Operations, repurchase, recapture, tax credit adjusters, operating deficits, resizing of any of the permanent financing, and certain representations and warranties. The Limited Partner determines if the Debt Service Coverage ratio test has been met causing the guarantee to expire. If Robert Noble Manor, LP does not meet the ratio defined in the partnership agreement for Achievement of Debt Service Coverage for the final twelve consecutive months of the guarantee period, the guarantee shall be automatically extended until Achievement of Debt Service Coverage ratio has been achieved for twelve consecutive months.

The Limited Partnerships have qualified for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42") which regulates the use of the housing facilities as to occupant eligibility and unit gross rent, among other requirements.

The Limited Partnerships’ low-income tax housing credits are contingent on their ability to maintain compliance with applicable provisions of Section 42. Failure to maintain compliance with occupant eligibility or unit gross rent requirements, or to correct noncompliance within a specified time period, could result in recapture of previously claimed tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the capital contributed by the limited partners. In addition, in the Company’s role as managing agent and general partner through its wholly-owned subsidiaries, the Company is responsible for compliance with all covenants contained in the various partnership and other agreements for the Limited Partnerships. Failure to comply with these covenants, as well as applicable laws and regulations, could have a significant financial impact on the financial position of the Company.

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations, and administrative directives of federal, state, and local governments and agencies. Compliance with these laws, regulations, and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity has continued to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

Medicaid Reimbursement

Nursing services provided to Medicaid program beneficiaries are paid at prospectively determined rates per day. The rates are determined using state-wide nursing facility cost information and the Company’s cost information from a prior year. The reimbursement methodology is subject to various limitations and adjustments.

The State of New Jersey provides funding to managed care organizations ("MCOs") to coordinate all healthcare services, including long-term care services, for Medicaid beneficiaries. In turn, the MCOs will reimburse nursing facilities for services rendered to Medicaid beneficiaries admitted to nursing facilities. The reimbursement received by the nursing facilities is negotiated between the MCOs and the nursing facilities.
SSL actively engages in evaluating new business opportunities as they present themselves. As such, SSL from time to time may enter into contractual arrangements for the development or acquisition of new communities. These new business opportunities may require the guarantee of SSL, or one or more of its affiliates.

The Company participates in self-insured workers compensation, unemployment and health insurance programs. The Company estimates self-insurance reserves based upon fully developed case reserves that are actuarially determined. These estimates are based on historical loss experience along with certain assumptions about future events. Changes in assumptions for such things as medical costs, as well as changes in actual loss experience could cause these estimates to change in the near term. The Company recognized expense of approximately $11,982,000 and $9,633,300 for the years ending December 31, 2017 and 2016, respectively. These amounts are included in the various departmental expense categories in the accompanying consolidated financial statements.

15. Concentrations

The Company grants credit without collateral to its residents, most of whom are local residents and some of whom are insured under third-party payor agreements. Concentrations of gross accounts receivable from residents and third-party payors are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>16 %</td>
<td>32 %</td>
</tr>
<tr>
<td>Medicaid</td>
<td>6 %</td>
<td>5 %</td>
</tr>
<tr>
<td>Self-pay residents and other</td>
<td>78 %</td>
<td>63 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Meadow Lakes has entered into a collective bargaining agreement with the United Food and Commercial Workers Union, Local 152 (formerly Local 56) (the "Agreement"). The Agreement covers approximately 85% of Meadow Lakes' labor force and expires May 8, 2019.

The Company maintains cash accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risk on its cash accounts.

16. Rental Assistance Contracts

The Company has entered into various rental assistance contracts with HUD whereby the Company will receive rental assistance payments on behalf of eligible tenants. Such amounts are included in revenue from residential facilities in the consolidated statement of operations and changes in net assets. The initial term of the contracts is 20 years from completion of the housing project.
17. Functional Expenses

The Company provides housing, health care, and other related services to residents within its geographic locations. Expenses related to providing these services, including depreciation and amortization and loss on disposal of fixed assets, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>$153,513,516</td>
<td>$138,193,268</td>
</tr>
<tr>
<td>Management and general</td>
<td>37,321,328</td>
<td>34,707,395</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,007,163</td>
<td>1,029,382</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$191,842,007</strong></td>
<td><strong>$173,930,045</strong></td>
</tr>
</tbody>
</table>
## Springpoint Senior Living, Inc. and Affiliates

### Consolidating Schedule, Balance Sheet

**December 31, 2017**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Continuing Care Communities</th>
<th>Affordable Housing Communities</th>
<th>Low Income Housing Tax Credit Communities</th>
<th>Other Entities</th>
<th>Combined Total</th>
<th>Eliminating and Consolidating Entries</th>
<th>Consolidated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>$40,484,502</td>
<td>$696,584</td>
<td>$1,662,320</td>
<td>$(4,283,530)</td>
<td>$38,559,876</td>
<td>$-</td>
<td>$38,559,876</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$676,325</td>
<td>-</td>
<td>-</td>
<td>272,467</td>
<td>948,792</td>
<td>-</td>
<td>948,792</td>
</tr>
<tr>
<td><strong>Current portion of assets whose use is limited</strong></td>
<td>11,925,422</td>
<td>1,137</td>
<td>86,959</td>
<td>633,162</td>
<td>12,646,690</td>
<td>-</td>
<td>12,646,690</td>
</tr>
<tr>
<td><strong>Due from affiliates</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,319,433</td>
<td>5,319,433</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td>3,573,091</td>
<td>48,008</td>
<td>614,861</td>
<td>2,762,867</td>
<td>6,998,827</td>
<td>-319,530</td>
<td>6,679,297</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>56,659,340</td>
<td>745,729</td>
<td>2,364,140</td>
<td>4,704,399</td>
<td>64,473,608</td>
<td>-5,638,963</td>
<td>58,834,645</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>$71,507,382</td>
<td>-</td>
<td>-</td>
<td>40,008,920</td>
<td>111,516,302</td>
<td>-3,863,730</td>
<td>107,652,572</td>
</tr>
<tr>
<td><strong>Assets Whose Use is Limited</strong></td>
<td>24,377,677</td>
<td>5,847,689</td>
<td>8,877,971</td>
<td>17,849,773</td>
<td>56,953,110</td>
<td>-</td>
<td>56,953,110</td>
</tr>
<tr>
<td><strong>Investments Held under Split-Interest Agreements</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,369,619</td>
<td>4,369,619</td>
<td>-</td>
<td>4,369,619</td>
</tr>
<tr>
<td><strong>Investments Held by Others under Split-Interest Agreements</strong></td>
<td>16,674</td>
<td>-</td>
<td>-</td>
<td>940,862</td>
<td>957,536</td>
<td>-</td>
<td>957,536</td>
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<tr>
<td><strong>Beneficial Interest in Perpetual Trusts</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,026,507</td>
<td>4,026,507</td>
<td>(671,724)</td>
<td>3,354,783</td>
</tr>
<tr>
<td><strong>Due from Other Affiliates</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,213,736</td>
<td>7,213,736</td>
<td>(7,213,736)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Notes Receivable</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,449,132</td>
<td>33,449,132</td>
<td>(33,449,132)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loans Receivable from Affiliate</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,285,598</td>
<td>29,285,598</td>
<td>(29,285,598)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Property and Equipment, Net</strong></td>
<td>401,478,674</td>
<td>57,246,626</td>
<td>100,825,414</td>
<td>30,287,543</td>
<td>589,840,257</td>
<td>(11,872,564)</td>
<td>577,967,693</td>
</tr>
<tr>
<td><strong>Goodwill, Net</strong></td>
<td>87,774,045</td>
<td>-</td>
<td>-</td>
<td>5,539,449</td>
<td>93,313,494</td>
<td>-</td>
<td>93,313,494</td>
</tr>
<tr>
<td><strong>Other Assets, Net</strong></td>
<td>2,127,264</td>
<td>-</td>
<td>383,972</td>
<td>6,581,746</td>
<td>9,092,982</td>
<td>(5,437,349)</td>
<td>3,655,633</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$643,941,056</td>
<td>$63,842,044</td>
<td>$112,451,497</td>
<td>$184,257,284</td>
<td>$1,004,491,881</td>
<td>$(97,432,796)</td>
<td>$907,059,085</td>
</tr>
</tbody>
</table>
# Springpoint Senior Living, Inc. and Affiliates

**Consolidating Schedule, Balance Sheet**  
**December 31, 2017**

<table>
<thead>
<tr>
<th>Liabilities and Net Assets (Deficit)</th>
<th>Continuing Care Retirement Communities</th>
<th>Affordable Housing Communities</th>
<th>Low Income Housing Tax Credit Communities</th>
<th>Other Entities</th>
<th>Combined Total</th>
<th>Eliminating and Consolidating Entries</th>
<th>Consolidated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current maturities of long-term debt and capital lease obligations</td>
<td>$5,048,766</td>
<td>$ -</td>
<td>$6,472,952</td>
<td>$2,309,275</td>
<td>$13,830,993</td>
<td>$ -</td>
<td>$13,830,993</td>
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<tr>
<td>Current portion of construction line of credit</td>
<td>1,836,000</td>
<td>-</td>
<td>-</td>
<td>246,000</td>
<td>2,082,000</td>
<td>-</td>
<td>2,082,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>8,053,336</td>
<td>408,917</td>
<td>402,047</td>
<td>616,721</td>
<td>9,481,021</td>
<td>-</td>
<td>9,481,021</td>
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<tr>
<td>Accrued expenses</td>
<td>7,107,736</td>
<td>210,203</td>
<td>566,637</td>
<td>8,942,807</td>
<td>16,827,383</td>
<td>1,051,290</td>
<td>15,776,093</td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>1,001,701</td>
<td>60,071</td>
<td>1,626,383</td>
<td>2,668,560</td>
<td>5,356,715</td>
<td>5,356,715</td>
<td>-</td>
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<tr>
<td>Residents' deposits</td>
<td>1,878,738</td>
<td>275,083</td>
<td>455,850</td>
<td>-</td>
<td>2,609,671</td>
<td>-</td>
<td>2,609,671</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>24,926,277</td>
<td>954,274</td>
<td>9,523,869</td>
<td>14,783,363</td>
<td>50,187,783</td>
<td>6,408,005</td>
<td>43,779,778</td>
</tr>
<tr>
<td><strong>Long-Term Debt and Capital Lease Obligations</strong></td>
<td>206,170,317</td>
<td>3,136,140</td>
<td>52,558,304</td>
<td>9,217,936</td>
<td>271,082,697</td>
<td>-</td>
<td>271,082,697</td>
</tr>
<tr>
<td>Notes Payable to Affiliate</td>
<td>27,710,000</td>
<td>-</td>
<td>33,449,131</td>
<td>1,575,598</td>
<td>62,734,729</td>
<td>62,734,729</td>
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</tr>
<tr>
<td>Capital Advances</td>
<td>-</td>
<td>80,035,527</td>
<td>-</td>
<td>-</td>
<td>80,035,527</td>
<td>-</td>
<td>80,035,527</td>
</tr>
<tr>
<td>Due to Affiliates</td>
<td>6,288,925</td>
<td>-</td>
<td>-</td>
<td>924,281</td>
<td>7,213,206</td>
<td>7,213,206</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liability for Split-Interest Agreements and Deferred Gift Agreements</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,103,404</td>
<td>3,103,404</td>
<td>-</td>
<td>3,103,404</td>
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<tr>
<td>Deferred Revenue</td>
<td>219,588</td>
<td>-</td>
<td>-</td>
<td>18,409,943</td>
<td>18,629,531</td>
<td>18,629,531</td>
<td>-</td>
</tr>
<tr>
<td>Refundable Entrance Fees</td>
<td>336,623,227</td>
<td>-</td>
<td>-</td>
<td>535,996</td>
<td>337,159,223</td>
<td>-</td>
<td>337,159,223</td>
</tr>
<tr>
<td>Deferred Revenue from Entrance Fees</td>
<td>84,470,325</td>
<td>-</td>
<td>-</td>
<td>5,814,875</td>
<td>90,285,200</td>
<td>90,285,200</td>
<td>-</td>
</tr>
<tr>
<td>Construction Line of Credit, Net of Current Portion</td>
<td>19,781,650</td>
<td>-</td>
<td>-</td>
<td>27,454,000</td>
<td>47,235,650</td>
<td>47,235,650</td>
<td>-</td>
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<tr>
<td>Retainage Payable</td>
<td>1,618,401</td>
<td>-</td>
<td>-</td>
<td>750,000</td>
<td>2,368,401</td>
<td>2,368,401</td>
<td>-</td>
</tr>
<tr>
<td>Derivative Instruments</td>
<td>995,134</td>
<td>-</td>
<td>(111,909)</td>
<td>883,225</td>
<td>-</td>
<td>883,225</td>
<td>-</td>
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<tr>
<td><strong>Other Liabilities</strong></td>
<td>2,381,716</td>
<td>-</td>
<td>3,575,671</td>
<td>3,633,578</td>
<td>9,590,965</td>
<td>5,069,180</td>
<td>4,521,785</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>711,185,560</td>
<td>84,125,941</td>
<td>99,106,975</td>
<td>86,091,065</td>
<td>980,509,541</td>
<td>100,054,651</td>
<td>880,454,890</td>
</tr>
<tr>
<td><strong>Net Assets (Deficit)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(75,372,842)</td>
<td>(20,283,897)</td>
<td>1,100,108</td>
<td>93,420,111</td>
<td>(1,136,520)</td>
<td>3,293,579</td>
<td>2,157,059</td>
</tr>
<tr>
<td>Non-controlling ownership interest in limited partnerships</td>
<td>-</td>
<td>-</td>
<td>12,244,414</td>
<td>-</td>
<td>12,244,414</td>
<td>-</td>
<td>12,244,414</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>923,338</td>
<td>-</td>
<td>-</td>
<td>7,755,850</td>
<td>8,679,188</td>
<td>-</td>
<td>8,679,188</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,195,258</td>
<td>4,195,258</td>
<td>(671,724)</td>
<td>3,523,534</td>
</tr>
<tr>
<td>Member's Equity</td>
<td>7,205,000</td>
<td>-</td>
<td>-</td>
<td>(7,205,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total net assets (deficit)</strong></td>
<td>(67,244,504)</td>
<td>(20,283,897)</td>
<td>13,344,522</td>
<td>98,166,219</td>
<td>23,982,340</td>
<td>2,621,855</td>
<td>26,604,195</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets (deficit)</strong></td>
<td>$643,941,056</td>
<td>$63,842,044</td>
<td>$112,451,497</td>
<td>$184,257,284</td>
<td>$1,004,491,881</td>
<td>$97,432,796</td>
<td>$907,059,085</td>
</tr>
</tbody>
</table>
Changes in Unrestricted Net Assets (Deficit)

Revenues and other support:
Revenue from residential facilities $69,333,078 $7,600,880 $11,602,317 $ - $ - $88,554,275 $ - $88,554,275
Revenue from healthcare facilities 58,371,006 - - - - 58,371,006 - 58,371,006
Services to residents 7,548,625 - - - - 6,297,999 13,846,624 - 13,846,624
Developer and management fees - - - - - - - -
Contributions and bequests 487,516 - - - - 1,869,288 2,356,804 (1,132,979) 1,223,825
Interest and dividends 1,376,123 2,790 13,503 - 1,890,170 2,042,586 (73,843) 1,969,743
Other revenue 890,050 44,581 222,839 1,422,372 2,579,842 (852,464) 1,727,378
Net assets released from restrictions used for operations 971,221 - - - - 453,477 1,424,698 (196,231) 1,228,467

Total revenues and other support 138,977,619 7,648,251 11,856,659 22,004,939 180,487,468 (13,567,150) 166,920,318

Expenses:
Professional care of residents 41,162,771 - - - 494,154 41,656,925 - 41,656,925
Resident services 4,918,730 - - - - 4,918,730 - 4,918,730
Dining services 20,925,655 - - - - 20,925,655 (153,920) 20,771,735
Housekeeping and laundry 7,055,409 - - - - 7,055,409 - 7,055,409
Administrative and general 11,995,167 2,512,183 2,760,501 12,173,446 29,441,297 (1,099,245) 28,342,052
Resident assistance and program services - - - 1,813,823 1,813,823 (1,329,210) 484,613
Marketing 4,826,471 - - - 1,255,913 6,082,384 - 6,082,384
Insurance 1,911,907 363,960 608,131 205,378 3,089,376 - 3,089,376
Springpoint Senior Living, Inc. management fee 8,667,177 513,956 678,488 1,009,459 10,889,080 (10,889,080) -
Interest 6,015,673 - 3,008,677 490,499 9,514,849 (1,036,177) 8,478,672
Provision for bad debts 814,585 - - - 95 814,680 - 814,680

Total expenses 134,730,677 8,678,779 11,308,137 22,062,246 174,979,839 (14,507,632) 160,472,207

Operating income 4,246,942 769,472 548,522 (57,307) 5,507,629 940,482 6,448,111

Change in unrealized gains on investments 5,437,238 - - - 3,411,325 8,848,563 - 8,848,563
Net realized gains on investments 1,279,760 - - - 1,902,667 3,182,427 - 3,182,427
Amortization of entrance fees 14,670,434 - - - 14,801,853 - 14,801,853
Change in fair value of derivative financial instruments 996,293 - - - 1,011,902 2,008,195 - 2,008,195
Loss on disposal of fixed assets (7,639) - - - (7,639) - (7,639)
Net asset transfer - - - - 118,878 118,878 - 118,878
Equity contribution from limited partner - - - - 552,390 552,390 - 552,390
Depreciation and amortization (24,868,092) (2,345,892) (3,610,839) (800,692) (31,634,515) 342,816 (31,291,699)

Revenues and other support in excess of (less than) expenses 1,684,936 (1,576,420) (2,391,049) 3,429,625 1,147,092 1,048,594 2,195,686

Pension liability reduction (118,329) - - - (118,329) - (118,329)

Change in unrestricted net assets $1,566,607 $(1,576,420) $(2,391,049) $3,429,625 $1,028,763 $1,048,594 $2,077,357
## Changes in Temporarily Restricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Continuing Care Communities</th>
<th>Affordable Housing Communities</th>
<th>Low Income Housing Tax Credit Communities</th>
<th>Other Entities</th>
<th>Combined Total</th>
<th>Eliminating and Consolidating Entries</th>
<th>Consolidated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,019,170</td>
<td>-</td>
<td>$688,939</td>
<td>$1,708,109</td>
<td>$1,708,109</td>
<td>$196,231</td>
<td>$1,511,878</td>
</tr>
<tr>
<td>Reclassification from unrestricted</td>
<td>452,609</td>
<td>-</td>
<td>57,677</td>
<td>452,609</td>
<td>-</td>
<td>57,677</td>
<td>452,609</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>-</td>
<td>-</td>
<td>721,841</td>
<td>-</td>
<td>-</td>
<td>721,841</td>
<td>721,841</td>
</tr>
<tr>
<td>Investment income</td>
<td>25,397</td>
<td>-</td>
<td>696,444</td>
<td>-</td>
<td>-</td>
<td>(1,469)</td>
<td>(1,469)</td>
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<tr>
<td>Net unrealized loss on investments</td>
<td>(1,469)</td>
<td>-</td>
<td>(435,018)</td>
<td>-</td>
<td>-</td>
<td>196,231</td>
<td>(1,210,007)</td>
</tr>
<tr>
<td>Net assets released from restrictions for operations</td>
<td>(971,220)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Increase in temporarily restricted net assets</td>
<td>524,487</td>
<td>-</td>
<td>1,008,042</td>
<td>1,532,529</td>
<td>-</td>
<td>1,532,529</td>
<td>-</td>
</tr>
</tbody>
</table>

## Changes in Permanently Restricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Continuing Care Communities</th>
<th>Affordable Housing Communities</th>
<th>Low Income Housing Tax Credit Communities</th>
<th>Other Entities</th>
<th>Combined Total</th>
<th>Eliminating and Consolidating Entries</th>
<th>Consolidated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in value of perpetual trusts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>382,657</td>
<td>382,657</td>
<td>(64,133)</td>
<td>318,524</td>
</tr>
<tr>
<td>Increase (decrease) in permanently restricted net assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(64,133)</td>
<td>318,524</td>
</tr>
<tr>
<td>Change in unrestricted net assets (deficit)</td>
<td>2,091,094</td>
<td>(1,576,420)</td>
<td>(2,391,049)</td>
<td>4,820,324</td>
<td>2,943,949</td>
<td>984,461</td>
<td>3,928,410</td>
</tr>
<tr>
<td>Net Assets (Deficit), Beginning</td>
<td>(69,335,598)</td>
<td>(18,707,477)</td>
<td>15,735,571</td>
<td>93,345,895</td>
<td>21,038,391</td>
<td>1,637,394</td>
<td>22,675,785</td>
</tr>
<tr>
<td>Net Assets (Deficit), Ending</td>
<td>$ (67,244,504)</td>
<td>$ (20,283,897)</td>
<td>$ 13,344,522</td>
<td>$ 98,166,219</td>
<td>$ 23,982,340</td>
<td>$ 2,621,856</td>
<td>$ 26,604,195</td>
</tr>
</tbody>
</table>
### Continuing Care Retirement Communities: Combining Schedule, Balance Sheet
December 31, 2017

#### Assets

<table>
<thead>
<tr>
<th></th>
<th>The Atrium</th>
<th>Crestwood Manor</th>
<th>Meadow Lakes</th>
<th>Monroe Village</th>
<th>The Moorings at Lewes</th>
<th>The Oaks at Denville</th>
<th>Stonebridge @ Montgomery</th>
<th>Winchester Gardens</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,766,123</td>
<td>$3,398,972</td>
<td>$2,726,442</td>
<td>$5,611,712</td>
<td>$2,418,899</td>
<td>$8,923,717</td>
<td>$12,004,647</td>
<td>$1,632,990</td>
<td>$40,484,502</td>
</tr>
<tr>
<td>Current portion of assets whose use is limited</td>
<td>22,228</td>
<td>112,106</td>
<td>66,565</td>
<td>67,209</td>
<td>191</td>
<td>32,432</td>
<td>70,287</td>
<td>305,307</td>
<td>676,325</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>570,153</td>
<td>2,057,418</td>
<td>1,043,835</td>
<td>1,706,542</td>
<td>3,842,818</td>
<td>1,801,144</td>
<td>685,258</td>
<td>218,254</td>
<td>11,925,422</td>
</tr>
<tr>
<td>Other current assets</td>
<td>270,506</td>
<td>250,371</td>
<td>428,370</td>
<td>214,425</td>
<td>1,339,317</td>
<td>373,232</td>
<td>294,145</td>
<td>402,725</td>
<td>3,573,091</td>
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<tr>
<td>Total current assets</td>
<td>4,629,010</td>
<td>5,818,867</td>
<td>4,265,212</td>
<td>7,599,888</td>
<td>11,602,225</td>
<td>13,054,337</td>
<td>2,559,276</td>
<td>56,659,340</td>
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<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,892,756</td>
<td>11,001,045</td>
<td>817,674</td>
<td>-</td>
<td>5,904,807</td>
<td>3,358,945</td>
<td>15,972,970</td>
<td>26,559,185</td>
<td>71,507,382</td>
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<tr>
<td><strong>Assets Whose Use is Limited</strong></td>
<td>1,782,794</td>
<td>2,493,615</td>
<td>3,420,464</td>
<td>2,846,348</td>
<td>3,211,131</td>
<td>3,874,844</td>
<td>3,594,929</td>
<td>3,153,552</td>
<td>24,377,677</td>
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<tr>
<td>Investments Held Under Split-Interest Agreements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,674</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,674</td>
</tr>
<tr>
<td>Property and Equipment, Net</td>
<td>60,701,522</td>
<td>29,081,598</td>
<td>51,804,731</td>
<td>28,115,774</td>
<td>35,185,430</td>
<td>71,331,826</td>
<td>66,712,443</td>
<td>56,545,350</td>
<td>401,478,674</td>
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<td>Goodwill, Net</td>
<td>-</td>
<td>-</td>
<td>675,588</td>
<td>19,297,864</td>
<td>29,121,740</td>
<td>-</td>
<td>-</td>
<td>87,774,045</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$75,233,781</td>
<td>$48,395,125</td>
<td>$60,327,888</td>
<td>$39,237,598</td>
<td>$72,458,536</td>
<td>$119,135,450</td>
<td>$99,334,679</td>
<td>$643,941,056</td>
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</table>

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48
### Liabilities and Net Assets (Deficit)

#### Current Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Atrium</th>
<th>Crestwood Manor</th>
<th>Meadow Lakes</th>
<th>Monroe Village</th>
<th>The Moorings at Lewes</th>
<th>The Oaks at Denville</th>
<th>Stonebridge @ Winchester</th>
<th>Montgomery Gardens</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current maturities of long-term debt and capital lease obligations</td>
<td>$1,922,015</td>
<td>$99,461</td>
<td>$2,172,803</td>
<td>$204,435</td>
<td>$555,000</td>
<td>$53,246</td>
<td>$26,276</td>
<td>$5,048,766</td>
<td></td>
</tr>
<tr>
<td>Current portion of construction line of credit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>242,196</td>
<td>691,386</td>
<td>1,039,967</td>
<td>678,869</td>
<td>487,397</td>
<td>914,917</td>
<td>1,488,576</td>
<td>2,510,028</td>
<td>8,053,336</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>424,858</td>
<td>715,795</td>
<td>2,061,179</td>
<td>620,044</td>
<td>731,790</td>
<td>1,094,707</td>
<td>760,659</td>
<td>788,704</td>
<td>7,107,736</td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>(52,137)</td>
<td>83,601</td>
<td>91,023</td>
<td>143,292</td>
<td>(74,159)</td>
<td>159,984</td>
<td>84,371</td>
<td>566,726</td>
<td>1,001,701</td>
</tr>
<tr>
<td>Residents’ deposits</td>
<td>91,962</td>
<td>167,113</td>
<td>227,424</td>
<td>339,553</td>
<td>120,400</td>
<td>111,282</td>
<td>471,047</td>
<td>349,957</td>
<td>1,878,738</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,628,894</td>
<td>1,757,356</td>
<td>5,592,396</td>
<td>1,986,193</td>
<td>2,244,136</td>
<td>4,432,929</td>
<td>4,463,945</td>
<td>24,926,277</td>
<td></td>
</tr>
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</table>

#### Long-Term Debt and Capital Lease Obligations

<table>
<thead>
<tr>
<th>Description</th>
<th>Atrium</th>
<th>Crestwood Manor</th>
<th>Meadow Lakes</th>
<th>Monroe Village</th>
<th>The Moorings at Lewes</th>
<th>The Oaks at Denville</th>
<th>Stonebridge @ Winchester</th>
<th>Montgomery Gardens</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable to Affiliate</td>
<td>24,710,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to Affiliates</td>
<td>6,288,925</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Refundable Entrance Fees</td>
<td>36,066,681</td>
<td>6,775,837</td>
<td>36,240,033</td>
<td>27,795,043</td>
<td>47,008,362</td>
<td>53,319,798</td>
<td>55,249,397</td>
<td>74,148,076</td>
<td>336,623,227</td>
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<tr>
<td>Deferred Revenue from Entrance Fees</td>
<td>11,899,996</td>
<td>5,847,862</td>
<td>16,140,444</td>
<td>10,056,182</td>
<td>5,232,143</td>
<td>13,275,732</td>
<td>14,192,414</td>
<td>7,825,552</td>
<td>84,470,325</td>
</tr>
<tr>
<td>Construction Line of Credit, Net of Current Portion</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,326,000</td>
<td>16,455,650</td>
<td>19,781,650</td>
<td>45,571,641</td>
</tr>
<tr>
<td>Retainage Payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129,098</td>
<td>-</td>
<td>1,489,303</td>
<td>1,618,401</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,333</td>
<td>31,684</td>
<td>-</td>
<td>4,461</td>
<td>219,588</td>
</tr>
<tr>
<td>Derivative Instruments</td>
<td>444,043</td>
<td>(348,850)</td>
<td>18,451</td>
<td>(96,261)</td>
<td>-</td>
<td>-</td>
<td>(206,478)</td>
<td>1,183,229</td>
<td>995,134</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>2,381,716</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>104,091,498</td>
<td>40,946,009</td>
<td>77,546,121</td>
<td>48,736,806</td>
<td>72,239,020</td>
<td>110,208,689</td>
<td>125,099,712</td>
<td>711,185,560</td>
<td></td>
</tr>
</tbody>
</table>

#### Net Assets (Deficit)

<table>
<thead>
<tr>
<th>Description</th>
<th>Atrium</th>
<th>Crestwood Manor</th>
<th>Meadow Lakes</th>
<th>Monroe Village</th>
<th>The Moorings at Lewes</th>
<th>The Oaks at Denville</th>
<th>Stonebridge @ Winchester</th>
<th>Montgomery Gardens</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>(28,876,979)</td>
<td>7,398,942</td>
<td>(17,282,243)</td>
<td>(9,820,164)</td>
<td>(233,157)</td>
<td>1,710,540</td>
<td>(25,767,746)</td>
<td>(2,502,035)</td>
<td>(75,372,842)</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>19,262</td>
<td>50,174</td>
<td>64,010</td>
<td>320,956</td>
<td>452,673</td>
<td>11,221</td>
<td>2,713</td>
<td>2,329</td>
<td>923,338</td>
</tr>
<tr>
<td>Member’s equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,205,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total net assets (deficit)</td>
<td>(28,857,717)</td>
<td>7,449,116</td>
<td>(17,218,233)</td>
<td>(9,499,208)</td>
<td>219,516</td>
<td>8,926,761</td>
<td>(25,765,033)</td>
<td>(2,499,706)</td>
<td>(67,244,504)</td>
</tr>
<tr>
<td>Total liabilities and net assets (deficit)</td>
<td>$75,233,781</td>
<td>$48,395,125</td>
<td>$60,327,888</td>
<td>$39,237,598</td>
<td>$72,458,536</td>
<td>$119,135,450</td>
<td>$99,334,679</td>
<td>$129,817,999</td>
<td>$643,941,056</td>
</tr>
</tbody>
</table>
Changes in Unrestricted Net Assets (Deficit)

Revenues and other support:

Revenue from residential facilities $7,445,030 $8,238,942 $11,280,669 $6,666,719 $1,277,164 $10,185,811 $10,538,680 $10,690,063 $69,333,078

Revenue from healthcare facilities 4,019,029 7,438,287 10,142,518 8,781,640 1,870,695 11,655,853 8,370,579 6,092,406 58,371,008

Services to residents 445,232 1,749,481 992,149 1,957,176 83,055 722,889 1,071,024 527,610 7,548,625

Contributions and bequests 118,078 67,077 83,629 96,484 - 51,227 71,021 487,516

Interest and dividends 146,901 206,336 63,391 43,395 55,263 80,748 302,277 477,912 1,376,123

Other revenue 8,094 146,877 6,986 100,129 4,690,633 108,339 43,932 890,050

Net assets released from restriction used for operations 94,235 212,486 111,744 118,813 147,301 183,887 102,755 971,221

Total revenues and other support 12,276,598 18,059,486 22,690,866 19,770,356 3,286,177 23,313,531 21,645,807 17,934,678 138,977,619

Expenses:

Professional care of patients 3,666,310 5,050,261 6,351,885 5,958,172 1,230,337 9,470,441 6,251,498 3,183,867 41,162,711

Resident services 641,479 522,067 648,072 639,080 77,038 787,339 642,822 960,833 4,918,730

Dining services 1,864,628 2,866,483 3,552,239 3,258,734 502,860 2,807,204 3,212,389 2,861,118 20,925,655

Operation and maintenance of facility 2,327,252 2,360,801 5,162,660 3,324,119 453,938 4,165,029 3,734,424 4,890,909 26,419,132

Housekeeping and laundry 709,726 989,745 1,193,909 751,168 113,603 1,325,372 930,016 1,039,870 7,053,409

Administrative and general 1,260,850 2,000,638 1,628,002 1,830,148 436,519 1,863,742 1,781,490 1,394,778 11,995,167

Marketing 485,362 638,290 662,066 874,240 152,404 648,330 686,115 679,664 4,826,471

Insurance 245,533 219,570 321,886 43,395 300,641 250,804 325,409 1,911,907

Springpoint Senior Living, Inc. management fee 844,229 1,164,929 1,473,960 1,280,609 - 1,199,380 1,466,315 1,257,755 8,687,177

Interest 698,617 970,429 610,122 321,915 197,585 1,091,833 1,255,604 869,568 6,015,673

Provision for doubtful accounts 21,358 258,301 211,888 163,605 20,155 155,917 (56,506) 39,667 814,585

Total expenses 12,755,344 17,041,514 21,816,689 18,406,378 3,227,115 23,815,228 20,154,971 17,503,438 134,730,677

Operating (loss) income (488,746) 1,017,972 874,297 1,363,978 59,062 (501,697) 1,490,836 431,240 4,246,942

Change in unrealized gains and losses on investments 486,360 712,971 176,711 137,648 227,933 180,346 1,355,490 2,159,785 5,437,238

Net realized gains and losses on investments 164,625 222,598 69,941 48,887 - 56,189 289,525 444,942 1,279,760

Amortization of entrance fees 1,849,923 1,435,558 2,677,286 2,360,337 221,311 2,625,301 2,251,929 1,248,787 14,670,434

Net change in fair value of derivative financial instruments 118,668 169,110 149,873 58,395 - 218,165 292,078 996,293

Gain on disposal of fixed assets (9,520) (66,072) 4,500 - - - (6,547) - - (77,639)

Depreciation and amortization (2,799,548) (2,655,014) (4,486,305) (3,309,530) (741,463) (2,084,666) (4,178,928) (4,630,638) (24,868,092)

Revenues and other support (less than) in excess of expenses (678,238) 837,123 (526,642) 653,717 (233,157) 275,469 1,420,470 (63,806) 1,684,936

Pension liability adjustment - - (118,329) - - - - (118,329)

Change in unrestricted net assets (678,238) 837,123 (644,971) 653,717 (233,157) 275,469 1,420,470 (63,806) 1,566,607

The Atrium Crestwood Meadow Monroe The Moorings The Oaks Stonebridge @ Winchester Winchester Gardens Combined

Manor Lakes Village at Lewes at Montgomery Gardens Total

996,293

50
Springpoint Senior Living, Inc. And Affiliates  
Continuing Care Retirement Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)  
Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Changes in Temporarily Restricted Net Assets</th>
<th>The Atrium</th>
<th>Crestwood Manor</th>
<th>Meadow Lakes</th>
<th>Monroe Village</th>
<th>The Moorings at Lewes</th>
<th>The Oaks at Denville</th>
<th>Stonebridge @ Montgomery</th>
<th>Winchester Gardens</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 94,408</td>
<td>$ 213,057</td>
<td>$ 153,030</td>
<td>$ 128,586</td>
<td>$ 64</td>
<td>$ 146,092</td>
<td>$ 180,346</td>
<td>$ 103,587</td>
<td>$ 1,019,170</td>
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<tr>
<td>Reclassification from unrestricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 452,609</td>
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<tr>
<td>Investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 25,397</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net unrealized loss on investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ (1,469)</td>
</tr>
<tr>
<td>Net assets released from restriction used for operations</td>
<td>(94,235)</td>
<td>(212,486)</td>
<td>(111,743)</td>
<td>(118,813)</td>
<td>-</td>
<td>(147,301)</td>
<td>(183,887)</td>
<td>(102,755)</td>
<td>(971,220)</td>
</tr>
<tr>
<td>(Decrease) increase in temporarily restricted net assets</td>
<td>173</td>
<td>571</td>
<td>41,287</td>
<td>33,701</td>
<td>452,673</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>524,487</td>
</tr>
<tr>
<td>Change in net assets (deficit)</td>
<td>(678,065)</td>
<td>837,694</td>
<td>(603,684)</td>
<td>(687,418)</td>
<td>219,516</td>
<td>274,260</td>
<td>1,416,929</td>
<td>(62,974)</td>
<td>2,091,094</td>
</tr>
<tr>
<td>Net Assets (Deficit), Beginning</td>
<td>(28,179,652)</td>
<td>6,611,422</td>
<td>(16,614,549)</td>
<td>(10,186,620)</td>
<td>-</td>
<td>8,652,501</td>
<td>(27,181,962)</td>
<td>(2,436,732)</td>
<td>(69,335,598)</td>
</tr>
<tr>
<td>Net Assets (Deficit), Ending</td>
<td>$ (28,657,717)</td>
<td>$ 7,449,116</td>
<td>$ (17,218,233)</td>
<td>$ (9,499,208)</td>
<td>$ 219,516</td>
<td>$ 8,926,761</td>
<td>$ (25,765,033)</td>
<td>$ (2,499,706)</td>
<td>$ (67,244,504)</td>
</tr>
</tbody>
</table>
## Middlesex Borough Senior Citizens Housing Corporation

### Current Assets

<table>
<thead>
<tr>
<th></th>
<th>PH at Dover</th>
<th>PH at Galloway (Countryside Meadows)</th>
<th>PH at East Windsor (Wheaton Pointe)</th>
<th>PH at Howell (Howell Crossroads)</th>
<th>PH at Manchester</th>
<th>PH at Atlantic Highlands (Portland Pointe)</th>
<th>PH at West Windsor (the Gables)</th>
<th>PH at Stafford</th>
<th>PH at Watchung Meadows</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$74,309</td>
<td>$116,395</td>
<td>$76,539</td>
<td>$57,224</td>
<td>$35,975</td>
<td>$39,859</td>
<td>$51,737</td>
<td>$81,326</td>
<td>$101,065</td>
<td>$696,584</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>359</td>
<td>(717)</td>
<td>(174)</td>
<td>(776)</td>
<td>182</td>
<td>(342)</td>
<td>254</td>
<td>(106)</td>
<td>2,015</td>
<td>1,137</td>
</tr>
<tr>
<td>Other current assets</td>
<td>5,824</td>
<td>1,372</td>
<td>12,438</td>
<td>4,434</td>
<td>6,199</td>
<td>6,981</td>
<td>-</td>
<td>3,922</td>
<td>4,994</td>
<td>46,008</td>
</tr>
</tbody>
</table>

Total current assets: $80,492, $117,050, $88,803, $60,882, $42,356, $46,498, $51,991, $85,142, $108,074, $64,441, $745,729

### Assets Whose Use is Limited

<table>
<thead>
<tr>
<th></th>
<th>PH at Dover</th>
<th>PH at Galloway (Countryside Meadows)</th>
<th>PH at East Windsor (Wheaton Pointe)</th>
<th>PH at Howell (Howell Crossroads)</th>
<th>PH at Manchester</th>
<th>PH at Atlantic Highlands (Portland Pointe)</th>
<th>PH at West Windsor (the Gables)</th>
<th>PH at Stafford</th>
<th>PH at Watchung Meadows</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and Equipment, Net</td>
<td>681,031</td>
<td>659,777</td>
<td>664,349</td>
<td>616,752</td>
<td>560,390</td>
<td>495,700</td>
<td>456,868</td>
<td>682,605</td>
<td>516,838</td>
<td>5,847,689</td>
</tr>
</tbody>
</table>

Total assets: $11,165,354, $3,596,613, $5,920,557, $7,289,599, $4,831,482, $11,953,644, $3,249,950, $3,669,872, $6,552,809, $5,612,164, $63,842,044

### Current Liabilities

<table>
<thead>
<tr>
<th></th>
<th>PH at Dover</th>
<th>PH at Galloway (Countryside Meadows)</th>
<th>PH at East Windsor (Wheaton Pointe)</th>
<th>PH at Howell (Howell Crossroads)</th>
<th>PH at Manchester</th>
<th>PH at Atlantic Highlands (Portland Pointe)</th>
<th>PH at West Windsor (the Gables)</th>
<th>PH at Stafford</th>
<th>PH at Watchung Meadows</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$34,788</td>
<td>$31,200</td>
<td>$78,454</td>
<td>$32,612</td>
<td>$22,407</td>
<td>$25,348</td>
<td>$32,052</td>
<td>$68,717</td>
<td>$33,137</td>
<td>$406,917</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>30,606</td>
<td>30,768</td>
<td>19,628</td>
<td>21,933</td>
<td>21,579</td>
<td>15,302</td>
<td>11,834</td>
<td>15,847</td>
<td>210,203</td>
<td></td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>4,876</td>
<td>1,484</td>
<td>3,845</td>
<td>3,026</td>
<td>3,719</td>
<td>23,841</td>
<td>4,977</td>
<td>4,899</td>
<td>60,071</td>
<td></td>
</tr>
<tr>
<td>Residents' deposits</td>
<td>33,922</td>
<td>28,200</td>
<td>20,485</td>
<td>25,990</td>
<td>32,390</td>
<td>32,287</td>
<td>30,505</td>
<td>15,099</td>
<td>275,083</td>
<td></td>
</tr>
</tbody>
</table>

Total current liabilities: $104,192, $91,652, $121,512, $81,256, $80,509, $103,055, $73,528, $113,757, $115,833, $68,962, $954,274

### Long-Term Debt

<table>
<thead>
<tr>
<th></th>
<th>PH at Dover</th>
<th>PH at Galloway (Countryside Meadows)</th>
<th>PH at East Windsor (Wheaton Pointe)</th>
<th>PH at Howell (Howell Crossroads)</th>
<th>PH at Manchester</th>
<th>PH at Atlantic Highlands (Portland Pointe)</th>
<th>PH at West Windsor (the Gables)</th>
<th>PH at Stafford</th>
<th>PH at Watchung Meadows</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Advances</td>
<td>10,812,100</td>
<td>5,773,700</td>
<td>8,179,100</td>
<td>8,767,400</td>
<td>7,434,000</td>
<td>11,638,400</td>
<td>5,274,727</td>
<td>6,270,600</td>
<td>7,869,900</td>
<td>80,035,527</td>
</tr>
</tbody>
</table>

Total liabilities: $11,694,972, $5,865,352, $8,300,612, $9,627,336, $7,514,509, $12,542,455, $5,348,253, $6,384,357, $8,764,513, $8,083,582, $84,125,941

### Net Deficit

<table>
<thead>
<tr>
<th></th>
<th>PH at Dover</th>
<th>PH at Galloway (Countryside Meadows)</th>
<th>PH at East Windsor (Wheaton Pointe)</th>
<th>PH at Howell (Howell Crossroads)</th>
<th>PH at Manchester</th>
<th>PH at Atlantic Highlands (Portland Pointe)</th>
<th>PH at West Windsor (the Gables)</th>
<th>PH at Stafford</th>
<th>PH at Watchung Meadows</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>(529,618)</td>
<td>(2,288,739)</td>
<td>(2,380,055)</td>
<td>(2,337,737)</td>
<td>(2,683,027)</td>
<td>(588,811)</td>
<td>(2,084,303)</td>
<td>(2,714,485)</td>
<td>(2,417,704)</td>
<td>(20,283,897)</td>
</tr>
</tbody>
</table>

Total liabilities and net deficit: $11,165,354, $3,596,613, $5,920,557, $7,289,599, $4,831,482, $11,953,644, $3,249,950, $3,669,872, $6,552,809, $5,612,164, $63,842,044
### Affordable Housing Communities: Combining Schedule, Statement of Operations and Changes in Net Deficit

#### Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>REVENUES AND OTHER SUPPORT</th>
<th></th>
<th></th>
<th></th>
<th>EXPENSES:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue from residential facilities</td>
<td>$739,844</td>
<td>$826,383</td>
<td>$783,960</td>
<td>$724,848</td>
<td>$730,976</td>
<td>$776,442</td>
<td>$787,048</td>
<td>$887,765</td>
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<tr>
<td></td>
<td>Interest and dividends</td>
<td>306</td>
<td>299</td>
<td>311</td>
<td>284</td>
<td>221</td>
<td>243</td>
<td>315</td>
<td>243</td>
</tr>
<tr>
<td></td>
<td>Other revenue</td>
<td>6,325</td>
<td>890</td>
<td>5,484</td>
<td>4,846</td>
<td>5,269</td>
<td>4,417</td>
<td>3,203</td>
<td>5,653</td>
</tr>
<tr>
<td></td>
<td>Total revenues and other support</td>
<td>$746,475</td>
<td>$827,572</td>
<td>$789,755</td>
<td>$730,401</td>
<td>$735,614</td>
<td>$619,730</td>
<td>$793,016</td>
<td>$894,293</td>
</tr>
<tr>
<td></td>
<td>Operating income</td>
<td>314,634</td>
<td>350,027</td>
<td>366,749</td>
<td>366,585</td>
<td>346,126</td>
<td>347,380</td>
<td>276,026</td>
<td>365,834</td>
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<tr>
<td></td>
<td>Administrative and general</td>
<td>240,615</td>
<td>259,149</td>
<td>239,720</td>
<td>275,675</td>
<td>251,746</td>
<td>216,648</td>
<td>230,678</td>
<td>255,265</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>42,958</td>
<td>35,691</td>
<td>32,750</td>
<td>36,786</td>
<td>36,866</td>
<td>41,158</td>
<td>26,772</td>
<td>34,660</td>
</tr>
<tr>
<td></td>
<td>Springpoint Senior Living, Inc. management fee</td>
<td>54,432</td>
<td>53,784</td>
<td>52,416</td>
<td>52,416</td>
<td>55,080</td>
<td>53,485</td>
<td>35,568</td>
<td>55,501</td>
</tr>
<tr>
<td></td>
<td>Total expenses</td>
<td>652,639</td>
<td>698,651</td>
<td>691,635</td>
<td>731,462</td>
<td>689,818</td>
<td>658,671</td>
<td>569,044</td>
<td>711,260</td>
</tr>
<tr>
<td></td>
<td>Depreciation and amortization</td>
<td>(324,914)</td>
<td>(178,494)</td>
<td>(229,296)</td>
<td>(262,099)</td>
<td>(216,875)</td>
<td>(323,209)</td>
<td>(196,090)</td>
<td>(234,593)</td>
</tr>
<tr>
<td></td>
<td>Change in unrestricted net deficit</td>
<td>(231,078)</td>
<td>(49,573)</td>
<td>(131,176)</td>
<td>(211,964)</td>
<td>(176,292)</td>
<td>(246,266)</td>
<td>(177,059)</td>
<td>(114,334)</td>
</tr>
<tr>
<td></td>
<td>Net Deficit, Beginning</td>
<td>(298,540)</td>
<td>(219,166)</td>
<td>(2,248,879)</td>
<td>(2,125,773)</td>
<td>(2,506,735)</td>
<td>(342,545)</td>
<td>(1,980,711)</td>
<td>(2,600,151)</td>
</tr>
<tr>
<td></td>
<td>Net Deficit, Ending</td>
<td>$ (529,618)</td>
<td>$ (2,268,739)</td>
<td>$ (2,380,055)</td>
<td>$ (2,337,737)</td>
<td>$ (2,683,027)</td>
<td>$ (588,811)</td>
<td>$ (2,098,303)</td>
<td>$ (2,714,485)</td>
</tr>
</tbody>
</table>
### Springpoint Senior Living, Inc. And Affiliates

Low Income Housing Tax Credit Communities: Combining Schedule, Balance Sheet

December 31, 2017

<table>
<thead>
<tr>
<th>Assets</th>
<th>Asbury Senior Citizens Housing</th>
<th>Butler Senior Citizens Housing</th>
<th>Howell Senior Citizens Housing</th>
<th>Manchester Senior Citizens Housing</th>
<th>Mount Holly Senior Citizens Housing</th>
<th>Plainfield Senior Citizens Housing</th>
<th>Ramsey Senior Citizens Housing</th>
<th>Wall Senior Citizens Housing</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>789,083</td>
<td>178,789</td>
<td>155,552</td>
<td>105,031</td>
<td>88,100</td>
<td>179,990</td>
<td>125,674</td>
<td>40,101</td>
<td>1,662,320</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>47,341</td>
<td>229</td>
<td>9,993</td>
<td>2,552</td>
<td>138</td>
<td>18,517</td>
<td>849</td>
<td>7,340</td>
<td>86,959</td>
</tr>
<tr>
<td>Other current assets</td>
<td>269,911</td>
<td>65,651</td>
<td>53,608</td>
<td>35,333</td>
<td>26,859</td>
<td>72,521</td>
<td>49,312</td>
<td>41,666</td>
<td>614,861</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,106,335</td>
<td>244,669</td>
<td>219,153</td>
<td>142,916</td>
<td>115,097</td>
<td>271,028</td>
<td>175,835</td>
<td>89,107</td>
<td>2,364,140</td>
</tr>
<tr>
<td>Assets Whose Use is Limited</td>
<td>2,577,819</td>
<td>1,059,789</td>
<td>1,051,661</td>
<td>497,057</td>
<td>216,383</td>
<td>1,363,324</td>
<td>1,107,853</td>
<td>1,004,085</td>
<td>8,877,971</td>
</tr>
<tr>
<td>Property and Equipment, Net</td>
<td>44,002,362</td>
<td>7,303,870</td>
<td>8,042,737</td>
<td>8,683,038</td>
<td>3,192,547</td>
<td>13,961,149</td>
<td>9,466,548</td>
<td>6,173,163</td>
<td>100,825,414</td>
</tr>
<tr>
<td>Other Assets, Net</td>
<td>193,074</td>
<td>12,477</td>
<td>18,099</td>
<td>55,772</td>
<td>15,000</td>
<td>69,323</td>
<td>11,418</td>
<td>8,809</td>
<td>383,972</td>
</tr>
<tr>
<td>Total assets</td>
<td>47,879,590</td>
<td>8,620,805</td>
<td>9,331,650</td>
<td>9,378,783</td>
<td>3,539,027</td>
<td>15,664,824</td>
<td>10,761,654</td>
<td>7,275,164</td>
<td>112,451,497</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Deficit</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>342,703</td>
<td>147,136</td>
<td>132,770</td>
<td>5,434,934</td>
<td>130,162</td>
<td>158,823</td>
<td>126,424</td>
<td>6,472,952</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>374,307</td>
<td>39,886</td>
<td>27,182</td>
<td>13,728</td>
<td>40,411</td>
<td>32,496</td>
<td>22,585</td>
<td>566,637</td>
<td></td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>961,046</td>
<td>32,982</td>
<td>35,595</td>
<td>384,421</td>
<td>104,192</td>
<td>42,602</td>
<td>29,602</td>
<td>1,626,383</td>
<td></td>
</tr>
<tr>
<td>Residents' deposits</td>
<td>255,677</td>
<td>30,411</td>
<td>31,795</td>
<td>25,297</td>
<td>10,878</td>
<td>46,168</td>
<td>33,517</td>
<td>1,145,650</td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,050,212</td>
<td>266,092</td>
<td>300,363</td>
<td>5,911,507</td>
<td>321,942</td>
<td>168,039</td>
<td>321,942</td>
<td>9,523,869</td>
<td></td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>21,200,537</td>
<td>4,844,958</td>
<td>4,380,856</td>
<td>4,328,823</td>
<td>1,901,830</td>
<td>6,504,381</td>
<td>5,235,496</td>
<td>4,161,423</td>
<td>52,558,304</td>
</tr>
<tr>
<td>Notes Payable to Affiliate</td>
<td>19,800,560</td>
<td>2,007,758</td>
<td>2,941,310</td>
<td>676,326</td>
<td>208,104</td>
<td>3,784,004</td>
<td>1,828,864</td>
<td>33,449,131</td>
<td></td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>2,493,819</td>
<td>22,549</td>
<td>24,843</td>
<td>720,457</td>
<td>39,332</td>
<td>28,869</td>
<td>19,375</td>
<td>3,575,671</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>45,545,128</td>
<td>7,141,357</td>
<td>7,647,372</td>
<td>11,637,113</td>
<td>2,504,400</td>
<td>9,067,860</td>
<td>9,322,776</td>
<td>6,240,969</td>
<td>99,106,975</td>
</tr>
</tbody>
</table>

| Net Assets (Deficit) | (1,473) | 194,818 | 355,033 | (2,002,290) | 1,404,779 | 575,687 | 405,310 | 168,244 | 1,100,108 |
| Non-controlling ownership interest in limited partnerships | 2,335,935 | 1,284,630 | 1,329,245 | (256,040) | (370,152) | 6,021,277 | 1,033,568 | 865,951 | 12,244,414 |
| Total net assets (deficit) | 2,334,462 | 1,479,448 | 1,684,278 | (2,258,330) | 1,034,627 | 6,596,964 | 1,438,878 | 1,034,195 | 13,344,522 |
| Total liabilities and net assets (deficit) | 47,879,590 | 8,620,805 | 9,331,650 | 9,378,783 | 3,539,027 | 15,664,824 | 10,761,654 | 7,275,164 | 112,451,497 |
## Springpoint Senior Living, Inc. and Affiliates

**Low Income Housing Tax Credit Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)**

**Year Ended December 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th>Asbury Senior Citizens Housing</th>
<th>Butler Senior Citizens Housing</th>
<th>Howell Senior Citizens Housing</th>
<th>Manchester Senior Citizens Housing</th>
<th>Mount Holly Senior Citizens Housing</th>
<th>Plainfield Senior Citizens Housing</th>
<th>Ramsey Senior Citizens Housing</th>
<th>Wall Senior Citizens Housing</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and Other Support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from residential facilities</td>
<td>$3,594,726 $</td>
<td>$1,367,448 $</td>
<td>$1,508,480 $</td>
<td>$173,326 $</td>
<td>$268,743 $</td>
<td>$2,084,424 $</td>
<td>$1,428,842 $</td>
<td>$1,194,328 $</td>
<td>$11,620,317 $</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>3,595 $</td>
<td>1,694 $</td>
<td>1,642 $</td>
<td>739 $</td>
<td>513 $</td>
<td>1,972 $</td>
<td>1,741 $</td>
<td>1,607 $</td>
<td>13,503 $</td>
</tr>
<tr>
<td>Other revenue</td>
<td>150,722 $</td>
<td>898 $</td>
<td>5,488 $</td>
<td>10,091 $</td>
<td>7,018 $</td>
<td>40,344 $</td>
<td>5,825 $</td>
<td>2,453 $</td>
<td>222,839 $</td>
</tr>
<tr>
<td><strong>Total revenues and other support</strong></td>
<td>$3,749,043 $</td>
<td>$1,370,040 $</td>
<td>$1,515,610 $</td>
<td>$184,156 $</td>
<td>$276,274 $</td>
<td>$2,126,740 $</td>
<td>$1,436,408 $</td>
<td>$1,198,388 $</td>
<td>$11,866,659 $</td>
</tr>
</tbody>
</table>

| **Expenses:** |                                |                                |                                |                                   |                                   |                                   |                                |                        |                 |
| Operation and maintenance of facility | 1,524,952 $ | 353,713 $ | 502,917 $ | 148,592 $ | 175,679 $ | 775,475 $ | 426,035 $ | 344,777 $ | 4,262,340 $ |
| Administrative and general | 687,440 $ | 449,741 $ | 321,380 $ | 124,506 $ | 72,614 $ | 396,666 $ | 358,664 $ | 29,560 $ | 2,760,501 $ |
| Insurance | 299,072 $ | 48,432 $ | 45,505 $ | 45,480 $ | 71,041 $ | 40,442 $ | 50,846 $ | 678,488 $ |
| Springpoint Senior Living, Inc. management fee | 228,520 $ | 67,551 $ | 76,270 $ | 49,928 $ | 111,157 $ | 76,270 $ | 678,488 $ |
| Interest | 743,610 $ | 339,329 $ | 349,802 $ | 247,256 $ | 29,516 $ | 576,412 $ | 427,775 $ | 294,977 $ | 3,008,677 $ |
| **Total expenses** | $3,483,594 $ | $1,258,766 $ | $1,295,874 $ | $615,762 $ | $324,554 $ | $1,932,751 $ | $1,329,186 $ | $1,067,650 $ | $11,308,137 $ |

| **Operating income (loss)** | 265,449 $ | 111,274 $ | 219,736 $ | (431,606) $ | (48,280) $ | 193,989 $ | 107,222 $ | 130,738 $ | 548,522 $ |

| **Net asset transfer from affiliate** | - $ | - $ | - $ | - $ | 118,878 $ | - $ | - $ | - $ | 118,878 $ |

| **Equity contribution from limited partner** | - $ | - $ | - $ | 552,390 $ | - $ | - $ | - $ | - $ | 552,390 $ |

| **Depreciation and amortization** | (1,580,940) $ | (292,626) $ | (317,431) $ | (188,892) $ | (165,555) $ | (544,800) $ | (304,979) $ | (215,816) $ | (3,610,839) $ |

| **Change in unrestricted net assets (deficit)** | (1,315,491) $ | (181,352) $ | (97,695) $ | (67,908) $ | (94,957) $ | (197,757) $ | (85,078) $ | (2,391,049) $ |

| **Net Assets (Deficit), Beginning** | 3,649,953 $ | 1,660,800 $ | 1,781,973 $ | (2,190,422) $ | 1,129,584 $ | 6,947,775 $ | 1,636,635 $ | 1,119,273 $ | 15,735,571 $ |

<p>| <strong>Net Assets (Deficit), Ending</strong> | $2,334,462 $ | $1,479,448 $ | $1,684,278 $ | $(2,258,330) $ | $1,034,627 $ | $6,596,964 $ | $1,438,878 $ | $1,034,195 $ | $13,344,522 $ |</p>
<table>
<thead>
<tr>
<th>Assets</th>
<th>SSL</th>
<th>Foundation</th>
<th>PH at Wall</th>
<th>PH at Plainfield</th>
<th>Affordable Housing Solutions</th>
<th>Senior Net</th>
<th>Integrated Management Services</th>
<th>Plainfield Tower, Sol</th>
<th>Manchester Housing Solutions</th>
<th>Springpoint at Hackensack</th>
<th>Springpoint at Eastons</th>
<th>Senior Living, Solir</th>
<th>Springpoint at Home</th>
<th>Cadbury At Home</th>
<th>Cadbury At Cherry Hill</th>
<th>Combined Total</th>
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<tr>
<td>Current Assets</td>
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<td>$1,671,614</td>
<td>$9,873</td>
<td></td>
<td></td>
<td>$1,931,594</td>
<td>$7,473</td>
<td>$17,467</td>
<td>$39,906</td>
<td>$625,437</td>
<td>$83,229</td>
<td>$(4,283,530)</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
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<td>346,530</td>
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<td>-</td>
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<tr>
<td>Total current assets</td>
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<td>-</td>
<td>1,446,430</td>
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<td>3,214</td>
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<td>1,946,703</td>
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<td>187,741</td>
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<td>$762,216</td>
<td>$770,216</td>
<td>(164)</td>
<td>$32,717,988</td>
<td>$881,392</td>
<td>$5,049,270</td>
<td>$1,937,237</td>
<td>$3,494,274</td>
<td>$4,521,250</td>
<td>$383,889</td>
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</table>
# Springpoint Senior Living, Inc. And Affiliates

## Other Entities: Combining Schedule, Balance Sheet

### December 31, 2017

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<th>Category</th>
<th>Member's equity</th>
<th>Permanently restricted</th>
<th>Temporarily restricted</th>
<th>Unrestricted</th>
<th>Combined</th>
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<td>Unrestricted</td>
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<td>Total liabilities</td>
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<td>3,292,360</td>
<td>(833,821)</td>
<td>2,790,962</td>
<td>98,166,219</td>
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<td>98,166,219</td>
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<td>Long-Term Debt and Capital Lease Obligations</td>
<td>9,510,059</td>
<td>140,638</td>
<td>(1,124,267)</td>
<td>(578,226)</td>
<td>98,166,219</td>
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<td>Notes Payable to Affiliates</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Due to Affiliates</td>
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<tr>
<td>Liability for Split-Interest Agreements and Deferred Gift Agreements</td>
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<td>-</td>
<td>3,103,404</td>
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<td>Refunded Entrance Fees</td>
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</tr>
<tr>
<td>Deferred Revenue from Entrance Fees</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>-</td>
<td>-</td>
<td>(93,215)</td>
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<td>Derivative Instruments</td>
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<td>-</td>
</tr>
<tr>
<td>Total liabilities</td>
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<td>2,392,360</td>
<td>(833,821)</td>
<td>(170,102)</td>
<td>98,166,219</td>
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<tr>
<td>Total liabilities (deficit)</td>
<td>86,153,357</td>
<td>51,106,752</td>
<td>8,535,858</td>
<td>2,620,860</td>
<td>98,166,219</td>
</tr>
<tr>
<td>Long-Term Debt and Capital Lease Obligations</td>
<td>66,153,357</td>
<td>66,153,357</td>
<td>8,535,858</td>
<td>2,620,860</td>
<td>98,166,219</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>51,106,752</td>
<td>51,106,752</td>
<td>8,535,858</td>
<td>2,620,860</td>
<td>98,166,219</td>
</tr>
<tr>
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<td>8,535,858</td>
<td>8,535,858</td>
<td>8,535,858</td>
<td>8,535,858</td>
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<tr>
<td>Long-Term Debt and Capital Lease Obligations</td>
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<td>2,620,860</td>
<td>2,620,860</td>
<td>2,620,860</td>
<td>2,620,860</td>
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<td>Notes Payable to Affiliates</td>
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<tr>
<td>Due to Affiliates</td>
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<tr>
<td>Liability for Split-Interest Agreements and Deferred Gift Agreements</td>
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<td>8,535,858</td>
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<td>8,535,858</td>
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<tr>
<td>Refunded Entrance Fees</td>
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<tr>
<td>Deferred Revenue from Entrance Fees</td>
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<tr>
<td>Retained Earnings</td>
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</tr>
<tr>
<td>Derivative Instruments</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>9,510,059</td>
<td>143,658</td>
<td>(1,124,267)</td>
<td>(578,226)</td>
<td>98,166,219</td>
</tr>
<tr>
<td>Total liabilities (deficit)</td>
<td>9,510,059</td>
<td>143,658</td>
<td>(1,124,267)</td>
<td>(578,226)</td>
<td>98,166,219</td>
</tr>
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</table>

## Liabilities and Net Assets (Deficit)

<table>
<thead>
<tr>
<th>Category</th>
<th>SSL</th>
<th>Foundation</th>
<th>PH at Wall</th>
<th>PH at Plainfield</th>
<th>Affordable Housing Solutions</th>
<th>Senior Net</th>
<th>Integrated Management Services</th>
<th>Plainfield Tower Sol</th>
<th>Manchester Housing Solutions</th>
<th>Springpoint at Hek Ave Road</th>
<th>Springpoint at Kaukauna</th>
<th>Springpoint at Green Bay</th>
<th>Springpoint at Germantown</th>
<th>Springpoint at Sheboygan</th>
<th>Cadbury at At Home</th>
<th>Cadbury at Cherry Hill</th>
<th>Combined</th>
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</thead>
<tbody>
<tr>
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<td>-</td>
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<td>2,306,275</td>
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<tr>
<td>Current portion of construction line of credit</td>
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<td>825</td>
<td>186,114</td>
<td>66,881</td>
<td>33,552</td>
<td>8,962,667</td>
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<tr>
<td>Due to affiliates</td>
<td>-</td>
<td>(1,124,267)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,306,275</td>
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<tr>
<td>Total liabilities</td>
<td>66,153,357</td>
<td>51,106,752</td>
<td>8,535,858</td>
<td>2,620,860</td>
<td>2,526,385</td>
<td>(10,646)</td>
<td>762,216</td>
<td>578,226</td>
<td>762,216</td>
<td>762,216</td>
<td>85,105</td>
<td>186,114</td>
<td>66,881</td>
<td>33,552</td>
<td>8,962,667</td>
<td>96,166,219</td>
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## Liabilities

<table>
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<th>PH at Plainfield</th>
<th>Affordable Housing Solutions</th>
<th>Senior Net</th>
<th>Integrated Management Services</th>
<th>Plainfield Tower Sol</th>
<th>Manchester Housing Solutions</th>
<th>Springpoint at Hek Ave Road</th>
<th>Springpoint at Kaukauna</th>
<th>Springpoint at Green Bay</th>
<th>Springpoint at Germantown</th>
<th>Springpoint at Sheboygan</th>
<th>Cadbury at At Home</th>
<th>Cadbury at Cherry Hill</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>66,153,357</td>
<td>51,106,752</td>
<td>8,535,858</td>
<td>2,620,860</td>
<td>2,526,385</td>
<td>(10,646)</td>
<td>762,216</td>
<td>578,226</td>
<td>762,216</td>
<td>762,216</td>
<td>85,105</td>
<td>186,114</td>
<td>66,881</td>
<td>33,552</td>
<td>8,962,667</td>
<td>96,166,219</td>
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</table>
**Springpoint Senior Living, Inc. and Affiliates**

**Other Community-Wide Financial Statement—Statement of Operations and Changes in Net Assets (Footnote)**

**Year Ended December 31, 2017**

<table>
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<tr>
<th>Date</th>
<th>Residents</th>
<th>PH at Wall</th>
<th>PH at Peddled</th>
<th>Affordable Housing Residency</th>
<th>Senior Non</th>
<th>Integrated Management Services</th>
<th>Planned Income Stmt</th>
<th>Manchester Housing Services</th>
<th>Springpoint at Stallings Point</th>
<th>Springpoint at Peddled</th>
<th>Springpoint at Stallings</th>
<th>Senior Long Term</th>
<th>Springpoint at Stallings</th>
<th>Cadbury at Stallings</th>
<th>Cadbury at Mellon</th>
<th>Cadbury at Stanway</th>
<th>Combined Total</th>
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</table>

- Change in Unrestricted Net Assets (Deficit)
- Revenues and other support:
  - Services to residents
  - Development and management fees
  - Contributions and bequests
  - Interest and dividends
  - Other revenues
  - Net change released from restrictions used for operations
- Total revenues and other support
- Change in net assets (deficit)
- Change in temporarily restricted net assets
- Change in permanently restricted net assets
- Net Assets (Deficit), Beginning
- Net Assets (Deficit), Ending

- Depreciation and amortization
- Net asset transfer (to) from affiliate
- Gain (loss) on disposal of fixed assets
- Amortization of entrance fees
- Net realized gains on investments
- Expenses:
  - Provisional use of patients
  - Operation and maintenance of facility
  - Administrative and general
  - Residents assistance and program services
  - Marketing
  - Insurance
  - Professional Services, Inc. management fee
  - Other expenses
- Total expenses
- Change in net assets (deficit)
- Increase in temporarily restricted net assets
- Increase in permanently restricted net assets
- Change in net assets (deficit)