Springpoint Senior Living, Inc. and Affiliates

Consolidated Financial Statements and
Supplementary Information

December 31, 2016 and 2015

BAKER TILLY

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December 31, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015, 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.

Emphasis of Matter

As disclosed in Note 2 to the financial statements, in 2016 the Company adopted new accounting guidance for consolidation of Limited Partnerships. Our opinion is not modified with respect to this matter.

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 45 through 59) 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 15, 2017

Springpoint Senior Living, Inc. and Affiliates

Consolidated Balance Sheet
December 31, 2016 and 2015

Assets	2016	2015
Current Assets		
Cash and cash equivalents	$ 41,493,475	$ 38,699,017
Current portion of assets whose use is limited	825,322	1,004,455
Accounts receivable, net of allowance for doubtful accounts of $1,051,044 in 2015 and $947,974 in 2015	12,266,334	8,023,175
Other current assets	5,382,721	4,889,951
Total current assets	59,967,852	52,616,598
Investments	87,563,448	78,403,529
Assets Whose Use Is Limited	45,186,220	40,420,573
Investments Held Under Split-Interest Agreements	4,547,822	5,148,849
Investments Held by Others Under Split-Interest Agreements	994,855	895,053
Beneficial Interest in Perpetual Trusts	3,036,259	3,020,082
Notes Receivable	-	860,000
Property and Equipment, Net	527,330,891	444,474,701
Goodwill, Net	70,746,931	41,625,191
Other Assets, Net	2,660,977	2,684,870
Total assets	$ 802,035,255	$ 670,149,446

Liabilities and Net Assets	2016	2015
Current Liabilities		
Current maturities of long-term debt and capital lease obligations	$ 8,406,103	$ 6,723,830
Current portion of construction line of credit	771,000	-
Accounts payable	10,485,792	6,785,806
Accrued expenses	17,588,637	16,384,195
Residents' deposits	2,674,500	3,239,797
Total current liabilities	39,926,032	33,133,628
Long-Term Debt and Capital Lease Obligations	262,092,032	225,866,038
Capital Advances	80,035,527	80,035,527
Liability for Split-Interest Agreements and Deferred Gift Agreements	3,559,982	3,623,713
Refundable Entrance Fees	289,462,899	237,386,185
Deferred Revenue from Entrance Fees	75,175,183	59,402,605
Construction Line of Credit, Net of Current Portion	23,546,362	5,027,473
Retainage Payable	227,012	83,350
Derivative Instruments	1,895,127	3,815,387
Other Liabilities	3,439,314	2,830,886
Total liabilities	779,359,470	651,204,792
Net Assets		
Unrestricted	(2,429,914)	(9,850,061)
Non-controlling ownership interest in limited partnerships	14,754,030	17,323,562
Temporarily restricted	7,146,659	8,282,320
Permanently restricted	3,205,010	3,188,833
Total net assets	22,675,785	18,944,654
Total liabilities and net assets	$ 802,035,255	$ 670,149,446

See notes to consolidated financial statements

	2016	2015
Changes in Unrestricted Net Assets		
Revenues and other support:		
Revenue from residential facilities	$ 83,083,687	$ 75,323,467
Revenue from healthcare facilities	55,328,453	46,912,321
Services to residents	13,225,288	12,485,803
Contributions and bequests	546,173	501,900
Interest and dividends	1,783,447	1,604,543
Other revenue	1,335,234	1,591,798
Net assets released from restrictions used for operations	1,171,990	1,324,952
Total revenues and other support	156,474,272	139,744,784
Expenses:		
Professional care of residents	39,835,564	33,860,592
Resident services	4,612,485	3,921,476
Dining services	18,406,478	16,574,866
Operation and maintenance of facility	32,275,963	29,259,763
Housekeeping and laundry	6,286,770	5,436,559
Administrative and general	26,809,672	24,768,535
Resident assistance and program services	467,732	426,435
Marketing	5,739,499	4,952,531
Insurance	2,692,663	2,539,945
Interest	8,136,341	8,592,740
Provision for doubtful accounts	494,943	517,869
Total expenses	145,758,110	130,851,311
Operating income	10,716,162	8,893,473
Change in unrealized gains (losses) on investments	3,510,308	(5,303,030)
Net realized gains on investments	274,322	2,205,198
Amortization of entrance fees	14,525,017	11,956,065
Change in fair value of derivative financial instruments	1,920,260	(2,076,745)
Loss on disposal of fixed assets	(86,408)	(16,888)
Transfer from temporarily restricted net assets	1,988,936	-
Loss on refinancing	-	(2,060,948)
Depreciation and amortization	(28,085,527)	(27,277,380)
Revenues and other support in excess of (less than) expenses	4,763,070	(13,680,255)
Pension liability adjustment	87,545	(90,930)
Increase (decrease) in unrestricted net assets	4,850,615	(13,771,185)
Changes in Temporarily Restricted Net Assets		
Contributions	1,639,335	1,762,860
Change in value of split-interest agreements	(4,060)	113,939
Investment income (loss)	395,939	(46,233)
Net unrealized loss on investments	(5,949)	(19,728)
Transfer to unrestricted net assets	(1,988,936)	-
Net assets released from restrictions used for operations	(1,171,990)	(1,324,952)
(Decrease) increase in temporarily restricted net assets	(1,135,661)	485,886
Changes in Permanently Restricted Net Assets		
Change in value of perpetual trusts	16,177	(147,483)
Increase (decrease) in permanently restricted net assets	16,177	(147,483)
Change in net assets	3,731,131	(13,432,782)
Net Assets, Beginning	18,944,654	3,308,050
Change in Accounting Principle	-	29,069,386
Net Assets, Beginning, Restated	18,944,654	32,377,436
Net Assets, End of Year	$ 22,675,785	$ 18,944,654

See notes to consolidated financial statements

Springpoint Senior Living, Inc. and Affiliates

Consolidated Statement of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 3,731,131	$ (13,432,782)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Change in value of split-interest agreements	4,060	(113,939)
Net change in fair value of derivative instruments	(1,920,260)	2,076,745
Depreciation and amortization	28,060,122	27,277,377
Loss on sale of property and equipment	86,408	16,888
Net realized and unrealized gains and losses on investments	(3,778,681)	3,117,560
Entrance fee payable	(1,133,521)	-
Amortization of entrance fees	(14,525,017)	(11,956,065)
Interest component of deferred financing costs	288,071	299,750
Loss on refinancing	-	2,060,948
Net cash received under nonrefundable entrance fee plans	5,417,468	4,934,279
Change in investments held by others under split-interest agreements	(99,802)	47,829
Change in beneficial interest in perpetual trusts	(16,177)	147,483
Changes in assets and liabilities:		
Accounts receivable, net	(4,243,159)	(251,032)
Other current assets	1,121,062	(1,108,547)
Other assets	(240,470)	(513,058)
Accounts payable	(2,649,152)	1,800,870
Accrued expenses	1,204,442	(1,148,221)
Residents' deposits	(565,297)	138,661
Other liabilities	608,428	367,966
Net cash provided by operating activities	11,349,656	13,762,712
Cash Flows from Investing Activities		
Net (purchases) sales of investments and assets whose use is limited	(9,366,725)	5,482,371
Net change in notes receivable	860,000	-
Purchases of property and equipment	(38,844,166)	(22,519,865)
Purchase of home care agency	-	(2,270,750)
Purchase of CCRC	(32,745,000)	-
Payment of retainage	-	(65,013)
Net cash used in investing activities	(80,095,891)	(19,373,257)
Cash Flows from Financing Activities		
Payment of long-term debt and capital lease obligation	(8,080,675)	(149,464,457)
Proceeds from long-term debt	46,361,898	151,204,560
Borrowings on construction line of credit	19,289,889	4,099,106
Payment of construction line of credit	-	(9,634,051)
Payment of derivative financial instrument	-	(2,394,482)
Net cash received under refundable entrance fee plans	14,999,790	12,550,287
Payments under deferred gift agreements and split-interest agreements	(67,791)	(789,266)
Payment of deferred financing costs	(962,418)	(1,494,373)
Net cash provided by financing activities	71,540,693	4,077,324
Net increase (decrease) in cash and cash equivalents	2,794,458	(1,533,221)
Cash and Cash Equivalents, Beginning	38,699,017	40,232,238
Cash and Cash Equivalents, Ending	$ 41,493,475	$ 38,699,017
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 7,788,855	$ 8,351,677
Supplemental Disclosure of Noncash Activities		
Capital lease obligation incurred for property and equipment	$ 301,391	$ 72,052
Write off of deferred financing costs and original issue discount	$ -	$ 2,060,948
Construction payable for property and equipment	$ 6,492,800	$ -
Entrance fee contracts acquired	$ 61,957,051	$ -

See notes to consolidated financial statements

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")

Skilled Nursing Community (under development):

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

Non-Facility Based:

- Springpoint Foundation (the "Foundation")
- Springpoint at Haddonfield, Inc.
- Springpoint of Northern New Jersey, Inc. (a dormant company)
- Springpoint at Stony Brook, Inc.
- Springpoint at Watchung Ridge, Inc.
- Springpoint at Waterford Glen, Inc.
- Senior Living Institute, Inc.
- Integrated Management Services, Inc.
- Springpoint Realty, Inc.
- Springpoint of Eastern, Inc.
- Springpoint at Red Bank, Inc.
- Senior Net, Inc.
- Springpoint at Home, Inc. ("Springpoint at Home")
- Presbyterian Home at Wall, Inc.
- Presbyterian Home of Plainfield, 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 ("Heritage 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:

	Total	Controlling Interest	Non-Controlling Interest
Balances at January 1, 2015	$ 22,433,916	$ 2,718,232	$ 19,715,684
Revenues less than expenses	(2,392,360)	(238)	(2,392,122)
Capital contributions	158,600	158,600	-
Balances at December 31, 2015	20,200,156	2,876,594	17,323,562
Revenues less than expenses	(2,392,360)	(258)	(2,569,632)
Equity transfer	(2,002,109)	(2,002,109)	-
Capital contributions	107,414	107,314	100
Balances at December 31, 2016	$ 15,735,571	$ 981,541	$ 14,754,030

On February 5, 2016, The Oaks entered into an Asset Purchase Agreement with St. Francis Life Care Corporation ("Seller") and Catholic Health Initiatives. The Seller operated Franciscan Oaks, a CCRC and senior living facility located in Denville, New Jersey. The asset purchase agreement closed on April 30, 2016 and on May 1, 2016 the acquisition was finalized.

In accordance with the authoritative guidance, the assets and liabilities of Franciscan Oaks were recorded at fair market value as of the date of the affiliation as follows:

Fair value of consideration transferred	
Assets acquired:	
Property and equipment	$ 65,100,000
Other accounts receivable	1,613,833
Total assets acquired	66,713,833
Liabilities assumed	
Deferred revenue from entrance fees and other liabilities	63,090,573
Net identifiable assets acquired	3,623,260
Purchase price	32,745,000
Goodwill	$ 29,121,740

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 (less than) 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 non-marketable 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.

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 2016 and 2015. Goodwill represents amounts recorded upon the transfer of membership of Winchester Gardens 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 Atrium, Winchester Gardens, Springpoint at Home and The Oaks. These costs were capitalized and are being amortized using the straight-line method. At December 31, 2016 and 2015, the project acquisition costs, net of accumulated amortization, were $833,165 and $724,685, respectively. Accumulated amortization at December 31, 2016 and 2015 was $511,408 and $402,861, 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, 2016 and 2015, the costs of acquiring initial continuing care contracts, net of accumulated amortization, were $321,611 and $408,804, respectively. Accumulated amortization at December 31, 2016 and 2015 was $525,479 and $438,286, 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, 2016 and 2015, the costs associated with the non-compete agreement, net of accumulated amortization, were $10,722 and $19,056, respectively. Accumulated amortization at December 31, 2016 and 2015 was $15,278 and $6,944, 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, 2016 and 2015, tax credit fees, net of accumulated amortization, were $419,943 and $448,425, respectively. Accumulated amortization at December 31, 2016 and 2015 was $513,550 and $453,260, respectively.

Also included in deferred costs as of December 31, 2016 and 2015 is $695,700, respectively, 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 and The Oaks 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, 2016 were $299,654,980. The refundable entrance fees and deferred revenue from entrance fees reported on the consolidated balance sheet totaling $364,638,082 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 and The Oaks 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, 2016 and 2015, deferred revenue from entrance fees exceeded the calculation of the present value of the net cost of future services for Montgomery, The Atrium and The Oaks. 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 $1,895,127 and $3,815,387 at December 31, 2016 and 2015, 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 2016 or 2015.

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 15% and 13%, of the revenue from residential and healthcare facilities for the years ended December 31, 2016 and 2015, 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

The consolidated statement of operations and changes in net assets includes revenues and other support in excess of (less than) expenses as the performance indicator. Changes in unrestricted net assets which are excluded from revenues and other support in excess of (less than) 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 2016 and 2015.

Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through May 15, 2017, the date the consolidated financial statements were issued.

Reclassifications

Certain amounts relating to 2015 have been reclassified to conform to the 2016 reporting format.

3. New Accounting Standards

Deferred Costs

Due to the Financial Accounting Standards Board’s (“FASB”) issuance of Accounting Standards Update (“ASU”) No. 2015-03, Interest-Imputations of Interest: Simplifying the Presentation of Debt Issuance Costs, the Company changed its method of presenting deferred financing costs. Prior to the issuance of ASU No. 2015-03, the Company presented deferred financing costs as an asset in its balance sheets. As required by ASU No. 2015-03, the Company now presents deferred financing costs as a direct reduction of its long-term debt. The effect of the required retrospective application of this change in presentation was to decrease the Company’s deferred financing costs and long-term debt by $1,905,573 as of December 31, 2015. In addition, amortization expense of the deferred financing costs was reclassified to interest expense in accordance with ASU No. 2015-03 which resulted in a decrease in depreciation and amortization and an increase in interest expense of $299,750 in 2015.

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 special-purpose combined financial statements.

Fair Value Measurements

In May 2015, the FASB issued ASU No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under Accounting Standards Codification 820. ASU 2015-07 is effective for the Company for years beginning after December 15, 2015 with early adoption permitted. ASU No. 2015-03 was retrospectively adopted in 2016 and did not have a material impact on the Company's consolidated 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 is assessing the impact ASU No. 2016-14 will have on its consolidated 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.

Consolidation of Limited Partnerships

In February 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-02 (Consolidation Topic 820) amendments to consolidation analysis, which in part clarifies the accounting and reporting related to the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities. The change in accounting principle will be required to be reported as a cumulative effect adjustment as of the beginning of the earliest period presented. The updated guidance is effective for fiscal years beginning after December 15, 2015 for public entities and fiscal years beginning after December 15, 2016 for nonpublic entities, with early adoption permitted. See note 19 for the results of SSL adopting the updated authoritative guidance.

4. Investments

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

	2016	2015
Cash and cash equivalents	$ 1,411,582	$ 8,955,855
Alternative investments-limited partnerships	1,202,659	2,563,632
Commingled funds	26,456,730	19,998,193
Common stock	8,792,913	7,282,056
Corporate bonds	25,867,369	15,253,198
Fixed income mutual funds	2,022,294	6,521,218
Equity mutual funds	21,809,901	17,829,377
Total	$ 87,563,448	$ 78,403,529

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:

	2016	2015
Cash and cash equivalents	$ 25,244,011	$ 21,361,300
Alternative investments-limited partnerships	188,607	586,430
Fixed income mutual funds	479,525	1,914,188
Equity mutual funds	5,373,301	5,290,444
Corporate bonds	6,697,608	4,586,030
Common stock	1,941,737	1,992,795
Commingled funds	6,086,753	5,693,841
Total	46,011,542	41,425,028
Less current portion	825,322	1,004,455
Assets whose use is limited, non-current	$ 45,186,220	$ 40,420,573

Assets whose use is limited are held for the following purposes:

	2016	2015
Bond indenture agreements	$ 9,263,021	$ 5,373,104
Liquid reserve	15,338,295	14,293,569
HUD reserve funds	5,326,881	4,778,244
LIHTC reserve funds	8,295,051	7,718,258
Residents' Assistance Fund	870,589	579,855
Residents' deposits	1,493,464	1,657,599
Other donor restricted funds	4,177,948	5,957,956
Deferred SERP compensation	1,010,248	825,423
Construction fund escrow	236,045	241,020
Total	$ 46,011,542	$ 41,425,028

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, 2016 and 2015:

	2016				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Reported at Fair Value					
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	$ -

	2016				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Disclosed at Fair Value					
Cash and cash equivalents	$ 41,493,475	$ 41,493,475	$ 41,493,475	$ -	$ -
Liability for split-interest and deferred gift agreements	3,559,982	3,559,982	-	-	3,559,982
Long term debt:					
Series 2014 Bonds (Winchester Gardens)	28,512,000	28,512,000	-	-	28,512,000
Series 2015 Bonds - Tax Exempt (Obligated Group)	28,284,000	28,284,000	-	-	28,284,000
Series 2015 Bonds - Taxable (Obligated Group)	42,555,000	42,555,000	-	-	42,555,000
Series 2015 Bonds - Tax Exempt (Montgomery)	49,109,000	49,109,000	-	-	49,109,000
Series 2015 A Tax Exempt Bonds (The Atrium)	19,929,000	19,929,000	-	-	19,929,000
Series 2015 B Tax Exempt Bonds (The Atrium)	1,611,650	1,611,650	-	-	1,611,650
Series 2015 C Taxable Bonds (The Atrium)	848,000	848,000	-	-	848,000
Series 2016 Tax Exempt Bonds (The Oaks)	18,500,000	18,500,000	-	18,500,000	-
Series 2016 Taxable Term Loan (The Oaks)	18,500,000	18,500,000	-	18,500,000	-
Bank loan	1,860,855	1,860,855	-		1,860,855
Mortgage notes payable (Asbury)	18,167,492	18,167,492	-	-	18,167,492
Promissory note (Asbury)	4,150,000	4,150,000	-	-	4,150,000
Mortgage note payable (Butler)	5,150,386	5,150,386	-	-	5,150,386
Mortgage note payable (Howell)	4,647,495	4,647,495	-	-	4,647,495
Mortgage note payable (Wall)	4,425,362	4,425,362	-	-	4,425,362
Mortgage notes payable (Mount Holly)	1,970,366	1,970,366	-	-	1,970,366
Mortgage note payable (Plainfield)	6,768,862	6,768,862	-	-	6,768,862
Mortgage note payable (Ramsey)	5,559,494	5,559,494	-	-	5,559,494
Mortgage notes payable (Heritage at Whiting)	9,361,897	9,361,897			9,361,897
Loans payable	3,136,140	3,136,140	-	-	3,136,140
Construction line of credit	24,317,362	24,317,362	-	-	24,317,362

	2015				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Reported at Fair Value					
Assets:					
Cash and cash equivalents	$ 30,317,155	$ 30,317,155	$ 30,317,155	$ -	$ -
Common stock	9,274,851	9,274,851	9,274,851	-	-
Equity mutual funds:					
Managed Vol. Fund	134,953	134,953	134,953	-	-
All cap	6,729,322	6,729,322	6,729,322	-	-
International	4,270,270	4,270,270	4,270,270	-	-
Large cap	100,620	100,620	100,620	-	-
Small cap	23,167	23,167	23,167	-	-
Real return	11,861,489	11,861,489	11,861,489	-	-
Fixed income mutual funds, Core	8,435,406	8,435,406	8,435,406	-	-
Corporate bonds, investment grade	19,839,228	19,839,228	-	19,839,228	-
Alternative investment-limited partnerships	3,150,062	3,150,062	-	-	3,150,062
Investments held under split-interest agreements	5,148,849	5,148,849	-	5,148,849	-
Investments held by others under split-interest agreements	895,053	895,053	-	-	895,053
Beneficial interest in perpetual trusts	3,020,082	3,020,082	-	-	3,020,082
Total	$ 103,200,507	$ 103,200,507	$ 71,147,233	$ 24,988,077	$ 7,065,197
Liabilities,					
Derivative financial instruments	$ 3,815,387	$ 3,815,387	$ -	$ 3,815,387	$ -

	2015				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Disclosed at Fair Value					
Cash and cash equivalents	$ 38,699,017	$ 38,699,017	$ 38,699,017	$ -	$ -
Liability for split-interest and deferred gift agreements	3,623,713	3,623,713	-	-	3,623,713
Long term debt:					
Series 2014 Bonds (Winchester Gardens)	29,869,000	29,869,000	-	-	29,869,000
Series 2015 Bonds - Tax Exempt (Obligated Group)	30,945,000	30,945,000	-	-	30,945,000
Series 2015 Bonds - Taxable (Obligated Group)	42,555,000	42,555,000	-	-	42,555,000
Series 2015 Bonds - Tax Exempt (Montgomery)	50,085,000	50,085,000	-	-	50,085,000
Series 2015 A Tax Exempt Bonds (The Atrium)	19,929,000	19,929,000	-	-	19,929,000
Series 2015 B Tax Exempt Bonds (The Atrium)	2,946,050	2,946,050	-	-	2,946,050
Series 2015 C Taxable Bonds (The Atrium)	1,302,000	1,302,000	-	-	1,302,000
Bank loan	2,043,425	2,043,425	-	2,043,425	-
Loans payable	3,136,140	3,136,140	-	-	3,136,140
Mortgage notes payable (Asbury)	18,473,257	18,473,257	-	-	18,473,257
Promissory note (Asbury)	4,150,000	4,150,000	-	-	4,150,000
Mortgage note payable (Butler)	5,282,491	5,282,491	-	-	5,282,491
Mortgage note payable (Howell)	4,766,706	4,766,706	-	-	4,766,706
Mortgage note payable (Wall)	4,538,871	4,538,871	-	-	4,538,871
Mortgage notes payable (Mount Holly)	1,983,338	1,983,338	-	-	1,983,338
Mortgage note payable (Plainfield)	6,881,842	6,881,842	-	-	6,881,842
Mortgage note payable (Ramsey)	5,702,093	5,702,093	-	-	5,702,093
Construction line of credit	5,027,473	5,027,473	-	-	5,027,473

The assets are included on the consolidated balance sheet at December 31, 2016 and 2015 as follows:

	2016	2015
Current portion of assets whose use is limited	$ 825,322	$ 1,004,455
Investments	87,563,448	78,403,529
Assets whose use is limited	45,186,220	40,420,573
Investments held under split-interest agreements	4,547,822	5,148,849
Investments held by others under split-interest agreements	994,855	895,053
Beneficial interest in perpetual trusts	3,036,259	3,020,082
	142,153,926	128,892,541
Less Commingled funds, measured at net asset value	32,543,483	25,692,034
Total	$ 109,610,443	$ 103,200,507

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 2016 and 2015 are as follows:

	2016	2015
Beginning balance	$ 3,150,062	$ 8,779,146
Sales	(1,775,934)	(5,772,932)
Unrealized gain (loss)	(681,416)	1,867,541
Realized gain (loss)	698,554	(1,723,693)
Ending balance	$ 1,391,266	$ 3,150,062

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, 2016.

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited partnerships - offshore (a)	$ 169,943	Monthly	65 days
Limited partnerships - equity (b)	1,221,323	None	N/A
Total	$ 1,391,266		

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, 2015.

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited partnerships - offshore (a)	$ 1,661,824	Monthly	65 days
Limited partnerships - equity (b)	1,488,238	None	N/A
Total	$ 3,150,062		

(a) The Principal purpose of the funds is to invest in multi manager, multi strategy “fund of funds” formed to invest predominately in limited partnerships and common stock. The objective is to generate risk adjusted absolute returns with low correlation to broad equity and fixed income markets. The fair value of the investments in this category has been estimated using net asset value per share of the investments.

(b) 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, 2016 and 2015, 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 2016 and 2015 are as follows:

	2016	2015
Beginning balance	$ 895,053	$ 942,882
Net valuation gain (loss)	99,802	(47,829)
Ending balance	$ 994,855	$ 895,053

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 2016 and 2015 are as follows:

	2016	2015
Beginning balance	$ 3,020,082	$ 3,167,564
Net valuation gain (loss)	16,177	(147,482)
Ending balance	$ 3,036,259	$ 3,020,082

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 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.

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.

	December 31, 2016 Fair Value	December 31, 2015 Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity funds	$ 13,889,739	$ 9,787,752	Monthly	6-15 days
Fixed income funds	18,653,744	15,904,282	Daily or Monthly	10-15 days

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 and the Bank Loan 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. Notes Receivable

Notes receivable consisted of a mortgage note receivable from a former officer, collateralized by life insurance policies. The note receivable was paid in full during 2016 from the receipt of life insurance proceeds.

8. Property and Equipment

Property and equipment consist of the following at December 31:

	2016	2015
Land and land improvements	$ 36,602,183	$ 23,952,860
Buildings and improvements	555,442,296	504,115,091
Rental property	214,594,714	205,099,248
Furniture and fixtures	25,607,228	24,592,655
Equipment	40,565,657	31,202,059
Leasehold improvements	135,161	135,161
Total	872,947,239	789,097,074
Less accumulated depreciation	(375,825,973)	(353,739,675)
Construction in progress	30,209,625	9,117,302
Property and equipment, net	$ 527,330,891	$ 444,474,701

Equipment includes equipment held under capital lease obligations with a carrying value of $655,196 and $530,361 at December 31, 2016 and 2015, respectively.

Included in construction in progress as of December 31, 2016 and 2015 is $227,012 and $83,350, respectively, of retainage payable. Also included in construction in progress is $235,006 and $36,949 of capitalized interest as of December 31, 2016 and 2015, respectively.

Depreciation expense was $27,821,164 and $27,084,243 during 2016 and 2015, respectively. During 2016, certain property and equipment was disposed of, reducing accumulated depreciation by $5,734,866.

9. Long-Term Debt

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

	2016	2015
Affordable Housing Program loans due October 8, 2017, February 10, 2020 and March 1, 2024, bearing no interest.	$ 3,136,140	$ 3,136,140
Asbury, First mortgage (Tranche A) payable in monthly installments with interest at 5.9% per annum through 2050	8,757,024	8,837,521
Asbury, First mortgage (Tranche B) payable in monthly installments with interest at 5.65% per annum through 2021	1,112,572	1,337,840
Asbury, Mortgage note payable, 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	6,654,000	6,654,000
Asbury, Mortgage note payable, 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	1,643,896	1,643,896
Asbury, Promissory note payable, 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	4,150,000	4,150,000
Butler, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037	5,150,386	5,282,491
Howell, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037	4,647,495	4,766,706
Wall, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037	4,425,362	4,538,871
Mount Holly, First mortgage payable in monthly installments with interest at 6.4% per annum through 2017	10,287	23,259

	2016	2015
Mount Holly, Second mortgage payable, 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	$ 1,380,079	$ 1,380,079
Mount Holly, Third mortgage payable, interest is accrued at 1% per annum thru 2036, unpaid principal and interest is due at maturity in 2036	580,000	580,000
Plainfield, First mortgage payable in monthly installments with interest at 7.1% per annum through 2039	6,768,862	6,881,842
Ramsey, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037	5,559,494	5,702,093
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	474,471	-
Heritage at Whiting , First mortgage note II, principal and interest of 2.15% due February 1, 2018	5,247,447	-
Heritage at Whiting, mortgage payable, at 1% interest commencing in 2019. Principal and interest due April 28, 2048	3,639,979	-
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, 2016, the rate was 1.43%	28,512,000	29,869,000
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, 2016 the rate was 1.48%.	28,284,000	30,945,000
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, 2016 the rate was 2.27%.	42,555,000	42,555,000

	2016	2015
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, 2016 the rate was 1.52%.	$ 49,109,000	$ 50,085,000
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, 2016 the rate was 1.7%.	19,929,000	19,929,000
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, 2016 the rate was 1.47%.	1,611,650	2,946,050
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, 2016 the rate was 2.27%.	848,000	1,302,000
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	-
Taxable Series 2016 Term Loan, issued on behalf of The Oaks, with maturities through 2033 and interest at 3.5%.	18,500,000	-
Bank Loan, issued on behalf of Springpoint at Home, with maturities through 2018 and interest at 4.375%.	1,860,855	2,043,425
Capital lease obligations	655,196	530,361
Total	273,702,195	235,119,574
Less,		
Deferred finance cost, net	3,204,060	2,529,706
Current maturities	8,406,103	6,723,830
Long-term debt, net	$ 262,092,032	$ 225,866,038

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, 2017, 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.

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.

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.

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, 2016 and 2015, deferred financing costs, net of accumulated amortization, were $3,204,060 and $2,529,706, respectively. Accumulated amortization at December 31, 2016 and 2015 is $657,799 and $370,081, respectively.

Scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2017	$ 8,406,103
2018	11,549,133
2019	4,631,211
2020	5,183,842
2021	6,914,591
Thereafter	237,017,315
Total	$ 273,702,195

10. 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 $1,920,260 in 2016 and $(2,076,745) in 2015.

As of December 31, 2016, the Obligated Group had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$28,284,000	2.4675%	65% of 1 month LIBOR plus 98.5 basis points (1.48% at December 31, 2016)	December 2015 to December 2025
$42,555,000	3.515%	1 month LIBOR plus 150 basis points (2.27% at December 31, 2016)	December 2015 to December 2025

The fair value of the interest rate swap agreements was $32,691 at December 31, 2016 and $(710,376) at December 31, 2015 and was obtained from the financial institution.

As of December 31, 2016, the Atrium had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$19,929,000	3.04%	Sum of USD-LIBOR plus 200 basis points x 65% (1.7% at December 31, 2016)	December 2015 to December 2030

The fair value of the interest rate swap agreements was $(562,711) at December 31, 2016 and $(791,572) at December 31, 2015 and was obtained from the financial institution.

As of December 31, 2016, Montgomery had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$49,109,000	2.464%	USD-LIBOR x 67% plus 100.5 basis points (1.52% at December 31, 2016)	December 2015 to December 2027

The fair value of the interest rate swap agreements was $(11,687) at December 31, 2016 and $(462,367) at December 31, 2015 and was obtained from the financial institution.

As of December 31, 2016, Winchester Gardens had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$28,512,000	3.04%	USD-LIBOR x 69% plus 100 basis points (1.43% at December 31, 2016)	December 2014 to November 2029
$5,000,000	3.58%	USD-LIBOR plus 140 basis points (2.05% at December 31, 2016)	December 2016 to September 2026

The fair value of the interest rate swap agreements was $(1,465,307) at December 31, 2016 and $(1,851,072) at December 31, 2015 and was obtained from the financial institution.

As of December 31, 2016, Village Point had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$10,000,000	3.29%	USD-LIBOR x 75% plus 178 basis points (2.36% at December 31, 2016)	October 2016 to June 2025
$5,000,000	3.73%	USD-LIBOR x 75% plus 178 basis points (2.36% at December 31, 2016)	December 2016 to June 2025

The fair value of the interest rate swap agreements was $111,887 at December 31, 2016 and was obtained from the financial institution.

11. 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, 2016 was 2.12%. 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 $3,797,664 and $967,132 at December 31, 2016 and 2015, 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:

Years ending December 31:	
2017	$ 771,000
2018	1,602,000
2019	1,684,000
2020	1,642,000
Total	$ 5,699,000

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, 2016 was 2.07%. 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 $5,749,220 and $3,735,157 at December 31, 2016 and 2015, 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:

Years ending December 31:	
2017	$ -
2018	234,000
2019	1,404,000
2020	1,404,000
2021	1,404,000
Thereafter	23,554,000
Total	$ 28,000,000

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, 2016 was 2.36%. The line was issued to provide financing to build a new skilled nursing facility. Borrowings on the Half Acre Road Construction Line were $14,770,478 and $325,184 at December 31, 2016 and 2015, 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:

Years ending December 31:	
2017	$ -
2018	246,000
2019	510,000
2020	537,000
2021	563,000
Thereafter	25,844,000
Total	$ 27,700,000

12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets of $7,146,658 and $8,282,320 at December 31, 2016 and 2015, 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:

	2016	2015
Split-interest agreements	$ 1,844,543	$ 1,748,802
Restricted for the benefit of residents and community needs	5,302,115	6,533,518
Total	$ 7,146,658	$ 8,282,320

Permanently restricted net assets of $3,205,010 and $3,188,833 at December 31, 2016 and 2015, 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.

13. 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, 2016 and 2015, the capital advances received totaled $80,835,527, which has been reported as a noncurrent liability in the consolidated balance sheet.

14. 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.

During 2016, the majority of The Oaks’ employees were eligible to make employee contributions to the plan and are expected to be eligible for employer contributions in 2017.

In 2005, SSL initiated a Supplemental Executive Retirement Plan (“SERP”). During 2016 and 2015, the SERP funding was approximately $137,000 and $123,000, respectively, and carried a balance of approximately $1,010,000 and $825,000 at December 31, 2016 and 2015, respectively.

Pension expense under the Plan and the SERP was approximately $1,526,000 and $1,462,000 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015:

	2016	2015
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 1,072,556	$ 1,035,427
Interest cost	45,038	40,808
Service cost	1,946	2,061
Actuarial gain (loss)	(11,882)	108,036
Benefits paid	(79,309)	(113,776)
Projected benefit obligation at end of year	1,028,349	1,072,556

Change in plan assets:		
Fair value of plan assets at beginning of year	$ 591,215	$ 679,473
Actual return (loss) on plan assets	29,911	(6,886)
Employer contribution	74,801	32,404
Benefits paid	(79,309)	(113,776)
Fair value of plan assets at end of year	616,618	591,215
Funded status at end of year	$ (411,731)	$ (481,341)

Amounts recognized in the balance sheet at December 31:

	2016	2015
Accrued expenses	$ (411,731)	$ (481,381)

Amounts recognized in net deficit, unrestricted at December 31:

	2016	2015
Unrecognized net loss	$ 462,817	$ 550,362

A net actuarial loss of $487,061 represents the unrecognized component of net periodic pension cost at December 31, 2016.

An actuarial loss of $51,426 is expected to be recognized in net periodic pension cost in the next fiscal year.

The accumulated benefit obligation at December 31, 2016 and 2015 is $1,028,349 and $1,072,556, 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 2016 and 2015 are as follows:

	2016	2015
Service cost	$ 1,946	$ 2,061
Interest cost	45,038	40,808
Expected return on plan assets	(17,549)	(20,494)
Amortization of net loss	63,301	44,486
Total	$ 92,736	$ 66,861

Weighted-average assumptions used to determine the benefit obligation at December 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	4.30 %	4.30 %
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic (benefit) pension cost at December 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	4.30 %	4.00 %
Expected long-term rate of return on plan assets	3.00	3.00

The expected long-term rate of return on plan assets assumption of 3.0% was selected based on the guaranteed rate of return of the group annuity contracts.

The following table for the Union Plan sets forth the actual asset allocation and target asset allocation for plan assets at December 31, 2016 and 2015:

	2016	2015	Target Asset Allocation Range
Common stock	31 %	29 %	0-15%
Unallocated insurance contract	69	71	85-100%
Total	100 %	100 %	

The Company's investment policy is designed to achieve the following long-term investment objectives:

- To maintain or exceed a target funding level of 100% of the Union Plan's liabilities, defined as the market value of the portfolio assets as a percentage of the accumulated benefit obligation including a target allocation of a conservative mix of investments, and
- To achieve a long-term rate of return of 3.00% as established by the Union Plan's actuarial consultant.

The following tables summarize instruments measured at fair value on a recurring basis for the Plan at December 31, 2016 and 2015:

	Assets at Fair Value as of December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stock	$ 193,843	$ -	$ -	$ 193,843
Unallocated insurance contract	-	-	422,775	422,775
Total	$ 193,843	$ -	$ 422,775	$ 616,618

	Assets as Fair Value as of December 31, 2015			
Common stock	$ 173,411	$ -	$ -	$ 173,411
Unallocated insurance contract	-	-	417,804	417,804
Total	$ 173,411	$ -	$ 417,804	$ 591,215

The following table presents the change in fair value for the unallocated insurance contract:

	Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)	
	2016	**2015**
Balance, beginning of year	$ 417,804	$ 484,911
Additional deposits	74,801	31,767
Dividends	4,226	6,564
Change in value	5,253	7,700
Expenses	(1,764)	(1,866)
Payments	(77,545)	(111,272)
Balance, end of year	$ 422,775	$ 417,804

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, 2016.

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:		
2017	$	56,917
2018		54,627
2019		52,152
2020		53,309
2021		57,059
Thereafter		317,608
Total	$	591,672

The Company anticipates making a contribution of $40,000 the Union Plan during 2017.

15. Commitments and Contingencies

SSL leases office space and equipment through noncancelable operating leases. The total rental expense under these leases was $595,047 and $561,965 for the years ended December 31, 2016 and 2015, respectively. The future minimum rental commitment under these noncancelable leases is as follows:

2017	$	654,525
2018		634,545
2019		619,642
2020		588,964
2021		517,754
2022		258,308
Total	$	3,273,738

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, 2016 and 2015.

The Foundation was obligated under a deferred compensation agreement to pay an $860,000 death benefit to a former employee. In March 2005, a $1,000,000 life insurance policy on the former employee was purchased by the Foundation. Concurrent with obtaining the life insurance policy, the Foundation acquired an annuity in the amount of $500,000 with the expectation that the annuity rate of return would fund a majority of the insurance premiums. In 2016, the deferred compensation agreement was settled upon the death of the former employee. Foundation received the $1,000,000 life insurance proceeds. $500,000 was retained by the Foundation as reimbursement of the forfeited annuity, and the remaining $500,000 was paid to the estate of the former employee to satisfy the deferred compensation agreement. The remaining death benefit of $360,000 was remitted back to the Foundation to satisfy his note to the Foundation.

Commitments under agreements for various construction projects totaled approximately $25,271,317 at December 31, 2016 and $21,734,943 at December 31, 2015.

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 $8,396,400 and $9,885,028 for the years ending December 31, 2016 and 2015, respectively. These amounts are included in the various departmental expense categories in the accompanying consolidated financial statements.

16. 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:

	2016	2015
Medicare	32 %	16 %
Medicaid	5	7
Self-pay residents and other	63	77
Total	100 %	100 %

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.

17. 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.

18. Functional Expenses

The Company provides housing, health care, and other related services to residents within its geographic locations. Expenses related to providing these services are as follows:

	2016	2015
Program services	$ 138,106,890	$ 125,349,811
Management and general	34,695,525	31,688,069
Fundraising	1,041,252	1,090,811
Total operating expenses	$ 173,843,667	$ 158,128,691

19. Prior Period Adjustment

The Company restated net assets as of January 1, 2015 as a result of adopting updated authoritative guidance related to the accounting for limited partnerships. Prior to 2015, the Limited Partnerships were excluded from the consolidation. The updated authoritative guidance requires the Company to consolidate the Limited Partnerships with an offset to non-controlling ownership in limited partnerships.

The change in accounting principle was reported as a cumulative-effect adjustment. The effect of the change decreased the operating indicator by $1,263,455 in 2015. The restatement resulted in a cumulative-effect increase in unrestricted net assets of $29,069,386 as of January 1, 2015.

The effect on the Company's consolidated financial statement line items for 2015 is summarized as follows:

	Previously Reported	Increase (Decrease)	Restated
Total current assets	$ 50,800,169	$ (1,816,429)	$ 52,616,598
Fixed assets	352,483,658	91,991,043	444,474,701
Total assets	607,390,083	62,759,363	670,149,446
Total current liabilities	31,065,748	2,067,880	33,133,628
Total liabilities	616,251,360	34,953,432	651,204,792
Unrestricted net deficit	(20,332,430)	10,482,369	(9,850,061)
Non-controlling ownership interest in limited partnerships	-	17,323,562	17,323,562
Total net assets (deficit)	(8,861,277)	27,805,931	18,944,654
Total liabilities and net assets	607,390,083	62,759,363	670,149,446
Total revenues and other support	128,847,655	10,897,129	139,744,784
Total expenses	121,514,010	9,337,301	130,851,311
Operating income	7,333,645	1,559,828	8,893,473
Revenues and other support less than expenses	(12,416,800)	(1,263,455)	(13,680,255)
Decrease in unrestricted net assets	(12,507,730)	(1,263,455)	(13,771,185)
Change in net assets	(12,169,327)	(1,263,455)	(13,432,782)

Springpoint Senior Living, Inc. and Affiliates

Consolidating Balance Sheet
December 31, 2016

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Assets							
Current Assets							
Cash and cash equivalents	$ 45,772,880	$ 959,543	$ 1,219,335	$ (6,458,283)	$ 41,493,475	$ -	$ 41,493,475
Current portion of assets whose use is limited	797,829	-	-	27,493	825,322	-	825,322
Accounts receivable, net	11,374,717	3,680	91,266	796,671	12,266,334	-	12,266,334
Due from affiliates	-	-	-	10,249,311	10,249,311	(10,249,311)	-
Other current assets	3,378,602	35,065	606,155	2,219,958	6,239,780	(857,059)	5,382,721
Total current assets	61,324,028	998,288	1,916,756	6,835,150	71,074,222	(11,106,370)	59,967,852
Investments	58,266,846	-	-	32,928,680	91,195,526	(3,632,078)	87,563,448
Assets Whose Use is Limited	19,707,042	5,599,149	8,717,417	11,162,612	45,186,220	-	45,186,220
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	-	-	-	3,643,850	3,643,850	(607,591)	3,036,259
Due from Other Affiliates	-	-	-	8,625,848	8,625,848	(8,625,848)	-
Notes Receivable	-	-	-	32,766,932	32,766,932	(32,766,932)	-
Loans Receivable from Affiliate	-	-	-	31,363,556	31,363,556	(31,363,556)	-
Property and Equipment, Net	350,627,184	58,840,576	103,850,121	25,518,009	538,835,890	(11,504,999)	527,330,891
Goodwill, Net	68,476,181	-	-	2,270,750	70,746,931	-	70,746,931
Other Assets, Net	1,056,924	-	419,943	6,762,150	8,239,017	(5,578,040)	2,660,977
Total assets	$ 559,458,205	$ 65,438,013	$ 114,904,237	$ 167,420,214	$ 907,220,669	$ (105,185,414)	$ 802,035,255

Springpoint Senior Living, Inc. and Affiliates

Consolidating Balance Sheet
December 31, 2016

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Liabilities and Net Assets (Deficit)							
Current Liabilities							
Current maturities of long-term debt and capital lease obligations	$ 4,943,387	$ -	$ 993,267	$ 2,469,449	$ 8,406,103	$ -	$ 8,406,103
Current portion of construction line of credit	771,000	-	-	-	771,000	-	771,000
Accounts payable	6,769,783	426,010	202,155	3,946,028	11,343,976	(858,184)	10,485,792
Accrued expenses	5,725,119	183,438	646,617	11,033,463	17,588,637	-	17,588,637
Due to affiliates	3,691,839	80,604	1,711,569	6,517,196	12,001,208	(12,001,208)	-
Residents' deposits	1,979,865	272,271	422,364	-	2,674,500	-	2,674,500
Total current liabilities	23,880,993	962,323	3,975,972	23,966,136	52,785,424	(12,859,392)	39,926,032
Long-Term Debt and Capital Lease Obligations	190,814,629	3,136,140	58,363,105	9,778,158	262,092,032	-	262,092,032
Notes Payable to Affiliate	29,710,000	11,500	32,766,932	1,642,057	64,130,489	(64,130,489)	-
Capital Advances	-	80,035,527	-	-	80,035,527	-	80,035,527
Due to Affiliates	6,288,925	-	-	633,901	6,922,826	(6,922,826)	-
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	-	-	3,559,982	3,559,982	-	3,559,982
Deferred Revenue	85,135	-	-	17,291,019	17,376,154	(17,376,154)	-
Refundable Entrance Fees	289,462,899	-	-	-	289,462,899	-	289,462,899
Deferred Revenue from Entrance Fees	75,175,183	-	-	-	75,175,183	-	75,175,183
Construction Line of Credit, Net of Current Portion	8,775,884	-	-	14,770,478	23,546,362	-	23,546,362
Retainage Payable	227,012	-	-	-	227,012	-	227,012
Derivative Instruments	1,991,427	-	-	(96,300)	1,895,127	-	1,895,127
Other Liabilities	2,381,716	-	4,062,657	2,528,888	8,973,261	(5,533,947)	3,439,314
Total liabilities	628,793,803	84,145,490	99,168,666	74,074,319	886,182,278	(106,822,808)	779,359,470
Net Assets (Deficit)							
Unrestricted	(76,939,449)	(18,707,477)	981,541	89,990,486	(4,674,899)	2,244,985	(2,429,914)
Non-controlling ownership interest in limited partnerships	-	-	14,754,030	-	14,754,030	-	14,754,030
Temporarily restricted	398,851	-	-	6,747,808	7,146,659	-	7,146,659
Permanently restricted	-	-	-	3,812,601	3,812,601	(607,591)	3,205,010
Permanently restricted	7,205,000	-	-	(7,205,000)	-	-	-
Total net assets (deficit)	(69,335,598)	(18,707,477)	15,735,571	93,345,895	21,038,391	1,637,394	22,675,785
Total liabilities and net assets (deficit)	$ 559,458,205	$ 65,438,013	$ 114,904,237	$ 167,420,214	$ 907,220,669	$ (105,185,414)	$ 802,035,255

Springpoint Senior Living, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2016

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Changes in Unrestricted Net Assets (Deficit)							
Revenues and other support:							
Revenue from residential facilities	$ 64,201,010	$ 7,553,721	$ 11,328,956	$ -	$ 83,083,687	$ -	$ 83,083,687
Revenue from healthcare facilities	55,328,453	-	-	-	55,328,453	-	55,328,453
Services to residents	7,696,821	-	-	5,528,467	13,225,288	-	13,225,288
Developer and management fees	-	-	-	12,487,698	12,487,698	(12,487,698)	-
Contributions and bequests	469,718	-	-	982,208	1,451,926	(905,753)	546,173
Interest and dividends	1,236,879	2,554	12,619	609,595	1,861,647	(78,200)	1,783,447
Other revenue	986,897	56,359	215,663	807,678	2,066,597	(731,363)	1,335,234
Net assets released from restrictions used for operations	903,305	-	-	406,941	1,310,246	(138,256)	1,171,990
Total revenues and other support	130,823,083	7,612,634	11,557,238	20,822,587	170,815,542	(14,341,270)	156,474,272
Expenses:							
Professional care of residents	35,698,831	-	-	4,136,733	39,835,564	-	39,835,564
Resident services	4,612,477	-	-	-	4,612,477	8	4,612,485
Dining services	18,583,193	-	-	-	18,583,193	(176,715)	18,406,478
Operation and maintenance of facility	24,787,058	3,408,943	4,037,082	42,880	32,275,963	-	32,275,963
Housekeeping and laundry	6,286,770	-	-	-	6,286,770	-	6,286,770
Administrative and general	11,200,487	2,459,714	2,566,775	11,087,081	27,314,057	(504,385)	26,809,672
Resident assistance and program services	-	-	-	1,511,740	1,511,740	(1,044,008)	467,732
Marketing	4,635,095	-	-	1,104,404	5,739,499	-	5,739,499
Insurance	1,685,274	283,978	572,442	150,969	2,692,663	-	2,692,663
Springpoint Senior Living, Inc. management fee	8,416,880	514,218	615,999	929,677	10,476,774	(10,476,774)	-
Interest	5,641,289	-	2,900,290	517,486	9,059,065	(922,724)	8,136,341
Provision for bad debts	447,582	-	2,945	44,416	494,943	-	494,943
Total expenses	121,994,936	6,666,853	10,695,533	19,525,386	158,882,708	(13,124,598)	145,758,110
Operating income (loss)	8,828,147	945,781	861,705	1,297,201	11,932,834	(1,216,672)	10,716,162
Change in unrealized gains and losses on investments	2,695,693	-	-	814,615	3,510,308	-	3,510,308
Net realized gains and losses on investments	(512,637)	-	-	786,959	274,322	-	274,322
Amortization of entrance fees	14,525,017	-	-	-	14,525,017	-	14,525,017
Change in fair value of derivative financial instruments	1,700,757	-	-	219,503	1,920,260	-	1,920,260
(Loss) gain on disposal of fixed assets	(102,398)	14,990	-	1,000	(86,408)	-	(86,408)
Net asset transfer	9,207,209	-	(1,894,695)	(7,332,586)	(20,072)	20,072	-
Transfer from temporarily restricted net assets	2,090,262	-	-	(101,326)	1,988,936	-	1,988,936
Depreciation and amortization	(21,940,889)	(2,298,726)	(3,431,595)	(731,448)	(28,402,658)	317,131	(28,085,527)
Revenues and other support in excess of (less than) expenses	16,491,161	(1,337,955)	(4,464,585)	(5,046,082)	5,642,539	(879,469)	4,763,070
Pension liability adjustment	87,545	-	-	-	87,545	-	87,545
Change in unrestricted net assets	$ 16,578,706	$ (1,337,955)	$ (4,464,585)	$ (5,046,082)	$ 5,730,084	$ (879,469)	$ 4,850,615

Springpoint Senior Living, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2016

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Changes in Temporarily Restricted Net Assets							
Contributions	$ 910,337	$ -	$ -	$ 867,254	$ 1,777,591	$ (138,256)	$ 1,639,335
Change in value of split-interest agreements	-	-	-	(4,060)	(4,060)	-	(4,060)
Investment income	18,630	-	-	377,309	395,939	-	395,939
Net unrealized loss on investments	(5,949)	-	-	-	(5,949)	-	(5,949)
Net assets released from restrictions for operations	(903,305)	-	-	(406,941)	(1,310,246)	138,256	(1,171,990)
Transfer to unrestricted net assets	(2,090,262)	-	-	101,326	(1,988,936)	-	(1,988,936)
Increase (decrease) in temporarily restricted net assets	(2,070,549)	-	-	934,888	(1,135,661)	-	(1,135,661)
Changes in Permanently Restricted Net Assets							
Change in value of perpetual trusts	-	-	-	24,535	24,535	(8,358)	16,177
Increase (decrease) in permanently restricted net assets	-	-	-	24,535	24,535	(8,358)	16,177
Change in unrestricted net assets (deficit)	14,508,157	(1,337,955)	(4,464,585)	(4,086,659)	4,618,958	(887,827)	3,731,131
Net Assets (Deficit), Beginning	(83,843,755)	(17,369,522)	20,200,156	97,432,554	16,419,433	2,525,221	18,944,654
Net Assets (Deficit), Ending	$ (69,335,598)	$ (18,707,477)	$ 15,735,571	$ 93,345,895	$ 21,038,391	$ 1,637,394	$ 22,675,785

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities, Combining Balance Sheet
December 31, 2016

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Assets								
Current Assets								
Cash and cash equivalents	$ 5,235,911	$ 5,171,312	$ 5,343,525	$ 4,408,179	$ 11,424,165	$ 10,568,383	$ 3,621,405	$ 45,772,880
Current portion of assets whose use is limited	34,949	95,272	85,114	93,686	38,474	68,557	381,777	797,829
Accounts receivable, net	565,884	2,371,567	1,144,907	2,320,750	4,009,945	764,172	197,492	11,374,717
Other current assets	269,531	250,740	542,045	223,981	979,622	274,131	838,552	3,378,602
Total current assets	6,106,275	7,888,891	7,115,591	7,046,596	16,452,206	11,675,243	5,039,226	61,324,028
Investments	4,745,394	10,072,961	798,379	-	3,071,108	12,831,986	26,747,018	58,266,846
Assets Whose Use Is Limited	1,639,604	2,279,934	3,141,104	2,603,730	3,867,114	3,292,236	2,883,320	19,707,042
Property and Equipment, Net	62,685,090	28,847,157	53,434,962	28,185,315	66,677,232	66,787,267	44,010,161	350,627,184
Goodwill, Net	-	-	-	675,588	29,121,740	-	38,678,853	68,476,181
Other Assets, Net	273,870	-	47,741	-	355,679	-	379,634	1,056,924
Total assets	$ 75,450,233	$ 49,088,943	$ 64,537,777	$ 38,511,229	$ 119,545,079	$ 94,586,732	$ 117,738,212	$ 559,458,205

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities, Combining Balance Sheet
December 31, 2016

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Liabilities and Net Assets (Deficit)								
Current Liabilities								
Current maturities of long-term debt and capital lease	$ 492,713	$ 94,951	$ 2,055,030	$ 199,065	$ 13,232	$ 766,702	$ 1,321,694	$ 4,943,387
Current portion of construction line of credit	-	-	-	-	-	771,000	-	771,000
Accounts payable	303,747	414,893	686,665	1,123,108	1,101,984	1,300,482	1,838,904	6,769,783
Accrued expenses	403,744	524,481	2,091,767	546,407	865,970	604,541	688,209	5,725,119
Due to affiliates	316,525	427,072	448,656	150,524	818,476	370,923	1,159,663	3,691,839
Residents' deposits	117,414	119,317	268,769	378,306	150,324	444,560	501,175	1,979,865
Total current liabilities	1,634,143	1,580,714	5,550,887	2,397,410	2,949,986	4,258,208	5,509,645	23,880,993
Long-Term Debt and Capital Lease Obligations	21,675,412	27,005,287	21,660,418	9,159,298	36,537,693	48,050,616	26,725,905	190,814,629
Notes Payable to Affiliate	24,710,000	-	-	-	5,000,000	-	-	29,710,000
Due to Affiliates	6,288,925	-	-	-		-	-	6,288,925
Refundable Entrance Fees	36,347,157	7,562,819	39,425,820	27,298,137	52,096,328	53,313,647	73,418,991	289,462,899
Deferred Revenue from Entrance Fees	10,029,821	6,508,441	14,346,877	9,807,414	14,261,390	12,919,984	7,301,256	75,175,183
Construction Line of Credit, Net of Current Portion	-	-	-	-	-	3,026,664	5,749,220	8,775,884
Retainage Payable	-	-	-	39,124	-	187,888	-	227,012
Deferred Revenue	-	-	-	33,334	47,181	-	4,620	85,135
Derivative Instruments	562,711	(179,740)	168,324	(36,862)	-	11,687	1,465,307	1,991,427
Other Liabilities	2,381,716	-	-	-	-	-	-	2,381,716
Total liabilities	103,629,885	42,477,521	81,152,326	48,697,855	110,892,578	121,768,694	120,174,944	628,793,803
Net Assets (Deficit)								
Unrestricted	(28,198,741)	6,561,819	(16,637,272)	(10,473,881)	1,435,071	(27,188,216)	(2,438,229)	(76,939,449)
Temporarily restricted	19,089	49,603	22,723	287,255	12,430	6,254	1,497	398,851
Member's Equity	-	-	-	-	7,205,000	-	-	7,205,000
Total net assets (deficit)	(28,179,652)	6,611,422	(16,614,549)	(10,186,626)	8,652,501	(27,181,962)	(2,436,732)	(69,335,598)
Total liabilities and net assets (deficit)	$ 75,450,233	$ 49,088,943	$ 64,537,777	$ 38,511,229	$ 119,545,079	$ 94,586,732	$ 117,738,212	$ 559,458,205

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2016

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Changes in Unrestricted Net Assets (Deficit)								
Revenues and other support:								
Revenue from residential facilities	$ 6,822,005	$ 8,403,573	$ 11,095,084	$ 8,784,875	$ 6,348,137	$ 11,950,505	$ 10,796,831	$ 64,201,010
Revenue from healthcare facilities	4,122,732	7,363,396	11,106,008	8,900,200	7,885,649	8,098,925	7,851,543	55,328,453
Services to residents	522,224	1,729,275	1,247,858	2,144,512	481,991	1,043,240	527,721	7,696,821
Contributions and bequests	99,564	69,003	74,791	74,147	2,425	59,569	90,219	469,718
Interest and dividends	95,197	188,947	65,097	40,459	61,045	271,558	514,576	1,236,879
Other revenue	17,697	223,779	101,359	81,625	362,265	152,036	48,136	986,897
Net assets released from restriction used for operations	94,595	170,744	111,421	116,291	134,387	165,263	110,604	903,305
Total revenues and other support	11,774,014	18,148,717	23,801,618	20,142,109	15,275,899	21,741,096	19,939,630	130,823,083
Expenses:								
Professional care of patients	3,375,712	4,716,522	6,375,827	5,938,347	5,961,165	5,921,166	3,410,092	35,698,831
Resident services	605,520	507,698	665,294	673,861	585,253	661,467	913,384	4,612,477
Dining services	1,788,798	2,774,562	3,412,045	3,007,334	1,759,301	3,088,729	2,752,424	18,583,193
Operation and maintenance of facility	2,364,054	2,546,486	5,197,247	3,182,943	2,491,025	3,697,703	5,307,600	24,787,058
Housekeeping and laundry	655,273	1,003,439	1,200,947	713,041	831,564	904,382	978,124	6,286,770
Administrative and general	1,242,892	1,982,176	1,948,704	1,636,015	1,218,883	1,734,808	1,437,009	11,200,487
Marketing	477,178	751,927	629,960	789,684	495,157	662,138	829,051	4,635,095
Insurance	248,213	215,589	309,190	210,561	161,321	244,284	296,116	1,685,274
Springpoint Senior Living, Inc. management fee	785,931	1,272,208	1,525,525	1,275,582	838,253	1,423,607	1,295,774	8,416,880
Interest	707,656	978,732	659,106	328,789	794,364	1,274,143	898,499	5,641,289
Provision for doubtful accounts	18,665	69,061	21,937	129,906	104,557	99,656	3,800	447,582
Total expenses	12,269,892	16,818,400	21,945,782	17,886,063	15,240,843	19,712,083	18,121,873	121,994,936
Operating (loss) income	(495,878)	1,330,317	1,855,836	2,256,046	35,056	2,029,013	1,817,757	8,828,147
Transfer from temporarily restricted net assets	-	-	-	-	-	-	2,090,262	2,090,262
Change in unrealized gains and losses on investments	187,651	402,842	123,271	91,630	40,436	643,041	1,206,822	2,695,693
Net realized gains and losses on investments	(27,844)	(82,288)	(27,993)	(16,254)	(7,875)	(125,404)	(224,979)	(512,637)
Amortization of entrance fees	1,810,871	1,703,320	2,591,472	1,931,512	2,280,184	2,511,312	1,696,346	14,525,017
Net change in fair value of derivative financial instruments	228,861	306,861	226,145	102,445	-	450,680	385,765	1,700,757
Gain on disposal of fixed assets	-	-	-	(102,398)	-	-	-	(102,398)
Loss on refinancing	-	-	-	-	-	-	-	-
Depreciation and amortization	(2,771,061)	(2,765,075)	(4,376,550)	(3,079,591)	(912,730)	(3,802,830)	(4,233,052)	(21,940,889)
Revenues and other support (less than) in excess of expenses	(1,067,400)	895,977	392,181	1,183,390	1,435,071	1,705,812	2,738,921	7,283,952
Pension liability adjustment	-	-	87,545	-	-	-	-	87,545
Change in unrestricted net assets	(1,067,400)	895,977	479,726	1,183,390	1,435,071	1,705,812	2,738,921	7,371,497
Net asset transfer from affiliate	-	2,002,209	-	-	7,205,000	-	-	9,207,209
(Decrease) increase in unrestricted net assets	$ (1,067,400)	$ 2,898,186	$ 479,726	$ 1,183,390	$ 8,640,071	$ 1,705,812	$ 2,738,921	$ 16,578,706

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2016

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Changes in Temporarily Restricted Net Assets								
Contributions	$ 94,169	$ 162,702	$ 112,911	$ 121,883	$ 146,817	$ 166,789	$ 105,066	$ 910,337
Investment income	-	-	-	18,630	-	-	-	18,630
Net unrealized gain (loss) on investments	-	-	-	(5,949)	-	-	-	(5,949)
Net assets released from restriction used for operations	(94,595)	(170,744)	(111,421)	(116,291)	(134,387)	(165,263)	(110,604)	(903,305)
Transfer to unrestricted net assets	-	-	-	-	-	-	(2,090,262)	(2,090,262)
Net asset transfer from affiliate	-	-	-	-	-	-	-	-
(Decrease) increase in temporarily restricted net assets	(426)	(8,042)	1,490	18,273	12,430	1,526	(2,095,800)	(2,070,549)
Change in net assets (deficit)	(1,067,826)	2,890,144	481,216	1,201,663	8,652,501	1,707,338	643,121	14,508,157
Net Assets (Deficit), Beginning	(27,111,826)	3,721,278	(17,095,765)	(11,388,289)	-	(28,889,300)	(3,079,853)	(83,843,755)
Net Assets (Deficit), Ending	$ (28,179,652)	$ 6,611,422	$ (16,614,549)	$ (10,186,626)	$ 8,652,501	$ (27,181,962)	$ (2,436,732)	$ (69,335,598)

Springpoint Senior Living, Inc. And Affiliates

Affordable Housing Communities, Combining Balance Sheet
December 31, 2016

	PH at Dover	PH at Galloway (Countryside Meadows)	PH at East Windsor (Wheaton Pointe)	PH at Franklin	PH at Howell (Howell Crossroads)	PH at Manchester	PH at Atlantic Highlands (Portland Pointe)	Middlesex Borough Senior Citizens Housing Corporation (Watchung Terrace)	PH at Stafford (Stafford)	PH At West Windsor (the Gables)	Combined Total
Assets											
Current Assets											
Cash and cash equivalents	$ 173,693	$ 108,407	$ 91,940	$ 102,275	$ 69,026	$ 57,969	$ 91,117	$ 104,264	$ 100,370	$ 60,482	$ 959,543
Accounts receivable, net	136	2,885	900	300	436	16	(2,494)	168	287	1,046	3,680
Other current assets	7,912	1,382	12,459	1,674	2,471	3,702	1,408	1,752	238	2,067	35,065
Total current assets	181,741	112,674	105,299	104,249	71,933	61,687	90,031	106,184	100,895	63,595	998,288
Assets Whose Use Is Limited	566,951	557,259	606,081	678,895	601,873	453,869	509,212	636,379	483,156	505,474	5,599,149
Property and Equipment, Net	10,689,913	2,969,389	5,305,747	6,733,559	4,334,872	11,675,721	2,792,661	3,051,094	6,107,476	5,180,144	58,840,576
Total assets	$ 11,438,605	$ 3,639,322	$ 6,017,127	$ 7,516,703	$ 5,008,678	$ 12,191,277	$ 3,391,904	$ 3,793,657	$ 6,691,527	$ 5,749,213	$ 65,438,013
Liabilities and Net Deficit											
Current Liabilities											
Accounts payable	$ 91,250	$ 29,241	$ 45,223	$ 44,056	$ 22,549	$ 16,529	$ 58,381	$ 59,136	$ 39,942	$ 19,703	$ 426,010
Accrued expenses	18,186	20,596	16,478	18,282	20,852	20,901	15,508	24,870	12,625	15,140	183,438
Due to affiliates	3,770	7,927	5,319	5,600	7,030	25,412	2,815	5,408	8,982	8,341	80,604
Residents' deposits	33,159	27,024	19,886	28,458	30,982	31,580	21,184	33,794	30,345	15,859	272,271
Total current liabilities	146,365	84,788	86,906	96,396	81,413	94,422	97,888	123,208	91,894	59,043	962,323
Long-Term Debt	778,680	-	-	778,680	-	800,000	-	-	778,780	-	3,136,140
Notes Payable to Affiliate	-	-	-	-	-	-	-	-	11,500	-	11,500
Capital Advances	10,812,100	5,773,700	8,179,100	8,767,400	7,434,000	11,639,400	5,274,727	6,270,600	7,869,900	8,014,600	80,035,527
Total liabilities	11,737,145	5,858,488	8,266,006	9,642,476	7,515,413	12,533,822	5,372,615	6,393,808	8,752,074	8,073,643	84,145,490
Net Deficit											
Unrestricted	(298,540)	(2,219,166)	(2,248,879)	(2,125,773)	(2,506,735)	(342,545)	(1,980,711)	(2,600,151)	(2,060,547)	(2,324,430)	(18,707,477)
Total liabilities and net deficit	$ 11,438,605	$ 3,639,322	$ 6,017,127	$ 7,516,703	$ 5,008,678	$ 12,191,277	$ 3,391,904	$ 3,793,657	$ 6,691,527	$ 5,749,213	$ 65,438,013

Springpoint Senior Living, Inc. and Affiliates

Affordable Housing Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2016

	PH at Dover	PH at Galloway (Countryside Meadows)	PH at East Windsor (Wheaton Pointe)	PH at Franklin	PH at Howell (Howell Crossroads)	PH at Manchester	PH at Atlantic Highlands (Portland Pointe)	Middlesex Borough Senior Citizens Housing Corporation (Watchung Terrace)	PH at Stafford (Stafford)	PH at West Windsor (the Gables)	Combined Total
Revenues and Other Support											
Revenue from residential facilities	$ 740,215	$ 826,454	$ 791,509	$ 780,438	$ 717,967	$ 688,196	$ 615,435	$ 787,940	$ 872,182	$ 733,385	$ 7,553,721
Interest and dividends	252	247	285	315	274	199	237	295	214	236	2,554
Other revenue	4,499	2,505	3,469	5,026	6,534	5,427	4,883	5,599	15,212	3,205	56,359
Total revenues and other support	744,966	829,206	795,263	785,779	724,775	693,822	620,555	793,834	887,608	736,826	7,612,634
Expenses:											
Operation and maintenance of facility	312,903	363,627	372,510	329,880	333,443	334,378	263,051	339,431	433,350	326,370	3,408,943
Administrative and general	226,450	251,338	236,945	257,678	237,497	200,609	239,047	282,945	262,880	264,325	2,459,714
Insurance	35,001	27,527	24,229	28,461	28,512	33,374	20,924	25,940	34,988	25,022	283,978
Springpoint Senior Living, Inc. management fee	54,384	53,784	52,416	52,416	55,088	53,485	35,568	55,501	52,416	49,160	514,218
Total expenses	628,738	696,276	686,100	668,435	654,540	621,846	558,590	703,817	783,634	664,877	6,666,853
Operating income	116,228	132,930	109,163	117,344	70,235	71,976	61,965	90,017	103,974	71,949	945,781
Gain (loss) on disposal of fixed assets	17,438	-	-	-	-	-	-	(2,448)	-	-	14,990
Depreciation and amortization	(320,833)	(176,472)	(219,434)	(251,723)	(211,666)	(320,844)	(160,019)	(199,254)	(230,748)	(207,733)	(2,298,726)
Change in unrestricted net deficit	(187,167)	(43,542)	(110,271)	(134,379)	(141,431)	(248,868)	(98,054)	(111,685)	(126,774)	(135,784)	(1,337,955)
Net Assets (Deficit), Beginning	(111,373)	(2,175,624)	(2,138,608)	(1,991,394)	(2,365,304)	(93,677)	(1,882,657)	(2,488,466)	(1,933,773)	(2,188,646)	(17,369,522)
Net Assets (Deficit), Ending	$ (298,540)	$ (2,219,166)	$ (2,248,879)	$ (2,125,773)	$ (2,506,735)	$ (342,545)	$ (1,980,711)	$ (2,600,151)	$ (2,060,547)	$ (2,324,430)	$ (18,707,477)

Springpoint Senior Living, Inc. And Affiliates

Low Income Housing Tax Credit Communities, Combining Balance Sheet
December 31, 2016

	Asbury Senior Citizens Housing	Butler Senior Citizens Housing	Howell Senior Citizens Housing	Manchester Senior Citizens Housing	Mount Holly Senior Citizens Housing	Plainfield Senior Citizens Housing	Ramsey Senior Citizens Housing	Wall Senior Citizens Housing	Combined Total
Assets									
Current Assets									
Cash and cash equivalents	$ 388,483	$ 212,463	$ 113,340	$ 1,055	$ 5,924	$ 265,806	$ 184,241	$ 48,023	$ 1,219,335
Accounts receivable, net	42,002	(530)	25,554	-	539	18,893	2,131	2,677	91,266
Other current assets	281,384	61,019	56,340	-	30,051	80,504	54,187	42,670	606,155
Total current assets	711,869	272,952	195,234	1,055	36,514	365,203	240,559	93,370	1,916,756
Assets Whose Use Is Limited	2,753,243	1,012,898	973,943	444,757	274,374	1,285,310	1,031,693	941,199	8,717,417
Property and Equipment, Net	45,418,440	7,585,761	8,272,423	8,779,021	3,268,922	14,398,996	9,751,936	6,374,622	103,850,121
Other Assets, Net	220,496	17,308	22,091	31,631	18,982	81,379	15,837	12,219	419,943
Total assets	$ 49,104,048	$ 8,888,919	$ 9,463,691	$ 9,256,464	$ 3,598,792	$ 16,130,888	$ 11,040,025	$ 7,421,410	$ 114,904,237
Liabilities and Net Deficit									
Current Liabilities									
Current maturities of long-term debt	$ 323,709	$ 139,418	$ 125,808	$ 2,492	$ 10,287	$ 121,267	$ 150,492	$ 119,794	$ 993,267
Accounts payable	56,459	31,537	17,483	417	26,723	31,481	21,086	16,969	202,155
Accrued expenses	386,658	36,772	30,229	40,399	15,863	60,441	39,570	36,685	646,617
Due to affiliates	877,833	31,307	32,944	573,915	98,000	35,345	32,975	29,250	1,711,569
Residents' deposits	248,365	31,309	32,134	-	11,174	47,000	30,085	22,297	422,364
Total current liabilities	1,893,024	270,343	238,598	617,223	162,047	295,534	274,208	224,995	3,975,972
Long-Term Debt	21,529,413	4,991,106	4,512,666	9,117,088	1,898,727	6,633,873	5,393,313	4,286,919	58,363,105
Notes Payable to Affiliate	19,460,233	1,943,493	2,905,611	563,551	203,078	2,213,657	3,707,000	1,770,309	32,766,932
Other Liabilities	2,571,425	23,177	24,843	1,149,024	205,356	40,049	28,869	19,914	4,062,657
Total liabilities	45,454,095	7,228,119	7,681,718	11,446,886	2,469,208	9,183,113	9,403,390	6,302,137	99,168,666
Net Assets (Deficit)									
Partner's equity (deficit)	(1,341)	194,836	355,043	(2,002,228)	1,285,926	575,722	405,330	168,253	981,541
Non-controlling ownership interest in limited partnerships	3,651,294	1,465,964	1,426,930	(188,194)	(156,342)	6,372,053	1,231,305	951,020	14,754,030
Total net assets (deficit)	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
Total liabilities and net assets (deficit)	$ 49,104,048	$ 8,888,919	$ 9,463,691	$ 9,256,464	$ 3,598,792	$ 16,130,888	$ 11,040,025	$ 7,421,410	$ 114,904,237

Springpoint Senior Living, Inc. and Affiliates

Low Income Housing Tax Credit Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2016

	Asbury Senior Citizens Housing	Butler Senior Citizens Housing	Howell Senior Citizens Housing	Manchester Senior Citizens Housing	Mount Holly Senior Citizens Housing	Plainfield Senior Citizens Housing	Ramsey Senior Citizens Housing	Wall Senior Citizens Housing	Combined Total
Revenues and Other Support									
Revenue from residential facilities	$ 3,505,066	$ 1,371,041	$ 1,482,005	$ -	$ 271,151	$ 2,069,648	$ 1,414,092	$ 1,215,953	$ 11,328,956
Interest and dividends	3,558	1,616	1,749	140	523	1,955	1,617	1,461	12,619
Other revenue	149,603	2,491	7,155	6,000	6,113	34,050	5,986	4,265	215,663
Total revenues and other support	3,658,227	1,375,148	1,490,909	6,140	277,787	2,105,653	1,421,695	1,221,679	11,557,238
Expenses:									
Operation and maintenance of facility	1,504,664	382,899	464,835	6,476	176,651	742,003	395,955	363,599	4,037,082
Administrative and general	706,609	401,640	335,930	13,980	52,855	348,604	336,119	371,038	2,566,775
Insurance	308,882	47,074	45,788	-	29,444	71,330	40,377	29,547	572,442
Springpoint Senior Living, Inc. management fee	224,190	66,163	74,701	-	17,577	108,866	74,701	49,801	615,999
Interest	762,515	346,851	356,380	78,726	30,160	588,701	435,669	301,288	2,900,290
Provision for bad debts	-	1,808	-	-	1,137	-	-	-	2,945
Total expenses	3,506,860	1,246,435	1,277,634	99,182	307,824	1,859,504	1,282,821	1,115,273	10,695,533
Operating income	151,367	128,713	213,275	(93,042)	(30,037)	246,149	138,874	106,406	861,705
Net asset transfer (to) from affiliate	-	-	-	(2,002,109)	107,414	-	-	-	(1,894,695)
Depreciation and amortization	(1,559,427)	(291,047)	(301,939)	(95,271)	(160,445)	(503,648)	(305,194)	(214,624)	(3,431,595)
Change in unrestricted net assets (deficit)	(1,408,060)	(162,334)	(88,664)	(2,190,422)	(83,068)	(257,499)	(166,320)	(108,218)	(4,464,585)
Net Assets (Deficit), Beginning	5,058,013	1,823,134	1,870,637	-	1,212,652	7,205,274	1,802,955	1,227,491	20,200,156
Net Assets (Deficit), Ending	$ 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

Springpoint Senior Living, Inc. And Affiliates

Other Entities, Combining Balance Sheet

December 31, 2016

	SSL	Foundation	PH at Wall	PH at Plainfield	Affordable Housing Solutions	Senior Net	Integrated Management Services	Plainfield Tower Sol	Manchester Housing Solutions	Springpoint at Half Acre Road	Springpoint at Haddonfield	Springpoint at Eastern	Senior Living Solar	Springpoint At Home	Combined Total
Assets															
Current Assets															
Cash and cash equivalents	$ (10,775,812)	$ 2,725,863	$ 1,191,584	$ 307,437	$ -	$ (42,188)	$ (244,558)	$ -	$ -	$ 401,464	$ 9,673	$ -	$ 24,113	$ (55,859)	$ (6,458,283)
Current portion of assets whose use is limited	-	27,493	-	-	-	-	-	-	-	-	-	-	-	-	27,493
Accounts receivable, net	-	-	-	-	-	19,550	-	-	-	-	-	-	-	777,121	796,671
Due from affiliates	8,828,633	1,176,469	-	-	-	-	244,209	-	-	-	-	-	-	-	10,249,311
Other current assets	1,205,635	21,836	-	-	-	9,265	883,990	-	-	33,333	-	-	12,101	53,798	2,219,958
Total current assets	(741,544)	3,951,661	1,191,584	307,437	-	(13,373)	883,641	-	-	434,797	9,673	-	36,214	775,060	6,835,150
Investments	-	29,296,603	643,192	-	2,410,559	-	-	578,226	100	-	-	-	-	-	32,928,680
Assets Whose Use Is Limited	1,010,248	4,756,458	-	-	-	-	-	-	-	-	-	5,033,953	-	361,953	11,162,612
Investments Held Under Split-Interest Agreements	-	4,547,822	-	-	-	-	-	-	-	-	-	-	-	-	4,547,822
Investments Held by Others under Split-Interest Agreements	-	994,855	-	-	-	-	-	-	-	-	-	-	-	-	994,855
Beneficial Interest in Perpetual Trusts	-	3,036,259	-	-	-	-	-	-	-	-	607,591	-	-	-	3,643,850
Due from Other Affiliates	6,923,355	-	1,124,267	578,226	-	-	-	-	-	-	-	-	-	-	8,625,848
Notes Receivable	28,063,509	155,906	2,333,860	2,213,657	-	-	-	-	-	-	-	-	-	-	32,766,932
Loans Receivable from Affiliate	25,260,693	-	6,102,863	-	-	-	-	-	-	-	-	-	-	-	31,363,556
Property and Equipment, Net	1,628,366	4,923	-	-	-	2,462	150,730	-	-	21,597,489	-	-	1,994,999	139,040	25,518,009
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	2,270,750	2,270,750
Other Assets, Net	5,953,256	-	-	-	-	-	-	-	-	695,700	-	-	-	113,194	6,762,150
Total assets	$ 68,097,883	$ 46,744,487	$ 11,395,766	$ 3,099,320	$ 2,410,559	$ (10,911)	$ 1,034,371	$ 578,226	$ 100	$ 22,727,986	$ 617,264	$ 5,033,953	$ 2,031,213	$ 3,659,997	$ 167,420,214

Springpoint Senior Living, Inc. And Affiliates
Other Entities, Combining Balance Sheet
December 31, 2016

	SSL	Foundation	PH at Wall	PH at Plainfield	Affordable Housing Solutions	Senior Net	Integrated Management Services	Plainfield Tower Sol	Manchester Housing Solutions	Springpoint at Half Acre Road	Springpoint at Haddonfield	Springpoint at Eastern	Senior Living Solar	Springpoint At Home	Combined Total
Liabilities and Net Assets (Deficit)															
Current Liabilities															
Current maturities of long-term debt and capital lease obligations	$ 554,643	$ -	$ -	$ -	$ -	$ -	$ 53,950	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,860,856	$ 2,469,449
Accounts payable	3,867,805	57,176	-	-	-	8,086	-	-	-		-	-	-	12,961	3,946,028
Accrued expenses	9,658,767	117,455	-	-	-	6,197	-	-	-	1,077,845	-	-	-	173,199	11,033,463
Due to affiliates	-	-	-	-	1,777,661	10,230	-	585,226	600	2,962,850	-	-	13,201	1,167,428	6,517,196
Resident's deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	14,081,215	174,631	-	-	1,777,661	24,513	53,950	585,226	600	4,040,695	-	-	13,201	3,214,444	23,966,136
Long-Term Debt and Capital Lease Obligations	9,980,557	-	-	-	-	-	109,019	-	-	(305,692)	-	-	-	(5,726)	9,778,158
Notes Payable to Affiliate	-	-	-	-	-	-	-	-	-	-	-	-	1,102,864	539,193	1,642,057
Due to affiliate	-	-	-	-	-	-	-	-	-	-	-	-	-	633,901	633,901
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	3,559,982	-	-	-	-	-	-	-	-	-	-	-	-	3,559,982
Deferred Revenue	15,864,020	40,770	193,881	308,358	-	-	883,990	-	-	-	-	-	-	-	17,291,019
Construction Line of Credit	-	-		-	-	-	-	-	-	14,770,478		-	-	-	14,770,478
Derivative Instruments	15,587	-	-	-	-	-	-	-	-	(111,887)	-	-	-	-	(96,300)
Other Liabilities	1,778,888	-	-	-	-	-	-	-	-	750,000	-	-	-	-	2,528,888
Total liabilities	41,720,267	3,775,383	193,881	308,358	1,777,661	24,513	1,046,959	585,226	600	19,143,594	-	-	1,116,065	4,381,812	74,074,319
Net Assets (Deficit)															
Unrestricted	28,551,075	33,016,286	19,968,426	2,790,962	632,898	(35,424)	(12,588)	(7,000)	(500)	84,392	9,673	5,033,953	680,148	(721,815)	89,990,486
Temporarily restricted	-	6,747,808	-	-	-	-	-	-	-	-	-	-	-	-	6,747,808
Permanently restricted	-	3,205,010	-	-	-	-	-	-	-	-	607,591	-	-	-	3,812,601
Members Equity	(2,173,459)	-	(8,766,541)	-	-	-	-	-	-	3,500,000	-	-	235,000	-	(7,205,000)
Total net assets (deficit)	26,377,616	42,969,104	11,201,885	2,790,962	632,898	(35,424)	(12,588)	(7,000)	(500)	3,584,392	617,264	5,033,953	915,148	(721,815)	93,345,895
Total liabilities and net assets (deficit)	$ 68,097,883	$ 46,744,487	$ 11,395,766	$ 3,099,320	$ 2,410,559	$ (10,911)	$ 1,034,371	$ 578,226	$ 100	$ 22,727,986	$ 617,264	$ 5,033,953	$ 2,031,213	$ 3,659,997	$ 167,420,214

Springpoint Senior Living, Inc. and Affiliates

Other Entities, Combining Statement of Operations and Changes in Net Assets (Deficit)

Year Ended December 31, 2016

	SSL	Foundation	PH at Wall	PH at Plainfield	Affordable Housing Solutions	Senior Net	Integrated Management Services	Plainfield Tower Sol	Manchester Housing Solutions	Springpoint at Half Acre Road	Springpoint at Haddonfield	Springpoint at Eastern	Senior Living Solar	Springpoint At Home	Combined Total
Changes in Unrestricted Net Assets (Deficit)															
Revenues and other support:															
Services to residents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,528,467	$ 5,528,467
Developer and management fees	11,952,743	-	-	-	-	-	534,955	-	-	-	-	-	-	-	12,487,698
Contributions and bequests	-	415,671	107,415	-	-	275,620	183,502	-	-	-	-	-	-	-	982,208
Interest and dividends	61,025	467,712	56,267	-	-	-	-	-	-	-	-	22,600	-	1,991	609,595
Other revenue	679,982	(96,731)	-	-	-	-	73,970	-	-	-	-	-	150,457	-	807,678
Net assets released from restrictions used for operations	-	388,308	-	-	-	-	-	-	-	-	18,633	-	-	-	406,941
Total revenues and other support	12,693,750	1,174,960	163,682	-	-	275,620	792,427	-	-	-	18,633	22,600	150,457	5,530,458	20,822,587
Expenses:															
Professional care of patients	-	-	-	-	-	-	-	-	-	10,185	-	-	-	4,126,548	4,136,733
Operation and maintenance of facility	36,745	-	-	-	-	-	-	-	-	-	-	-	6,135	-	42,880
Administrative and general	8,598,791	1,028,385	-	-	2,350	271,839	1,186	2,350	500	1,155	-	-	2,600	1,177,925	11,087,081
Residents assistance and program services	-	1,386,698	-	-	-	-	106,409	-	-	-	18,633	-	-	-	1,511,740
Marketing	1,092,198	-	-	-	-	-	-	-	-	-	-	-	-	12,206	1,104,404
Insurance	95,163	997	-	-	-	977	14,184	-	-	-	-	-	3,590	36,058	150,969
Springpoint Senior Living, Inc. management fee	-	-	-	-	-	-	608,925	-	-	-	-	-	-	320,752	929,677
Interest	329,857	-	-	-	-	-	9,056	-	-	8,264	-	-	56,267	114,042	517,486
Provision for doubtful accounts	-	-	-	-	-	678	-	-	-	-	-	-	-	43,738	44,416
Total expenses	10,152,754	2,416,080	-	-	2,350	273,494	739,760	2,350	500	19,604	18,633	-	68,592	5,831,269	19,525,386
Operating income (loss)	2,540,996	(1,241,120)	163,682	-	(2,350)	2,126	52,667	(2,350)	(500)	(19,604)	-	22,600	81,865	(300,811)	1,297,201
Change in unrealized gains and losses on investments	(10)	814,625	-	-	-	-	-	-	-	-	-	-	-	-	814,615
Net realized gains and losses on investments	(10)	786,969	-	-	-	-	-	-	-	-	-	-	-	-	786,959
Net change in fair value of derivative financial instruments	107,616	-	-	-	-	-	-	-	-	111,887	-	-	-	-	219,503
Gain (loss) on disposal of fixed assets	-	-	-	-	-	-	1,000	-	-	-	-	-	-	-	1,000
Net asset transfer (to) from affiliate	(2,173,459)	-	(5,266,541)	-	107,414	-	-	-	-	-	-	-	-	-	(7,332,586)
Transfer to temporarily restricted net assets	-	(101,326)	-	-	-	-	-	-	-	-	-	-	-	-	(101,326)
Depreciation and amortization	(519,092)	(4,793)	-	-	-	(2,126)	(57,991)	-	-	-	-	-	(78,235)	(69,211)	(731,448)
Revenues and other support in excess of (less than) expenses	(43,959)	254,355	(5,102,859)	-	105,064	-	(4,324)	(2,350)	(500)	92,283	-	22,600	3,630	(370,022)	(5,046,082)
Change in unrestricted net assets (deficit)	(43,959)	254,355	(5,102,859)	-	105,064	-	(4,324)	(2,350)	(500)	92,283	-	22,600	3,630	(370,022)	(5,046,082)
Changes in Temporarily Restricted Net Assets															
Contributions	-	848,621	-	-	-	-	-	-	-	-	18,633	-	-	-	867,254
Change in value of split-interest agreements	-	(4,060)	-	-	-	-	-	-	-	-	-	-	-	-	(4,060)
Investment income	-	377,309	-	-	-	-	-	-	-	-	-	-	-	-	377,309
Transfer from unrestricted net assets	-	101,326	-	-	-	-	-	-	-	-	-	-	-	-	101,326
Net assets released from restrictions used for operations	-	(388,308)	-	-	-	-	-	-	-	-	(18,633)	-	-	-	(406,941)
Increase in temporarily restricted net assets	-	934,888	-	-	-	-	-	-	-	-	-	-	-	-	934,888
Changes in Permanently Restricted Net Assets															
Change in value of perpetual trust	-	16,177	-	-	-	-	-	-	-	-	8,358	-	-	-	24,535
Increase in permanently restricted net assets	-	16,177	-	-	-	-	-	-	-	-	8,358	-	-	-	24,535
Change in net assets (deficit)	(43,959)	1,205,420	(5,102,859)	-	105,064	-	(4,324)	(2,350)	(500)	92,283	8,358	22,600	3,630	(370,022)	(4,086,659)
Net Assets (Deficit), Beginning	26,421,575	41,763,684	16,304,744	2,790,962	527,834	(35,424)	(8,264)	(4,650)	-	3,492,109	608,906	5,011,353	911,518	(351,793)	97,432,554
Net Assets (Deficit), Ending	$ 26,377,616	$ 42,969,104	$ 11,201,885	$ 2,790,962	$ 632,898	$ (35,424)	$ (12,588)	$ (7,000)	$ (500)	$ 3,584,392	$ 617,264	$ 5,033,953	$ 915,148	$ (721,815)	$ 93,345,895