Springpoint Senior Living, Inc. and Affiliates

Consolidated Financial Statements and
Supplementary Information

December 31, 2018 and 2017

Independent Auditors' Report

To the Board of Trustees of
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 sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations and changes in net assets (deficit), 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, 2018 and 2017, and the results of their operations and changes in net assets (deficit), and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating and combining financial information (pages 42 through 56) is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets (deficit), 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
February 13, 2020

Springpoint Senior Living, Inc. and Affiliates

Consolidated Balance Sheets
December 31, 2018 and 2017

Assets	2018	2017
Current Assets		
Cash and cash equivalents	$ 33,747,578	$ 38,559,876
Current portion of assets whose use is limited	661,884	948,792
Accounts receivable, net of allowance for doubtful accounts of $1,874,061 in 2018 and $1,591,471 in 2017	13,132,251	12,646,680
Other current assets	6,253,232	6,679,297
Total current assets	53,794,945	58,834,645
Investments	97,078,621	107,652,572
Assets Whose Use is Limited	49,220,213	56,953,110
Investments Held Under Split-Interest Agreements	3,772,509	4,369,619
Investments Held by Others Under Split-Interest Agreements	1,090,387	957,536
Beneficial Interest in Perpetual Trusts	3,012,936	3,354,783
Property and Equipment, Net	576,832,726	577,967,693
Goodwill	78,333,494	93,313,494
Derivative Instruments	1,977,197	-
Other Assets, Net	1,955,469	3,655,633
Total assets	$ 867,068,497	$ 907,059,085

Liabilities and Net Assets	2018	2017
Current Liabilities		
Current maturities of long-term debt and capital lease obligations	$ 5,998,958	$ 12,598,628
Current portion of construction line of credit	3,088,000	1,836,000
Construction payable	1,459,034	4,338,306
Accounts payable	7,146,228	5,142,715
Accrued expenses	14,743,565	15,776,094
Residents' deposits	2,967,641	2,609,671
Total current liabilities	35,403,426	42,301,414
Long-Term Debt and Capital Lease Obligations	299,305,802	300,015,061
Capital Advances	80,035,527	80,035,527
Liability for Split-Interest Agreements and Deferred Gift Agreements	3,171,100	3,103,404
Refundable Entrance Fees	337,968,164	337,159,223
Deferred Revenue from Entrance Fees	93,514,951	90,285,200
Construction Line of Credit, Net of Current Portion	24,816,100	19,781,650
Derivative Instruments	-	883,225
Retainage Payable	997,711	2,368,401
Other Liabilities	3,441,252	4,521,785
Total liabilities	878,654,033	880,454,890
Net Assets		
Net (deficit) assets without donor restrictions	(35,189,214)	2,157,059
Non-controlling ownership interest in limited partnerships	11,197,596	12,244,414
Subtotal	(23,991,618)	14,401,473
Net assets with donor restrictions	12,406,082	12,202,722
Total net (deficit) assets	(11,585,536)	26,604,195
Total liabilities and net (deficit) assets	$ 867,068,497	$ 907,059,085

See notes to consolidated financial statements

Springpoint Senior Living, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets (Deficit)
Years Ended December 31, 2018 and 2017

	2018	2017
Changes in Net Assets Without Donor Restrictions		
Revenues and other support:		
Revenue from residential facilities	$ 92,259,172	$ 88,554,275
Revenue from healthcare facilities	68,658,357	58,371,006
Services to residents	14,419,679	13,846,624
Contributions and bequests	708,199	1,223,825
Interest and dividends	2,717,428	1,968,743
Other revenue	1,257,904	1,727,378
Net assets released from restrictions used for operations	990,954	1,228,467
Total revenues and other support	181,011,693	166,920,318
Expenses:		
Professional care of residents	53,200,427	46,172,229
Resident services	5,329,541	4,918,730
Dining services	22,963,347	20,771,735
Operation and maintenance of facility	37,130,216	34,264,327
Housekeeping and laundry	7,492,584	7,053,409
Administrative and general	32,808,227	28,342,052
Resident assistance and program services	498,926	484,613
Marketing	7,303,169	6,082,384
Insurance	3,343,695	3,089,376
Interest	10,466,066	8,478,672
Provision for doubtful accounts	854,966	814,680
Total expenses	181,391,164	160,472,207
Operating (loss) income	(379,471)	6,448,111
Change in unrealized (losses) gains on investments	(13,573,249)	8,848,563
Net realized gains on investments	5,385,418	1,902,667
Amortization of entrance fees	16,993,094	14,801,853
Change in fair value of derivative financial instruments	2,860,422	1,011,902
Loss on disposal of fixed assets	(207,679)	(78,101)
Equity contribution from limited partner	1,699,790	552,390
Transfer to net assets with donor restrictions	(60,017)	-
Goodwill impairment loss	(14,980,000)	-
Depreciation and amortization	(34,870,465)	(31,291,699)
Revenues and other support (less than) in excess of expenses	(37,132,157)	2,195,686
Pension liability adjustment	(88,213)	(118,329)
(Decrease) increase in net assets without donor restrictions	(37,220,370)	2,077,357
Changes in Net Assets With Donor Restrictions		
Contributions	1,977,096	1,511,878
Reclassification from net assets without donor restrictions	60,017	452,609
Change in value of split-interest agreements	(61,948)	57,677
Investment income	(414,267)	721,841
Net unrealized loss on investments	(24,736)	(1,469)
Change in value of perpetual trusts	(341,847)	318,524
Net assets released from restrictions used for operations	(990,955)	(1,210,007)
Increase in net assets with donor restrictions	203,360	1,851,053
Change in net assets	(37,017,010)	3,928,410
Net Assets, Beginning	26,604,195	22,675,785
Adjustment for Adoption of Accounting Pronouncement	(1,172,721)	-
Net Assets, Beginning of Year - As Adjusted	25,431,474	22,675,785
Net (Deficit) Assets, End of Year	$ (11,585,536)	$ 26,604,195

See notes to consolidated financial statements

Springpoint Senior Living, Inc. and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (37,017,010)	$ 3,928,410
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Change in value of split-interest agreements	61,948	(57,677)
Net change in fair value of derivative instruments	(2,860,422)	(1,011,902)
Goodwill impairment loss	14,980,000	-
Depreciation and amortization	34,870,465	31,291,699
Loss on sale of property and equipment	207,679	78,101
Net realized and unrealized losses (gains) on investments	8,212,567	(10,749,761)
Amortization of entrance fees	(16,993,094)	(14,801,853)
Interest component of deferred financing costs	230,542	250,096
Amortization of bond premium	(87,751)	(21,938)
Write off of marketing costs	(1,172,721)	-
Write off of goodwill	-	(168,073)
Net cash received under nonrefundable entrance fee plans	18,458,933	15,432,999
Change in investments held by others under split-interest agreements	(132,851)	37,319
Change in beneficial interest in perpetual trusts	341,847	(318,524)
Changes in assets and liabilities:		
Accounts receivable, net	(485,571)	3,344,822
Other current assets	426,065	(540,423)
Other assets	1,526,250	(9,620)
Accounts payable and retainage payable	(4,703,194)	(3,528,653)
Accrued expenses	(1,032,529)	(2,016,706)
Residents' deposits	357,970	(1,408,996)
Other liabilities	(1,080,533)	350,402
Net cash provided by operating activities	14,108,590	20,079,722
Cash Flows from Investing Activities		
Net sales (purchases) of investments and assets whose use is limited	10,978,299	(9,786,068)
Purchases of property and equipment	(31,311,859)	(41,346,331)
Cash transferred from The Moorings	-	2,278,665
Net cash used in investing activities	(20,333,560)	(48,853,734)
Cash Flows from Financing Activities		
Payment of long-term debt and capital lease obligation	(11,661,980)	(6,976,019)
Proceeds from long-term debt	4,209,601	2,334,338
Borrowings on construction line of credit	7,888,450	25,771,288
Payment of construction line of credit	(1,602,000)	(771,000)
Cash received under refundable entrance fee plans	41,356,153	41,077,866
Cash refunded under refundable entrance fee plans	(38,783,300)	(35,157,856)
Receipts (payments) under deferred gift agreements and split-interest agreements	5,748	(398,901)
Payment of deferred financing costs	-	(39,303)
Net cash provided by financing activities	1,412,672	25,840,413
Net decrease in cash and cash equivalents	(4,812,298)	(2,933,599)
Cash and Cash Equivalents, Beginning	38,559,876	41,493,475
Cash and Cash Equivalents, Ending	$ 33,747,578	$ 38,559,876
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 10,779,410	$ 8,753,262
Supplemental Disclosure of Noncash Activities		
Capital lease obligation incurred for property and equipment	$ 174,573	$ 269,726
Construction payable for property and equipment	$ 1,459,034	$ 4,338,306
Assets acquired from Cadbury Entities	$ -	$ 31,577,431
Entrance fee contracts acquired	$ -	$ 56,255,185

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")
Springpoint at Lewes, Inc. ("The Moorings")

Skilled Nursing Community:

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

Non-Facility Based:

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

Non-Facility Based For Profit:

Princeton Senior Living, LLC ("PSL")
Affordable Housing Solutions, Inc. ("AHS")
Plainfield Tower Solutions, Inc. ("PTS")
Senior Living Solar, Inc. ("SLS")
Manchester Housing Solutions, Inc. ("MHS")

The following affiliates are controlled by SSL's ability to appoint board members:

Affordable Housing Communities:

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

The Company has a 0.01 percent 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 net assets without donor restrictions 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, 2017	$ 15,735,571	$ 981,541	$ 14,754,030
Revenues less than expenses	(3,062,317)	(311)	(3,062,006)
Capital contributions	671,268	118,878	552,390
Balances at December 31, 2017	13,344,522	1,100,108	12,244,414
Revenues less than expenses	(2,746,882)	(274)	(2,746,608)
Capital contributions	1,810,186	110,396	1,699,790
Balances at December 31, 2018	$ 12,407,826	$ 1,210,230	$ 11,197,596

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

Commensurate with the change in control, the assets and liabilities of the Cadbury Entities were recorded at fair market value as of the date of the affiliation, resulting in goodwill of $22,566,564.

The assets and liabilities of the Cadbury Entities were recorded at fair market value as of the date of the affiliation as follows (in thousands):

Assets acquired:		
Cash and cash equivalents	$	2,279
Accounts receivable and other assets		5,490
Investments and assets whose use is limited		11,211
Investment in risk retention group		315
Property and equipment, net		35,768
Total	$	55,063
Liabilities assumed:		
Accounts payable and accrued expenses	$	(531)
Long-term debt		(18,599)
Deferred revenue from entrance fees and other liabilities		(58,331)
Total	$	(77,461)
Goodwill		22,851
Temporarily restricted net assets		(453)
Total	$	55,063

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

		Unaudited 2017 (In Thousands)
Revenue and other support	$	177,435
Operating income		6,587
Revenue and other support less then expenses		1,779

Beginning October 1, 2017, the operations of the Cadbury Entities have been reported in the Company's consolidated statements of operations and changes in net assets (deficit). In 2017, total revenues of $4,041,085, and revenues and other support in excess of expenses of $(12,193), was attributed to the acquisition of the Cadbury Entities.

Principles of Consolidation

The consolidated financial statements include the accounts of all of the entities listed in the organization section of this note. All intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments and Investment Risk

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

The Company's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheets 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 6).

Accounts Receivable

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

Residents' Deposits

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

Property and Equipment

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

Impairment losses are recognized in the consolidated statements of operations and changes in net assets (deficit) as a component of revenues in excess of expenses as they are determined. The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Company calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. No impairment losses were recognized in 2018 and 2017.

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. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. There was no impairment loss recognized in 2017. Goodwill represents amounts recorded upon the transfer of membership of Winchester Gardens, The Moorings, Cadbury Continuing Care at Home and Monroe at the dates of acquisition. Goodwill also includes amounts recorded upon the purchase of a home care agency by Springpoint at Home, and the purchase of a continuing care retirement community by Springpoint at Denville. For the year ended December 31, 2018, the actual results from operations of Winchester Gardens were materially less from what management had originally projected based on various operational changes as well as occupancy decreases due to construction of a new health center. The losses represented a triggering event that required management to assess goodwill for impairment. Based upon a discounted cash flow model, management’s calculations determined that the carrying value of Winchester Gardens exceeded its fair value at December 31, 2018, and therefore, a related impairment charge of $14,890,000 was taken for the year ended December 31, 2018 as reflected in the consolidated statements of operations and changes in net assets (deficit).

Other Assets

Included in other assets are project development costs, project acquisition costs, costs associated with a non-compete agreement, tax credit monitoring fees and purchased licenses.

The project acquisition costs represent expenses associated with acquiring new properties. Acquisition costs are related to Winchester Gardens, Springpoint at Home and The Oaks. These costs were capitalized and are being amortized using the straight-line method. At December 31, 2018 and 2017, the project acquisition costs, net of accumulated amortization, were $616,464 and $724,814, respectively. Accumulated amortization at December 31, 2018 and 2017 was $467,041 and $358,692, 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, 2018 and 2017, tax credit fees, net of accumulated amortization, were $319,853 and $383,973, respectively. Accumulated amortization at December 31, 2018 and 2017 was $641,945 and $577,825, respectively.

Also included in deferred costs as of December 31, 2018 and 2017 is $700,000 of purchased licenses to operate fifty nursing home beds that are determined to have an indefinite useful life. The assets are not amortized, but instead tested for impairment at least annually in accordance with the authoritative guidance which also requires that intangible assets with estimated useful lives be amortized over their respective estimated useful lives to their estimated residual values.

Split-Interest Agreements

The Foundation has been designated as the remainderman under several charitable remainder trust agreements. In accordance with the trust agreements, the Foundation pays the designated beneficiaries a specified percentage of the income earned on the trust assets or a predetermined annual annuity amount. Upon the death of the beneficiaries, the trust assets are transferred to the Foundation.

The Foundation recognizes contribution revenue at the time an irrevocable charitable remainder trust is created in the amount of the excess of the fair value of the trust assets received over the liability for the present value of the estimated future payments to beneficiaries using a discount rate of 6 percent.

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 statements of operations and changes in net assets (deficit) as changes in net assets with restrictions.

Deferred Revenue from Entrance Fees

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

Gross contractual refund obligations at December 31, 2018 were $346,593,825. The refundable entrance fees and deferred revenue from entrance fees reported on the consolidated balance sheets totaling $431,483,115 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

Meadow Lakes, Monroe, Crestwood, Montgomery, The Atrium, The Oaks, The Moorings and Cadbury at Home 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 percent) 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, 2018 and 2017, deferred revenue from entrance fees exceeded the calculation of the present value of the net cost of future services for Meadow Lakes, Monroe, Crestwood, Montgomery, The Atrium, The Oaks, The Moorings and Cadbury at Home. 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 sheets and related changes in fair value are reported in the consolidated statements of operations and changes in net assets (deficit) as a change in fair value of derivative financial instruments within the performance indicator, since there are no hedging designations. The asset (liability) for the fair value of the interest rate swap agreements is $1,977,197 and $(883,225) at December 31, 2018 and 2017, 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 statements of operations and changes in net assets (deficit) in the year of the settlement. No material amounts related to prior year settlements were recorded during 2018 or 2017.

Donor-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 net assets with donor restrictions 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, restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - net assets not externally restricted for identified purposes by donors or grantors and include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Company and an outside party other than a donor or grantor.

Net Assets With Donor Restrictions - those whose use by the Company has been limited by donors to a specific period or purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

When certain donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Net assets with donor restrictions includes split-interest agreements, which have a time restriction, and funds raised for the benefit of residents and community needs.

All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. The change in fair value of the beneficial interest in perpetual trusts held by third parties is included in the change in net assets with donor restrictions.

Residential and Healthcare Facilities Revenues

Residential and healthcare facilities revenues are reported at the amount that reflects the consideration The Company expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of the following revenue streams:

Healthcare Facilities

Revenue from healthcare facilities consist of revenue from skilled nursing, assisted living and memory impairment.

Healthcare Facilities: Healthcare facility revenues are primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. The Company has determined that skilled nursing services are considered one performance obligation which is satisfied over time as services are provided. Therefore, skilled nursing revenues are recognized on a daily basis as services are rendered.

Services to Residents: Services to residents revenues are primarily derived from providing housing and personal care services to residents at a stated monthly fee. The Company has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, personal care revenues are recognized on a month-to-month basis.

Residential Facilities: Residential facility revenues are primarily derived from providing housing and services to residents within the continuing care retirement communities. The Company has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, independent living monthly fees are recognized on a month-to-month basis.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees in the accompanying consolidated balance sheet.

For residents with a continuing care contract revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenue from entrance fees on the consolidated balance sheet. Amortization of nonrefundable entrance fees is included as amortization of entrance fees in the consolidated statements of operations and changes in net assets (deficit) and was $16,993,094 in 2018 and $14,801,853 in 2017, respectively.

Payment terms and conditions for the Company's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying consolidated balance sheets.

Rental income from the affordable housing communities and the low-income housing tax-credit communities of approximately $19,800,000 is recognized monthly over the lease term at the amounts due. These amounts for 2018 are included in self-pay residential facilities in Note 4.

Contributions

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

Performance Indicator

Operating income included on the consolidated statements of operations and changes in net assets (deficit) excludes certain noncash items and investment income. The consolidated statements of operations and changes in net assets (deficit) includes revenues and other support (less than) in excess of expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from revenues and other support (less than) in excess of expenses, consistent with industry practice, include contributions of long-lived assets; and pension liability adjustment.

Malpractice

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

Income Taxes

The member entities of the Company, except for PSL, PTS, AHS, MHS, SLS, and the Limited Partnerships are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on their exempt income under Section 501(a) of the 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 2018 and 2017.

Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through February 13, 2020, the date the consolidated financial statements were issued.

Reclassifications

Certain amounts relating to 2017 have been reclassified to conform to the 2018 reporting format.

3. New Accounting Standards

Not-for-Profit Financial Statement Presentation

In 2018, the Company adopted the Financial Accounting Standard Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Company has adjusted the presentation of these consolidated financial statements accordingly. ASU No. 2016-14 has been applied retrospectively to all periods presented, except for the disclosures around liquidity and availability of resources and analysis of expenses by nature and function. These disclosures have been presented for 2018 only, as allowed by ASU No. 2016-14.

The new standard changes the following aspects of the consolidated financial statements:

- The unrestricted net asset class has been renamed Net Assets Without Donor Restrictions;
- The temporarily restricted net asset classes have been combined into a single net asset class called Net Assets With Donor Restrictions;
- The consolidated financial statements include a disclosure about liquidity and availability of resources (Note 18); and
- The functional expense disclosure for 2018 includes expenses reported both by nature and function. (Note 19).

Revenue Recognition

In 2018, the Company adopted the FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the full retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers (residents) in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements. Under the modified retrospective approach, the guidance is applied to the most current period presented, recognizing a cumulative effect of the adoption change as an adjustment to beginning unrestricted net assets. The Company has determined that there will be a change to deferred marketing costs related to the accounting for contract acquisition costs under ASU No. 2014-09. As a result, there was a decrease of $1,172,721 in deferred marketing costs and net assets without restrictions as of January 1, 2018.

Lease Accounting

In February 2016, the 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 consolidated balance sheets 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 consolidated balance sheets. 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, 2020. The Company has not yet determined the impact of adoption of ASU No. 2016-02 on its consolidated financial statements.

Restricted Cash

During November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 30), Restricted Cash*. ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts showing on the statements of cash flows. The Company will be required to retrospectively adopt this guidance for its fiscal year ending December 31, 2019. Early adoption is permitted.

Contributions

During June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Company will be required to adopt ASU No. 2018-08 for its fiscal years ending December 31, 2019.

Defined Benefit Plans

During August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 modifies and clarifies the required disclosures for employers that sponsor defined benefit pension or other postretirement plans. These amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU No. 2018-14 is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The Company does not believe that the adoption of ASU No. 2018-14 will have a material effect on its results of operation, financial position and cash flows.

Fair Value Measurements

During August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in *Topic 820, Fair Value Measurement*. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting - Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company does not believe that the adoption of ASU No. 2018-13 will have a material effect on its results of operation, financial position and cash flows.

4. Net Resident Service Revenues

The Company disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended December 31, 2018:

	2018			
	Healthcare Facilities	**Services to Residents**	**Residential Facilities**	**Total**
Self-pay	$ 40,814,368	$ 14,419,679	$ 92,259,172	$ 147,493,219
Medicare and other	21,468,796	-	-	21,468,796
Medical assistance	6,375,193	-	-	6,375,193
Amortization of nonrefundable entrance fees	-	-	16,993,094	16,993,094
Total	$ 68,658,357	$ 14,419,679	$ 109,252,266	$ 192,330,302

5. Investments

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

	2018	2017
Cash and cash equivalents	$ 5,664,221	$ 695,481
Alternative investments, limited partnerships	756,897	1,008,218
Commingled funds	23,198,198	33,251,254
Common collective trusts	-	6,544,618
Common stock	5,976,742	10,160,470
Corporate bonds	20,942,610	20,791,674
Exchange traded funds	-	125,693
Fixed income mutual funds	2,580,946	1,913,099
Equity mutual funds	37,959,007	33,162,065
Total	$ 97,078,621	$ 107,652,572

6. 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:

	2018	2017
Cash and cash equivalents	$ 24,854,051	$ 33,795,446
Alternative investments, limited partnerships	79,094	81,712
Fixed income mutual funds	603,523	334,840
Equity mutual funds	8,578,874	6,835,208
Corporate bonds	8,341,850	7,632,001
Common stock	1,281,289	1,859,352
Commingled funds	6,143,416	7,363,343
Total	49,882,097	57,901,902
Less current portion	661,884	948,792
Assets whose use is limited, non-current	$ 49,220,213	$ 56,953,110

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

	2018	2017
Bond indenture agreements	$ 7,278,985	$ 17,861,491
Liquid reserve	17,543,785	16,775,840
HUD reserve funds	5,894,351	5,572,605
LIHTC reserve funds	8,891,114	8,422,123
Residents' Assistance Fund	2,007,126	1,044,696
Residents' deposits	1,399,454	1,407,257
Other donor restricted funds	5,050,885	5,201,590
Deferred SERP compensation	1,582,605	1,383,062
Construction fund escrow	233,792	233,238
Total	$ 49,882,097	$ 57,901,902

7. 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, 2018 and 2017:

	2018				
	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	$ 30,518,272	$ 30,518,272	$ 30,518,272	$ -	$ -
Common stock	7,258,031	7,258,031	7,258,031	-	-
Equity mutual funds:					
Managed Vol. Fund	428,873	428,873	428,873	-	-
Large cap	15,827,867	15,827,867	15,827,867	-	-
Small cap	5,203,290	5,203,290	5,203,290	-	-
International	16,568,789	16,568,789	16,568,789	-	-
Real return	8,509,062	8,509,062	8,509,062	-	-
Fixed income mutual funds,					
Core	3,184,469	3,184,469	3,184,469	-	-
Corporate bonds, investment grade	29,284,460	29,284,460	-	29,284,460	-
Alternative investment, limited partnerships	835,991	835,991	-	-	835,991
Investments held under split-interest agreements	3,772,509	3,772,509	-	3,772,509	-
Investments held by others under split-interest agreements	1,090,387	1,090,387	-	-	1,090,387
Beneficial interest in perpetual trusts	3,012,936	3,012,936	-	-	3,012,936
Derivative financial instruments	1,977,197	1,977,197	-	1,977,197	-
Total	$ 127,472,133	$ 127,472,133	$ 87,498,653	$ 35,034,166	$ 4,939,314

	2018				
	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	$ 33,747,578	$ 33,747,578	$ 33,747,578	$ -	$ -
Liability for split-interest and deferred gift agreements	3,171,100	3,171,100	-	-	3,171,100
Long term debt:					
Series 2014 Bonds (Winchester Gardens)	27,205,000	27,205,000	-	-	27,205,000
Series 2015 Bonds - Tax Exempt (Obligated Group)	22,529,000	22,529,000	-	-	22,529,000
Series 2015 Bonds - Taxable (Obligated Group)	42,555,000	42,555,000	-	-	42,555,000
Series 2015 Bonds - Tax Exempt (Montgomery)	48,356,000	48,356,000	-	-	$ 48,356,000
Series 2015 A Tax Exempt Bonds (The Atrium)	19,800,000	19,800,000	-	-	19,800,000
Series 2015 B Tax Exempt Bonds (The Atrium)	1,408,150	1,408,150	-	-	1,408,150
Series 2015 Tax Exempt Bonds (Village Point)	27,454,000	27,454,000	-	-	27,454,000
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 (The Oaks)	1,748,055	1,748,055	-	-	1,748,055
Series 2016 Revenue Bonds - Tax Exempt (The Moorings)	17,065,000	17,065,000	-	17,065,000	-
Bank Loan (Springpoint at Home)	1,141,563	1,141,563	-	-	1,141,563
Mortgage notes payable (Asbury)	17,501,081	17,501,081	-	-	17,501,081
Promissory note (Asbury)	4,150,000	4,150,000	-	-	4,150,000
Mortgage note payable (Butler)	4,863,831	4,863,831	-	-	4,863,831
Mortgage note payable (Howell)	4,388,935	4,388,935	-	-	4,388,935
Mortgage note payable (Wall)	4,179,147	4,179,147	-	-	4,179,147

	2018				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Mortgage notes payable (Mount Holly)	$ 1,960,079	$ 1,960,079	$ -	$ -	$ 1,960,079
Mortgage note payable (Plainfield)	6,517,437	6,517,437	-	-	6,517,437
Mortgage note payable (Ramsey)	5,250,180	5,250,180	-	-	5,250,180
Mortgage notes payable (Heritage at Whiting)	8,306,226	8,306,226	-	-	8,306,226
Loans payable	3,136,140	3,136,140	-	-	3,136,140
Construction line of credit	27,904,100	27,904,100	-	-	27,904,100

	2017				
	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	$ 34,490,927	$ 34,490,927	$ 34,490,927	$ -	$ -
Common stock	12,019,822	12,019,822	12,019,822	-	-
Equity mutual funds:					
Managed Vol. Fund	548,603	548,603	548,603	-	-
All cap	21,181,530	21,181,530	21,181,530	-	-
International	9,398,957	9,398,957	9,398,957	-	-
Small cap	29,966	29,966	29,966	-	-
Real return	8,963,910	8,963,910	8,963,910	-	-
Fixed income mutual funds, Core	2,247,939	2,247,939	2,247,939	-	-
Corporate bonds, investment grade	28,423,675	28,423,675	-	28,423,675	-
Alternative investment, limited partnerships	1,089,930	1,089,930	-	-	1,089,930
Investments held under split-interest agreements	4,369,619	4,369,619	-	4,369,619	-
Investments held by others under split-interest agreements	957,536	957,536	-	-	957,536
Beneficial interest in perpetual trusts	3,354,783	3,354,783	-	-	3,354,783
Total	$ 127,077,197	$ 127,077,197	$ 88,881,654	$ 32,793,294	$ 5,402,249

	2017				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Liabilities,					
Derivative financial instruments	$ 883,225	$ 883,225	$ -	$ 883,225	$ -
Disclosed at Fair Value					
Cash and cash equivalents	$ 38,559,876	$ 38,559,876	$ 38,559,876	$ -	$ -
Liability for split-interest and deferred gift agreements	3,103,404	3,103,404	-	-	3,103,404
Long term debt:					
Series 2014 Bonds (Winchester Gardens)	27,205,000	27,205,000	-	-	27,205,000
Series 2015 Bonds - Tax Exempt (Obligated Group)	25,479,000	25,479,000	-	-	25,479,000
Series 2015 Bonds - Taxable (Obligated Group)	42,555,000	42,555,000	-	-	42,555,000
Series 2015 Bonds - Tax Exempt (Montgomery)	48,356,000	48,356,000	-	-	48,356,000
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)	1,408,150	1,408,150	-	-	1,408,150
Series 2015 C Taxable Bonds (The Atrium)	373,000	373,000	-	-	373,000
Series 2015 Tax Exempt Bonds (Village Point)	27,700,000	27,700,000	-	-	27,700,000
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 (The Oaks)	1,787,377	1,787,377	-	-	1,787,377
Series 2016 Revenue Bonds - Tax Exempt (The Moorings)	17,620,000	19,230,400	-	19,230,400	-
Bank Loan (Springpoint at Home)	1,669,768	1,669,768	-	-	1,669,768
Mortgage notes payable (Asbury)	17,843,784	17,843,784	-	-	17,843,784
Promissory note (Asbury)	4,150,000	4,150,000	-	-	4,150,000
Mortgage note payable (Butler)	5,010,967	5,010,967	-	-	5,010,967

	2017				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mortgage note payable (Howell)	$ 4,521,706	$ 4,521,706	$ -	$ -	$ 4,521,706
Mortgage note payable (Wall)	4,305,570	4,305,570	-	-	4,305,570
Mortgage notes payable (Mount Holly)	1,960,079	1,960,079	-	-	1,960,079
Mortgage note payable (Plainfield)	6,647,597	6,647,597	-	-	6,647,597
Mortgage note payable (Ramsey)	5,409,001	5,409,001	-	-	5,409,001
Mortgage notes payable (Heritage at Whiting)	9,893,744	9,893,744	-	-	9,893,744
Loans payable	3,136,140	3,136,140	-	-	3,136,140
Construction line of credit	21,617,650	21,617,650	-	-	21,617,650

The assets are included on the consolidated balance sheets at December 31, 2018 and 2017 as follows:

	2018	2017
Current portion of assets whose use is limited	$ 661,884	$ 948,792
Investments	97,078,621	107,652,572
Assets whose use is limited	49,220,213	56,953,110
Investments held under split-interest agreements	3,772,509	4,369,619
Investments held by others under split-interest agreements	1,090,387	957,536
Beneficial interest in perpetual trusts	3,012,936	3,354,783
Derivative financial instruments	1,977,197	-
	156,813,747	174,236,412
Less commingled funds and common collective trusts, measured at net asset value	29,341,614	47,159,215
Total	$ 127,472,133	$ 127,077,197

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 2018 and 2017 are as follows:

	2018	2017
Beginning balance	$ 1,089,930	$ 1,391,266
Sales	(397,363)	(444,557)
Unrealized loss	(143,226)	(105,146)
Realized gain	286,650	248,367
Ending balance	$ 835,991	$ 1,089,930

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, 2018.

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited partnerships, equity	$ 835,991	None	N/A

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, 2018 and 2017, 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 2018 and 2017 are as follows:

	2018	2017
Beginning balance	$ 957,536	$ 994,855
Net valuation gain (loss)	132,851	(37,319)
Ending balance	$ 1,090,387	$ 957,536

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 2018 and 2017 are as follows:

	2018	2017
Beginning balance	$ 3,354,783	$ 3,036,259
Net valuation (loss) gain	(341,847)	318,524
Ending balance	$ 3,012,936	$ 3,354,783

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

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

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

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

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

Commingled funds are valued based on the current market values of the underlying assets reported by the investment advisor using audited financial statements of the funds at year-end using net asset value ("NAV") of shares held.

The following information relates to the commingled pools and common collective trusts and discusses the nature and risk of the investments and whether they have redemption restrictions. There were no unfunded commitments as of December 31, 2018.

	December 31, 2018 Fair Value	December 31, 2017 Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity funds	$ 9,185,408	$ 26,733,229	Monthly	6-15 days
Fixed income funds	20,156,206	20,425,986	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 (issued on behalf of The Oaks and The Moorings) and the Bank Loans (The Oaks and Springpoint at Home) approximates the carrying value as reported in the consolidated balance sheets 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, Village Point 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.

8. Property and Equipment

Property and equipment consist of the following at December 31:

	2018	2017
Land and land improvements	$ 42,485,356	$ 42,167,508
Buildings and improvements	662,945,902	600,903,973
Rental property	215,984,655	215,037,897
Furniture and fixtures	19,586,660	17,822,358
Equipment	43,806,165	38,481,092
Leasehold improvements	135,161	135,161
Total	984,943,899	914,547,989
Less accumulated depreciation	(413,681,604)	(382,555,822)
Construction in progress	5,570,431	45,975,528
Property and equipment, net	$ 576,832,726	$ 577,967,695

Equipment includes equipment held under capital lease obligations with a carrying value of $683,701 and $688,360 at December 31, 2018 and 2017, respectively.

Included in construction in progress as of December 31, 2018 and 2017 is $997,711 and $2,368,401, respectively, of retainage payable. Also included in construction in progress is $23,923 and $588,585 of capitalized interest as of December 31, 2018 and 2017, respectively.

Depreciation expense was $34,696,549 and $31,007,772 during 2018 and 2017, respectively. During 2018, certain property and equipment was disposed of, reducing accumulated depreciation by $3,570,767.

9. Long-Term Debt

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

	2018	2017
Affordable Housing Program loans due October 8, 2019, 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.	8,581,090	8,671,647
Asbury, First mortgage (Tranche B) payable in monthly installments with interest at 5.65% per annum through 2021.	622,093	874,242
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.	4,863,829	5,010,967
Howell, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.	4,388,933	4,521,706
Wall, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.	4,179,147	4,305,570
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

	2018	2017
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.	6,517,437	6,647,597
Ramsey, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037.	5,250,180	5,409,001
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.	456,646	471,979
Heritage at Whiting, First mortgage note II, principal and interest of 2.15%, paid off during 2018.	-	5,419,600
Heritage at Whiting, mortgage payable, at 1% interest commencing in 2019. Principal and interest due April 28, 2048.	7,849,580	4,002,165
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 84%. As of December 31, 2018, the rate was 3.32%.	27,205,000	27,205,000
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, 2018 the rate was 2.61%.	22,529,000	25,479,000
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, 2018 the rate was 4.0%.	42,555,000	42,555,000
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 122 basis points. At December 31, 2018 the rate was 3.05%.	48,356,000	48,356,000
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, 2018 the rate was 2.83%.	19,800,000	19,929,000

	2018	2017
NJEDA Variable Rate Revenue Bonds, Series 2015B tax-exempt bonds, issued on behalf of The Atrium, with maturities through 2020 and interest at the sum of 1 month LIBOR plus 165 basis points x 65%. At December 31, 2018 the rate was 2.60%.	$ 1,408,150	$ 1,408,150
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. During 2018, the bonds were fully redeemed.	-	373,000
NJEDA Variable Rate Revenue Bonds, Series 2015 tax-exempt bonds, issued on behalf of Village Point, with maturities through 2045 and interest at the sum of 1 month LIBOR x 75% plus 178 basis points. At December 31, 2018 the rate was 3.56%.	27,454,000	27,700,000
NJEDA Fixed Rate Revenue Bonds, Series 2016 tax-exempt bonds, issued on behalf of The Oaks, with maturities through 2041 and interest at 2.3%.	18,500,000	18,500,000
Taxable Series 2016 Term Loan, issued on behalf of The Oaks, with maturities through 2033 and interest at 3.5%.	18,500,000	18,500,000
Bank Loan, issued on behalf of The Oaks, with maturities through 2042 and interest at 4.65%.	1,748,055	1,787,377
Sussex County, Delaware Series 2016 tax-exempt Revenue Bonds, issued on behalf of The Moorings, with maturities through 2036 and interest rates ranging from 2.0 to 5.0%.	17,065,000	17,620,000
Bank Loan, issued on behalf of Springpoint at Home, with maturities through 2021 and interest at 4.75%.	1,141,563	1,669,768
Capital lease obligations	683,701	689,356
Total	307,198,519	314,650,240
Less:		
Deferred finance cost, net	3,385,514	3,616,056
Unamortized bond premium	(1,491,755)	(1,579,506)
Current maturities	5,998,958	12,598,628
Long-term debt, net	$ 299,305,802	$ 300,015,062

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

The Low Income Housing Tax Credit Communities have entered into mortgage payables that are secured by a lien on the entity's Partnership's Project and Land as well as an assignment of tenant lease agreements.

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

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

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

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

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

On June 5, 2015, the NJEDA issued on behalf of Village Point, $27,700,000 Series 2015 tax-exempt bonds. Proceeds from the Series 2016 tax-exempt bonds were used to provide financing to build a new skilled nursing facility. The Series 2015 tax-exempt bonds are collateralized by substantially all property and equipment and a pledge of gross receipts.

On March 13, 2015, Springpoint at Home entered into a loan agreement with a bank for a loan in the amount of $2,175,000 ("Bank Loan"). Proceeds from the Bank Loan were used to finance the acquisition of business assets.

On May 5, 2016, the NJEDA issued on behalf of The Oaks, $18,500,000 Series 2016 tax-exempt bonds. Proceeds from the Series 2016 tax-exempt bonds were used to (a) finance a portion of the purchase of The Oaks facility; (b) to fund a debt service reserve fund; and (c) to pay certain costs incurred in connection with the issuance of the Series 2016 tax-exempt bonds. The Series 2016 tax-exempt bonds are collateralized by substantially all property and equipment of The Oaks and a pledge of gross receipts. The Series 2016 tax-exempt bonds have a mandatory remarketing date of July 1, 2026.

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

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

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

The above bonds are subject to various covenants, which include the achievement of certain pre-established financial indicators. At December 31, 2018, Winchester Gardens did not meet certain restrictive debt covenants required under the Series 2014 Bonds. Winchester Gardens received a waiver from the bank, who is the bond creditor, on certain events of default related to financial statements and other information, as defined in the bond agreements.

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, 2018 and 2017, deferred financing costs, net of accumulated amortization, were $3,385,514 and $3,616,056, respectively. Accumulated amortization at December 31, 2018 and 2017 is $1,147,308 and $916,766, respectively.

Scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2019	$ 5,998,958
2020	8,023,166
2021	9,111,722
2022	8,506,984
2023	8,895,992
Thereafter	266,661,697
Total	$ 307,198,519

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 interest expense. 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 $2,860,422 in 2018 and $1,011,902 in 2017.

As of December 31, 2018, the Obligated Group had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$22,529,000	2.4675%	65% of 1 month LIBOR plus 98.5 basis points (2.61% at December 31, 2018)	December 2015 to December 2025
$42,555,000	3.515%	1 month LIBOR plus 150 basis points (4.00% at December 31, 2018)	December 2015 to December 2025

The fair value of the interest rate swap agreements was $1,270,791 at December 31, 2018 and $475,979 at December 31, 2017 and was obtained from the financial institution.

As of December 31, 2018, the Atrium had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$19,800,000	3.04%	Sum of USD-LIBOR plus 200 basis points x 65% (2.83% at December 31, 2018)	December 2015 to December 2030

The fair value of the interest rate swap agreements was $(94,087) at December 31, 2018 and $(444,043) at December 31, 2017 and was obtained from the financial institution.

As of December 31, 2018, Montgomery had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$48,356,000	2.464%	USD-LIBOR x 67% plus 100.5 basis points (3.05% at December 31, 2018)	December 2015 to December 2027

The fair value of the interest rate swap agreements was $830,704 at December 31, 2018 and $206,478 at December 31, 2017 and was obtained from the financial institution.

As of December 31, 2018, Winchester Gardens had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$27,205,000	3.04%	USD-LIBOR x 69% plus 100 basis points (2.62% at December 31, 2018)	December 2014 to November 2029
$5,000,000	3.58%	USD-LIBOR plus 140 basis points (3.75% at December 31, 2018)	December 2016 to September 2026
$5,000,000	3.49%	USD-LIBOR plus 140 basis points (3.75% at December 31, 2018)	July 2017 to September 2026
$5,000,000	3.67%	USD-LIBOR plus 140 basis points (3.75% at December 31, 2018)	November 2017 to September 2026
$5,000,000	4.07%	USD-LIBOR plus 140 basis points (3.75% at December 31, 2018)	February 2018 to September 2026

The fair value of the interest rate swap agreements was $(412,726) at December 31, 2018 and $(1,183,229) at December 31, 2018 and was obtained from the financial institution.

As of December 31, 2018, Village Point had the following interest rate swaps in effect:

Notional Amount	Fixed Rate	Variable Rate	Period
$9,911,200	3.29%	USD-LIBOR x 75% plus 178 basis points (3.54% at December 31, 2018)	October 2016 to June 2025
$4,955,600	3.73%	USD-LIBOR x 75% plus 178 basis points (3.54% at December 31, 2018)	December 2016 to June 2025
$4,955,600	3.70%	USD-LIBOR x 75% plus 178 basis points (3.54% at December 31, 2018)	June 2017 to June 2025
$7,631,600	3.72%	USD-LIBOR x 75% plus 178 basis points (3.54% at December 31, 2018)	October 2017 to June 2025

The fair value of the interest rate swap agreements was $382,515 at December 31, 2018 and $61,590 at December 31, 2017 and was obtained from the financial institution.

11. Construction Lines 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, 2018 was 3.85 percent. 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. The balance on the Montgomery Construction Line at December 31, 2018 and 2017 was $3,326,000 and $4,928,000, 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:	
2019	$ 1,684,000
2020	1,642,000
Total	$ 3,326,000

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, 2018 was 3.75 percent. 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 14). Borrowings on the Winchester Construction Line were $24,578,100 and $16,689,650 at December 31, 2018 and 2017, 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:	
2019	$ 1,404,000
2020	1,404,000
2021	1,404,000
2022	1,404,000
2023	1,404,000
Thereafter	20,980,000
Total	$ 28,000,000

12. Net Assets With Donor Restrictions

Net assets with donor restrictions of $12,406,082 and $12,202,722 at December 31, 2018 and 2017, respectively, are donor restricted amounts for the benefit of residents and development of SSL affiliates.

Net assets with temporary donor restrictions are held for the following purposes:

	2018	2017
Split-interest agreements	$ 2,074,090	$ 1,920,679
Restricted for the benefit of residents and community needs	10,331,992	10,282,043
Total	$ 12,406,082	$ 12,202,722

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, 2018 and 2017, the capital advances received totaled $80,835,527, which has been reported as a noncurrent liability in the consolidated balance sheets.

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 percent vested in the employee contributions immediately upon their participation. The Plan provides for SSL and its affiliates to match 100 percent of the employee contributions not to exceed 5 percent of annual compensation.

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

In 2005, SSL initiated a Supplemental Executive Retirement Plan ("SERP"). During 2018 and 2017, the SERP funding was approximately $316,000 and $285,000, respectively, and carried a balance of approximately $1,583,000 and $1,383,000 at December 31, 2018 and 2017, respectively.

Pension expense under the Plan and the SERP was approximately $2,128,000 and $1,792,000 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 886,392	$ 1,028,349
Interest cost	29,159	42,893
Service cost	-	1,840
Actuarial loss	(68,192)	(62,433)
Benefits paid	(7,716)	(7,593)
Effect of settlement	(63,149)	(116,664)
Projected benefit obligation at end of year	776,494	886,392

	2018	2017
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 577,936	$ 616,618
Actual (loss) return on plan assets	(78,873)	19,475
Employer contribution	31,520	66,100
Benefits paid	(7,716)	(7,593)
Effect of settlement	(63,149)	(116,664)
Fair value of plan assets at end of year	459,718	577,936
Funded status at end of year	$ (316,776)	$ (308,456)

Amounts recognized in the consolidated balance sheets at December 31:

	2018	2017
Accrued expenses	$ (316,776)	$ (308,456)

Amounts recognized in net deficit, unrestricted at December 31:

	2018	2017
Unrecognized net loss	$ 258,940	$ 307,313

A net actuarial loss of $254,838 represents the unrecognized component of net periodic pension cost at December 31, 2018.

An actuarial loss of $29,335 is expected to be recognized in net periodic pension cost in the next fiscal year.

The accumulated benefit obligation at December 31, 2018 and 2017 is $776,494 and $886,392, 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 2018 and 2017 are as follows:

	2018	2017
Service cost	$ -	$ 1,840
Interest cost	29,159	42,893
Expected loss (return) on plan assets	6,579	(18,274)
Amortization of net loss	31,419	51,426
Effect of settlement	21,056	40,444
Total	$ 88,213	$ 118,329

Weighted-average assumptions used to determine the benefit obligation at December 31, 2018 and 2017 are as follows:

	2018	2017
Discount rate	4.10 %	3.55 %
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic (benefit) pension cost at December 31, 2018 and 2017 are as follows:

	2018	2017
Discount rate	3.55 %	4.30 %
Expected long-term rate of return on plan assets	5.75	3.00

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

The following tables summarize instruments measured at fair value on a recurring basis for the Plan at December 31, 2018 and 2017:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equity mutual funds:				
Large cap	$ 144,177	$ -	$ -	$ 144,177
Mid cap	12,318	-	-	12,318
Small cap	4,676	-	-	4,676
International	85,886	-	-	85,886
Fixed income mutual funds	212,661	-	-	212,661
Total	$ 459,718	$ -	$ -	$ 459,718

	Assets as Fair Value as of December 31, 2017			
Equity mutual funds:				
Large cap	$ 129,092	$ -	$ -	$ 129,092
Mid cap	11,628	-	-	11,628
Small cap	4,281	-	-	4,281
International	60,870	-	-	60,870
Fixed income mutual funds	372,065	-	-	372,065
Total	$ 577,936	$ -	$ -	$ 577,936

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, 2018:

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

Common stock is valued based on quoted prices from an active market for identical assets.

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:		
2019	$	130,000
2020		41,000
2021		41,000
2022		49,000
2023		90,000
Thereafter		240,000
Total	$	591,000

The Company anticipates making a contribution of $82,336 the Union Plan during 2018.

15. Commitments and Contingencies

SSL and Springpoint at Home lease office space and equipment through non-cancelable operating leases. The total rental expense under these leases was $596,217 and $599,884 for the years ended December 31, 2018 and 2017, respectively. The future minimum rental commitment under these non-cancelable leases is as follows:

2019	$	$647,494
2020		$638,640
2021		$607,690
2022		$533,783
2023		$265,729
Total	$	2,693,336

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 year's debt service or 15 percent 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 bond reserve requirements at December 31, 2018 and 2017.

Commitments under agreements for various construction projects totaled approximately $6,932,773 at December 31, 2018 and $11,475,129 at December 31, 2017.

SSL and the Foundation are Guarantors of Robert Noble Manor, LP ("RNM") as required under the limited partnership agreement. 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. Management believes the risk of performance under this guarantee is low.

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.

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.

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.

Workers Compensation, Unemployment and Health Insurance

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 $13,004,000 and $11,982,000 for the years ending December 31, 2018 and 2017, 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:

	2018	2017
Medicare	25 %	16 %
Medicaid	7	6
Self-pay residents and other	68	78
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 percent 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 statements of operations and changes in net assets (deficit). The initial term of the contracts is 20 years from completion of the housing project.

18. Liquidity and Availability of Resources

As of December 31, 2018, the Company has financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

Cash and cash equivalents	$ 33,747,578
Accounts receivable, net	13,132,251
Investments:	
Without restrictions	97,078,621
Total	$ 143,958,450

The Company has investments, which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the information above. Cash in excess of current requirements are held in various investments in accordance with the Company's investment policy. The Company has other assets whose use is limited for residents deposits, assets reserved for future gift annuity payments, donor-restricted purposes and other limited uses.

The Company has also designated a portion of its assets whose use is limited "reserved" to comply with state liquid reserve requirements. Although The Company does not intend to utilize the state required liquid reserves for general expenditures as part of its annual budget and approval process, amounts designated for state required liquid reserves could be made available as necessary. State required liquid reserves do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

19. Functional Expenses

The Company provides housing, health care, and other related services to residents within its geographic locations. The consolidated financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest, and other occupancy costs, are allocated to a function based on a square footage basis. Expenses related to providing these services, including depreciation and amortization and loss on disposal of fixed assets, are as follows:

For the year ended December 31, 2018:

	Program Services	Management and General	Fundraising	Total
Salary and wages	$ 65,671,989	$ 13,561,134	$ 705,618	$ 79,938,741
Employee taxes and benefits	17,114,908	3,273,778	104,921	20,493,607
Food products	7,411,298	-	-	7,411,298
Supplies and maintenance	10,949,917	1,023,665	4,122	11,977,704
Contracted services	12,937,216	214,470	-	13,151,686
Utilities	9,847,374	-	-	9,847,374
Property taxes	8,973,398	-	-	8,973,398
Other	11,619,109	6,629,660	235,236	18,484,005
Depreciation and amortization	34,870,463	-	-	34,870,463
Interest expense	10,466,066	-	-	10,466,066
Goodwill impairment loss	14,980,000	-	-	14,980,000
Provision for doubtful accounts	-	854,966	-	854,966
Total	$ 204,841,738	$ 25,557,673	$ 1,049,897	$ 231,449,308

Program services, management and general and fundraising expenses in 2017 were $153,513,516, $37,321,328 and $1,007,163, respectively.

Springpoint Senior Living, Inc. and Affiliates
Consolidating Schedule, Balance Sheet
December 31, 2018

	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	$ 34,822,537	$ 616,912	$ 1,393,796	$ (3,085,667)	$ 33,747,578	$ -	$ 33,747,578
Current portion of assets whose use is limited	581,714	-	-	80,170	661,884	-	661,884
Accounts receivable, net	11,340,906	1,992	91,918	1,697,435	13,132,251	-	13,132,251
Due from affiliates	-	-	-	7,394,215	7,394,215	(7,394,215)	-
Other current assets	3,504,334	31,108	631,723	2,444,244	6,611,409	(358,177)	6,253,232
Total current assets	50,249,491	650,012	2,117,437	8,530,397	61,547,337	(7,752,392)	53,794,945
Investments	64,275,510	-	-	36,887,632	101,163,142	(4,084,521)	97,078,621
Assets Whose Use is Limited	24,881,765	6,169,113	9,383,161	8,786,174	49,220,213	-	49,220,213
Investments Held under Split-Interest Agreements	-	-	-	3,772,509	3,772,509	-	3,772,509
Investments Held by Others under Split-Interest Agreements	-	-	-	1,090,387	1,090,387	-	1,090,387
Beneficial Interest in Perpetual Trusts	-	-	-	3,627,530	3,627,530	(614,594)	3,012,936
Due from Other Affiliates	-	-	-	8,179,140	8,179,140	(8,179,140)	-
Notes Receivable	-	-	-	34,215,357	34,215,357	(34,215,357)	-
Loans Receivable from Affiliate	-	-	-	28,292,943	28,292,943	(28,292,943)	-
Property and Equipment, Net	406,656,497	55,314,070	97,803,046	28,550,709	588,324,322	(11,491,596)	576,832,726
Goodwill, Net	72,794,046	-	-	5,539,448	78,333,494	-	78,333,494
Derivative Instruments	1,432,763	-	-	544,434	1,977,197	-	1,977,197
Other Assets, Net	858,240	-	319,853	7,875,938	9,054,031	(7,098,562)	1,955,469
Total assets	$ 621,148,312	$ 62,133,195	$ 109,623,497	$ 175,892,598	$ 968,797,602	$ (101,729,105)	$ 867,068,497

Springpoint Senior Living, Inc. and Affiliates
Consolidating Schedule, Balance Sheet
December 31, 2018

	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	$ 3,737,770	$ -	$ 1,114,976	$ 1,146,212	$ 5,998,958	$ -	$ 5,998,958
Current portion of construction line of credit	3,088,000	-	-	-	3,088,000	-	3,088,000
Construction payable	1,459,034	-	-	-	1,459,034	-	1,459,034
Accounts payable	5,525,343	380,697	337,479	902,709	7,146,228	-	7,146,228
Accrued expenses	7,181,695	171,261	630,658	7,264,494	15,248,108	(504,543)	14,743,565
Due to affiliates	3,489,454	51,571	1,553,149	5,204,238	10,298,412	(10,298,412)	-
Residents' deposits	2,200,834	274,760	492,047	-	2,967,641	-	2,967,641
Total current liabilities	26,682,130	878,289	4,128,309	14,517,653	46,206,381	(10,802,955)	35,403,426
Long-Term Debt and Capital Lease Obligations	203,998,983	3,136,140	55,335,596	36,835,083	299,305,802	-	299,305,802
Notes Payable to Affiliate	27,710,000	-	34,215,358	582,943	62,508,301	(62,508,301)	-
Capital Advances	-	80,035,527	-	-	80,035,527	-	80,035,527
Due to Affiliates	5,288,925	-	-	47,425	5,336,350	(5,336,350)	-
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	-	-	3,171,100	3,171,100	-	3,171,100
Deferred Revenue	219,968	-	-	19,399,141	19,619,109	(19,619,109)	-
Refundable Entrance Fees	337,432,168	-	-	535,996	337,968,164	-	337,968,164
Deferred Revenue from Entrance Fees	87,479,717	-	-	6,035,234	93,514,951	-	93,514,951
Construction Line of Credit, Net of Current Portion	24,816,100	-	-	-	24,816,100	-	24,816,100
Retainage Payable	997,711	-	-	-	997,711	-	997,711
Other Liabilities	2,381,716	-	3,536,408	3,865,818	9,783,942	(6,342,690)	3,441,252
Total liabilities	717,007,418	84,049,956	97,215,671	84,990,393	983,263,438	$ (104,609,405)	878,654,033
Net Assets (Deficit)							
Net assets (deficit) without donor restrictions	(103,520,152)	(21,916,761)	1,210,230	85,542,575	(38,684,108)	3,494,894	(35,189,214)
Non-controlling ownership interest in limited partnerships	-	-	11,197,596	-	11,197,596	-	11,197,596
Net assets with donor restrictions	456,046	-	-	12,564,630	13,020,676	(614,594)	12,406,082
Member's equity	7,205,000	-	-	(7,205,000)	-	-	-
Total net assets (deficit)	(95,859,106)	(21,916,761)	12,407,826	90,902,205	(14,465,836)	2,880,300	(11,585,536)
Total liabilities and net assets (deficit)	$ 621,148,312	$ 62,133,195	$ 109,623,497	$ 175,892,598	$ 968,797,602	$ (101,729,105)	$ 867,068,497

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018

	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 Net Assets (Deficit) without Donor Restrictions							
Revenues and other support:							
Revenue from residential facilities	$ 72,435,035	$ 7,707,764	$ 12,116,373	$ -	$ 92,259,172	$ -	$ 92,259,172
Revenue from healthcare facilities	65,837,469	-	-	2,820,888	68,658,357	-	68,658,357
Services to residents	7,392,030	-	-	7,027,649	14,419,679	-	14,419,679
Developer and management fees	-	-	-	11,310,650	11,310,650	(11,310,650)	-
Contributions and bequests	358,746	-	-	1,095,519	1,454,265	(746,066)	708,199
Interest and dividends	1,878,570	2,885	32,005	857,992	2,771,452	(54,024)	2,717,428
Other revenue	925,774	46,068	234,184	910,456	2,116,482	(858,578)	1,257,904
Net assets released from restrictions used for operations	864,290	-	-	392,406	1,256,696	(265,742)	990,954
Total revenues and other support	149,691,914	7,756,717	12,382,562	24,415,560	194,246,753	(13,235,060)	181,011,693
Expenses:							
Professional care of residents	44,968,138	-	-	8,232,289	53,200,427	-	53,200,427
Resident services	5,329,541	-	-	-	5,329,541	-	5,329,541
Dining services	22,685,921	-	-	452,591	23,138,512	(175,165)	22,963,347
Operation and maintenance of facility	28,428,682	3,580,860	4,526,774	593,900	37,130,216	-	37,130,216
Housekeeping and laundry	7,386,588	-	-	105,996	7,492,584	-	7,492,584
Administrative and general	13,863,280	2,605,800	2,916,866	13,935,793	33,321,739	(513,512)	32,808,227
Resident assistance and program services	-	-	-	1,510,734	1,510,734	(1,011,808)	498,926
Marketing	5,802,475	-	-	1,500,694	7,303,169	-	7,303,169
Insurance	2,198,235	304,400	573,750	267,310	3,343,695	-	3,343,695
Springpoint Senior Living, Inc. management fee	8,680,281	513,956	688,990	1,070,779	10,954,006	(10,954,006)	-
Interest	7,702,104	-	2,839,824	859,980	11,401,908	(935,842)	10,466,066
Provision for bad debts	774,923	-	-	80,043	854,966	-	854,966
Total expenses	147,820,168	7,005,016	11,546,204	28,610,109	194,981,497	(13,590,333)	181,391,164
Operating income (loss)	1,871,746	751,701	836,358	(4,194,549)	(734,744)	355,273	(379,471)
Change in unrealized loss on investments	(8,609,493)	-	-	(4,963,756)	(13,573,249)	-	(13,573,249)
Net realized gains on investments	3,593,000	-	-	1,792,418	5,385,418	-	5,385,418
Amortization of entrance fees	16,256,507	-	-	736,587	16,993,094	-	16,993,094
Change in fair value of derivative financial instruments	2,427,897	-	-	432,525	2,860,422	-	2,860,422
Gain (loss) on disposal of fixed assets	629,525	-	-	(520,499)	109,026	(316,705)	(207,679)
Transfer to net assets with donor restrictions	-	-	-	(60,017)	(60,017)		(60,017)
Net asset transfer	-	-	110,396	110,395	220,791	(220,791)	-
Equity contribution from limited partner	-	-	1,699,790	-	1,699,790	-	1,699,790
Goodwill impairment loss	(14,980,000)	-	-	-	(14,980,000)	-	(14,980,000)
Depreciation and amortization	(28,075,558)	(2,384,565)	(3,583,240)	(1,210,640)	(35,254,003)	383,538	(34,870,465)
Revenues and other support in excess of (less than) expenses	(26,886,376)	(1,632,864)	(936,696)	(7,877,536)	(37,333,472)	201,315	(37,132,157)
Pension liability adjustment	(88,213)	-	-	-	(88,213)	-	(88,213)
Increase (decrease) in net assets without donor restrictions	$ (26,974,589)	$ (1,632,864)	$ (936,696)	$ (7,877,536)	$ (37,421,685)	$ 201,315	$ (37,220,370)

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018

	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 Net Assets with Donor Restrictions							
Contributions	$ 835,690	$ -	$ -	$ 1,407,148	$ 2,242,838	$ (265,742)	$ 1,977,096
Change in value of split-interest agreements	-	-	-	(61,948)	(61,948)	-	(61,948)
Investment income	27,093	-	-	(441,360)	(414,267)	-	(414,267)
Transfer from net assets without donor restrictions				60,017	60,017		60,017
Net asset transfer to affiliate	(441,048)			441,048	-	-	-
Net unrealized loss on investments	(24,736)	-	-	-	(24,736)	-	(24,736)
Change in value of perpetual trusts				(398,977)	(398,977)	57,130	(341,847)
Net assets released from restrictions for operations	(864,291)	-	-	(392,406)	(1,256,697)	265,742	(990,955)
(Decrease) increase in net assets with donor restrictions	(467,292)	-	-	613,522	146,230	57,130	203,360
Change in unrestricted net assets (deficit)	(27,441,881)	(1,632,864)	(936,696)	(7,264,014)	(37,275,455)	258,445	(37,017,010)
Net Assets (Deficit), Beginning	(67,244,504)	(20,283,897)	13,344,522	98,166,219	23,982,340	2,621,855	26,604,195
Adjustment for Adoption of Accounting Pronouncement	(1,172,721)	-	0	-	(1,172,721)	-	(1,172,721)
Net Assets (Deficit), Beginning of Year - As Adjusted	(68,417,225)	(20,283,897)	13,344,522	98,166,219	22,809,619	2,621,855	25,431,474
Net (Deficit) Assets, Ending	$ (95,859,106)	$ (21,916,761)	$ 12,407,826	$ 90,902,205	$ (14,465,836)	$ 2,880,300	$ (11,585,536)

Springpoint Senior Living, Inc. and Affiliates

Continuing Care Retirement Communities, Combining Balance Sheet
December 31, 2018

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Moorings at Lewes	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Assets									
Current Assets									
Cash and cash equivalents	$ 3,306,424	$ 4,297,581	$ 319,514	$ 9,737,813	$ 2,882,439	$ 2,697,953	$ 10,103,992	$ 1,476,821	$ 34,822,537
Current portion of assets whose use is limited	21,709	86,910	112,108	1,000	-	15,947	85,137	258,903	581,714
Accounts receivable, net	643,329	1,657,217	1,142,845	765,598	3,251,633	2,197,978	985,820	696,486	11,340,906
Other current assets	457,696	436,593	372,063	213,482	528,697	405,743	597,651	492,409	3,504,334
Total current assets	4,429,158	6,478,301	1,946,530	10,717,893	6,662,769	5,317,621	11,772,600	2,924,619	50,249,491
Investments	7,565,835	9,220,047	822,572	-	3,921,393	3,219,817	20,186,076	19,339,770	64,275,510
Assets Whose Use is Limited	1,749,974	2,445,685	3,358,412	2,782,872	3,396,506	3,882,479	3,832,901	3,432,936	24,881,765
Property and Equipment, Net	58,907,387	29,483,265	50,222,572	27,963,000	35,291,830	75,701,511	65,854,175	63,232,757	406,656,497
Goodwill, Net	-	-	-	675,588	19,297,865	29,121,740	-	23,698,853	72,794,046
Derivative Instruments	(94,087)	705,795	192,648	210,429	-	-	830,704	(412,726)	1,432,763
Other Assets, Net	-	-	-	-	315,190	279,462	-	263,588	858,240
Total assets	$ 72,558,267	$ 48,333,093	$ 56,542,734	$ 42,349,782	$ 68,885,553	$ 117,522,630	$ 102,476,456	$ 112,479,797	$ 621,148,312

Springpoint Senior Living, Inc. and Affiliates

Continuing Care Retirement Communities, Combining Balance Sheet
December 31, 2018

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Moorings at Lewes	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 obligations	$ 540,683	$ 846,012	$ 903,736	$ 312,269	$ 565,000	$ 539,576	$ 27,741	$ 2,753	$ 3,737,770
Current portion of construction line of credit	-	-	-	-	-	-	1,684,000	1,404,000	3,088,000
Construction payable	-	-	-	-	-	220,064	620,340	618,630	1,459,034
Accounts payable	397,914	744,470	599,695	601,408	521,427	1,067,619	676,741	916,069	5,525,343
Accrued expenses	539,812	576,158	2,181,474	677,787	761,456	921,086	760,707	763,215	7,181,695
Due to affiliates	260,453	64,559	101,313	122,838	51,826	604,659	70,031	2,213,775	3,489,454
Residents' deposits	122,544	138,612	287,709	202,839	348,860	205,002	546,635	348,633	2,200,834
Total current liabilities	1,861,406	2,369,811	4,073,927	1,917,141	2,248,569	3,558,006	4,386,195	6,267,075	26,682,130
Long-Term Debt and Capital Lease Obligations	20,554,733	26,075,728	18,657,569	8,663,858	17,400,269	37,764,685	48,100,222	26,781,919	203,998,983
Notes Payable to Affiliate	24,710,000	-	-	-	-	3,000,000	-	-	27,710,000
Due to Affiliates	5,288,925	-	-	-	-	-	-	-	5,288,925
Refundable Entrance Fees	35,955,380	6,239,329	35,844,820	30,130,221	46,124,488	53,748,822	59,463,236	69,925,872	337,432,168
Deferred Revenue from Entrance Fees	11,832,367	6,627,914	16,854,909	11,276,944	5,650,498	11,454,694	14,430,258	9,352,133	87,479,717
Construction Line of Credit, Net of Current Portion	-	-	-	-	-	-	1,642,000	23,174,100	24,816,100
Retainage Payable	-	-	-	-	-	-	-	997,711	997,711
Deferred Revenue	-	-	-	33,333	150,110	32,562	-	3,963	219,968
Other Liabilities	2,381,716	-	-	-	-	-	-	-	2,381,716
Total liabilities	102,584,527	41,312,782	75,431,225	52,021,497	71,573,934	109,558,769	128,021,911	136,502,773	717,007,418
Net (Deficit) Assets									
Net (deficit) assets without donor restrictions	(30,047,312)	6,972,841	(18,944,023)	(9,971,124)	(2,688,381)	743,239	(25,556,455)	(24,028,937)	(103,520,152)
Net assets with donor restrictions	21,052	47,470	55,532	299,409	-	15,622	11,000	5,961	456,046
Member's equity	-	-	-	-	-	7,205,000	-	-	7,205,000
Total net (deficit) assets	(30,026,260)	7,020,311	(18,888,491)	(9,671,715)	(2,688,381)	7,963,861	(25,545,455)	(24,022,976)	(95,859,106)
Total liabilities and net (deficit) assets	$ 72,558,267	$ 48,333,093	$ 56,542,734	$ 42,349,782	$ 68,885,553	$ 117,522,630	$ 102,476,456	$ 112,479,797	$ 621,148,312

Springpoint Senior Living, Inc. and Affiliates

Continuing Care Retirement Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Moorings at Lewes	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Changes in Net Assets (Deficit) without Donor Restrictions									
Revenues and other support:									
Revenue from residential facilities	$ 7,415,634	$ 8,188,481	$ 11,397,867	$ 8,836,419	$ 4,773,692	$ 10,020,410	$ 12,024,742	$ 9,777,790	$ 72,435,035
Revenue from healthcare facilities	4,512,009	7,577,886	9,959,957	5,945,366	8,475,295	11,994,122	10,617,705	6,755,129	65,837,469
Services to residents	346,431	1,714,051	830,143	1,867,571	334,433	721,169	1,142,082	436,150	7,392,030
Contributions and bequests	92,233	50,991	49,424	70,927	100	42,370	52,701	-	358,746
Interest and dividends	194,146	254,764	81,713	52,034	211,195	87,945	463,957	532,816	1,878,570
Other revenue	14,761	127,162	3,810	91,215	22,226	457,288	175,685	33,627	925,774
Net assets released from restriction used for operations	97,759	163,377	101,004	94,925	20,065	125,311	170,744	91,105	864,290
Total revenues and other support	12,672,973	18,076,712	22,423,918	16,958,457	13,837,006	23,448,615	24,647,616	17,626,617	149,691,914
Expenses:									
Professional care of patients	3,657,363	5,041,381	6,496,944	4,518,265	5,425,837	9,161,661	6,479,777	4,186,910	44,968,138
Resident services	629,709	519,841	644,961	600,568	485,942	849,866	674,986	923,668	5,329,541
Dining services	1,930,925	2,935,588	3,557,333	2,986,204	2,134,376	2,971,772	3,210,694	2,959,029	22,685,921
Operation and maintenance of facility	2,348,464	2,422,877	5,418,996	3,225,701	2,038,338	4,218,758	3,827,359	4,928,189	28,428,682
Housekeeping and laundry	702,652	929,380	1,239,277	644,073	540,523	1,324,233	883,648	1,122,802	7,386,588
Administrative and general	1,275,983	1,947,530	1,722,679	1,565,643	1,521,243	1,991,865	2,218,622	1,619,715	13,863,280
Marketing	431,625	726,563	701,079	1,036,521	534,002	635,698	950,135	786,852	5,802,475
Insurance	242,485	218,677	353,144	199,283	237,383	350,909	270,469	325,885	2,198,235
Springpoint Senior Living, Inc. management fee	815,371	1,087,027	1,429,174	1,143,940	404,346	1,289,860	1,491,082	1,019,481	8,680,281
Interest	687,702	968,450	557,205	317,765	774,229	1,194,146	1,641,160	1,561,447	7,702,104
Provision for doubtful accounts	(1,893)	161,372	(45,647)	125,254	43,330	339,648	77,315	75,544	774,923
Total expenses	12,720,386	16,958,686	22,075,145	16,363,217	14,139,549	24,328,416	21,725,247	19,509,522	147,820,168
Operating (loss) income	(47,413)	1,118,026	348,773	595,240	(302,543)	(879,801)	2,922,369	(1,882,905)	1,871,746
Transfer from temporarily restricted net assets									-
Change in unrealized losses on investments	(903,448)	(1,120,224)	(251,118)	(195,909)	(764,747)	(327,976)	(2,469,836)	(2,576,235)	(8,609,493)
Net realized gains on investments	350,720	436,566	112,361	94,903	410,412	121,883	957,596	1,108,559	3,593,000
Amortization of entrance fees	2,123,759	1,563,154	2,506,195	2,194,414	636,070	2,872,109	2,851,377	1,509,429	16,256,507
Net change in fair value of derivative financial instruments	349,956	356,945	211,099	115,168	-	-	624,226	770,503	2,427,897
Gain (loss) on disposal of fixed assets	4,000	-	-	629,643	-	-	(4,118)	-	629,525
Depreciation and amortization	(2,820,208)	(2,780,568)	(4,481,070)	(3,584,419)	(1,509,201)	(2,753,516)	(4,670,323)	(5,476,253)	(28,075,558)
Goodwill impairment loss	-	-	-	-	-	-	-	(14,980,000)	(14,980,000)
Revenues and other support (less than) in excess of expenses	(942,634)	(426,101)	(1,553,760)	(150,960)	(1,530,009)	(967,301)	211,291	(21,526,902)	(26,886,376)
Pension liability adjustment	-	-	(88,213)	-	-	-	-	-	(88,213)
Change in net (deficit) assets without donor restrictions	(942,634)	(426,101)	(1,641,973)	(150,960)	(1,530,009)	(967,301)	211,291	(21,526,902)	(26,974,589)
(Decrease) increase in net (deficit) assets without donor restrictions	$ (942,634)	$ (426,101)	$ (1,641,973)	$ (150,960)	$ (1,530,009)	$ (967,301)	$ 211,291	$ (21,526,902)	$ (26,974,589)

Springpoint Senior Living, Inc. and Affiliates

Continuing Care Retirement Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Moorings at Lewes	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Changes in Net Assets with Donor Restrictions									
Contributions	$ 99,549	$ 160,673	$ 92,527	$ 78,426	$ 1,035	$ 129,712	$ 179,031	$ 94,737	$ 835,690
Investment income	-	-	-	19,688	7,405	-	-	-	27,093
Net asset transfer to affiliate	-	-	-	-	(441,048)	-	-	-	(441,048)
Net unrealized loss on investments	-	-	-	(24,736)	-	-	-	-	(24,736)
Net assets released from restriction used for operations	(97,759)	(163,377)	(101,005)	(94,925)	(20,065)	(125,311)	(170,744)	(91,105)	(864,291)
(Decrease) increase in net assets with donor restrictions	1,790	(2,704)	(8,478)	(21,547)	(452,673)	4,401	8,287	3,632	(467,292)
Change in net (deficit) assets	(940,844)	(428,805)	(1,650,451)	(172,507)	(1,982,682)	(962,900)	219,578	(21,523,270)	(27,441,881)
Net (Deficit) Assets, Beginning of Year - As Previously Reported	(28,857,717)	7,449,116	(17,218,233)	(9,499,208)	219,516	8,926,761	(25,765,033)	(2,499,706)	(67,244,504)
Adjustment for Adoption of Accounting Pronouncement	(227,699)	-	(19,807)	-	(925,215)	-	-	-	(1,172,721)
Net (Deficit) Assets, Beginning of Year - As Adjusted	(29,085,416)	7,449,116	(17,238,040)	(9,499,208)	(705,699)	8,926,761	(25,765,033)	(2,499,706)	(68,417,225)
Net (Deficit) Assets, Ending	$ (30,026,260)	$ 7,020,311	$ (18,888,491)	$ (9,671,715)	$ (2,688,381)	$ 7,963,861	$ (25,545,455)	$ (24,022,976)	$ (95,859,106)

Springpoint Senior Living, Inc. and Affiliates

Affordable Housing Communities, Combining Balance Sheet
December 31, 2018

	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	$ 63,565	$ 95,154	$ 47,520	$ 49,006	$ 42,828	$ 60,363	$ 4,600	$ 72,840	$ 99,675	$ 81,361	$ 616,912
Accounts receivable, net	(7)	(795)	(6)	(918)	169	140	1,481	349	931	648	1,992
Other current assets	1,434	1,441	16,079	3,084	1,366	5,000	1,105	1,599	-	-	31,108
Total current assets	64,992	95,800	63,593	51,172	44,363	65,503	7,186	74,788	100,606	82,009	650,012
Assets Whose Use is Limited	608,044	761,878	733,303	655,111	598,436	527,587	484,060	682,079	554,583	564,032	6,169,113
Property and Equipment, Net	10,246,649	2,690,143	4,955,412	6,348,064	4,015,924	11,126,371	2,611,681	2,765,074	5,719,904	4,834,848	55,314,070
Total assets	$ 10,919,685	$ 3,547,821	$ 5,752,308	$ 7,054,347	$ 4,658,723	$ 11,719,461	$ 3,102,927	$ 3,521,941	$ 6,375,093	$ 5,480,889	$ 62,133,195
Liabilities and Net Deficit											
Current Liabilities											
Accounts payable	$ 53,586	$ 35,347	$ 40,534	$ 33,714	$ 25,289	$ 19,901	$ 36,933	$ 46,564	$ 58,167	$ 30,662	$ 380,697
Accrued expenses	8,869	21,896	16,723	18,916	21,730	21,285	17,058	20,862	12,073	11,849	171,261
Due to affiliates	(808)	477	(1,532)	4,243	(1,132)	43,740	674	398	2,967	2,544	51,571
Residents' deposits	33,217	27,404	20,238	28,356	31,762	32,107	22,643	33,949	29,975	15,109	274,760
Total current liabilities	94,864	85,124	75,963	85,229	77,649	117,033	77,308	101,773	103,182	60,164	878,289
Long-Term Debt	778,680	-	-	778,680	-	800,000	-	-	778,780	-	3,136,140
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	11,685,644	5,858,824	8,255,063	9,631,309	7,511,649	12,556,433	5,352,035	6,372,373	8,751,862	8,074,764	84,049,956
Net Deficit											
Net deficit without donor restrictions	(765,959)	(2,311,003)	(2,502,755)	(2,576,962)	(2,852,926)	(836,972)	(2,249,108)	(2,850,432)	(2,376,769)	(2,593,875)	(21,916,761)
Total liabilities and net deficit	$ 10,919,685	$ 3,547,821	$ 5,752,308	$ 7,054,347	$ 4,658,723	$ 11,719,461	$ 3,102,927	$ 3,521,941	$ 6,375,093	$ 5,480,889	$ 62,133,195

Springpoint Senior Living, Inc. and Affiliates

Affordable Housing Communities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018

	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 (Watching Terrace)	PH at Stafford (Stafford)	PH at West Windsor (the Gables)	Combined Total
Revenues and Other Support											
Revenue from residential facilities	$ 763,277	$ 819,269	$ 793,618	$ 769,972	$ 737,837	$ 762,722	$ 624,430	$ 791,177	$ 903,191	$ 742,271	$ 7,707,764
Interest and dividends	314	351	363	305	274	244	225	289	257	263	2,885
Other revenue	6,785	-	4,580	4,682	4,740	6,018	4,093	5,736	6,811	2,623	46,068
Total revenues and other support	770,376	819,620	798,561	774,959	742,851	768,984	628,748	797,202	910,259	745,157	7,756,717
Expenses:											
Operation and maintenance of facility	337,677	337,546	363,627	387,641	342,597	350,240	308,689	359,503	484,369	308,971	3,580,860
Administrative and general	244,415	260,727	241,711	273,502	262,660	251,357	244,725	292,031	268,473	266,199	2,605,800
Insurance	35,660	29,396	27,267	31,994	30,591	34,491	22,607	28,107	35,741	28,546	304,400
Springpoint Senior Living, Inc. management fee	54,432	53,784	52,416	52,416	55,080	53,485	35,568	55,501	52,416	48,858	513,956
Total expenses	672,184	681,453	685,021	745,553	690,928	689,573	611,589	735,142	840,999	652,574	7,005,016
Operating income	98,192	138,167	113,540	29,406	51,923	79,411	17,159	62,060	69,260	92,583	751,701
Depreciation and amortization	(334,533)	(180,431)	(236,240)	(268,631)	(221,822)	(327,572)	(167,964)	(198,007)	(234,325)	(215,040)	(2,384,565)
Change in net deficit without donor restrictions	(236,341)	(42,264)	(122,700)	(239,225)	(169,899)	(248,161)	(150,805)	(135,947)	(165,065)	(122,457)	(1,632,864)
Net (Deficit) Assets, Beginning	(529,618)	(2,268,739)	(2,380,055)	(2,337,737)	(2,683,027)	(588,811)	(2,098,303)	(2,714,485)	(2,211,704)	(2,471,418)	(20,283,897)
Net (Deficit) Assets, Ending	$ (765,959)	$ (2,311,003)	$ (2,502,755)	$ (2,576,962)	$ (2,852,926)	$ (836,972)	$ (2,249,108)	$ (2,850,432)	$ (2,376,769)	$ (2,593,875)	$ (21,916,761)

Low Income Housing Tax Credit Communities, Combining Balance Sheet
December 31, 2018

	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	$ 763,692	$ 129,040	$ 90,605	$ 24,691	$ 88,633	$ 113,291	$ 150,250	$ 33,594	$ 1,393,796
Accounts receivable, net	44,866	2,167	12,392	4,311	943	18,177	5,183	3,879	91,918
Other current assets	272,024	49,883	58,952	36,691	27,865	88,455	53,099	44,754	631,723
Total current assets	1,080,582	181,090	161,949	65,693	117,441	219,923	208,532	82,227	2,117,437
Assets Whose Use is Limited	2,867,224	1,133,562	1,148,734	407,436	151,195	1,433,213	1,173,617	1,068,180	9,383,161
Property and Equipment, Net	42,578,931	7,021,544	7,804,876	8,527,633	3,133,361	13,594,673	9,166,884	5,975,144	97,803,046
Other Assets, Net	165,652	7,647	14,109	51,764	11,017	57,267	6,998	5,399	319,853
Total assets	$ 46,692,389	$ 8,343,843	$ 9,129,668	$ 9,052,526	$ 3,413,014	$ 15,305,076	$ 10,556,031	$ 7,130,950	$ 109,623,497
Liabilities and Net Deficit									
Current Liabilities									
Current maturities of long-term debt	$ 362,814	$ 155,281	$ 140,120	$ 16,014	$ -	$ 139,710	$ 167,615	$ 133,422	$ 1,114,976
Accounts payable	106,420	17,606	56,271	20,157	32,705	50,620	13,975	39,725	337,479
Accrued expenses	428,899	49,016	22,705	26,157	23,464	28,243	32,403	19,771	630,658
Due to affiliates	1,076,284	27,283	21,388	271,927	84,574	20,059	29,348	22,286	1,553,149
Residents' deposits	264,524	29,797	34,829	49,082	13,504	47,048	33,059	20,204	492,047
Total current liabilities	2,238,941	278,983	275,313	383,337	154,247	285,680	276,400	235,408	4,128,309
Long-Term Debt	20,851,551	4,690,664	4,241,679	8,183,614	1,904,932	6,365,340	5,068,888	4,028,928	55,335,596
Notes Payable to Affiliate	20,140,887	2,072,024	2,987,322	713,532	213,131	2,296,016	3,905,027	1,887,419	34,215,358
Other Liabilities	2,445,478	21,887	24,843	720,547	237,418	38,560	28,869	18,806	3,536,408
Total liabilities	45,676,857	7,063,558	7,529,157	10,001,030	2,509,728	8,985,596	9,279,184	6,170,561	97,215,671
Net Assets (Deficit)									
Partner's equity (deficit)	(1,605)	194,798	355,025	(2,002,329)	1,515,151	575,659	405,294	168,237	1,210,230
Non-controlling ownership interest in limited partnerships	1,017,137	1,085,487	1,245,486	1,053,825	(611,865)	5,743,821	871,553	792,152	11,197,596
Total net assets (deficit)	1,015,532	1,280,285	1,600,511	(948,504)	903,286	6,319,480	1,276,847	960,389	12,407,826
Total liabilities and net assets (deficit)	$ 46,692,389	$ 8,343,843	$ 9,129,668	$ 9,052,526	$ 3,413,014	$ 15,305,076	$ 10,556,031	$ 7,130,950	$ 109,623,497

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, 2018

	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	$ 3,659,192	$ 1,391,124	$ 1,522,527	$ 484,132	$ 273,148	$ 2,111,138	$ 1,441,670	$ 1,233,442	$ 12,116,373
Interest and dividends	8,330	4,015	4,099	1,834	676	4,945	4,208	3,898	32,005
Other revenue	156,488	1,127	5,013	14,335	7,686	40,608	5,806	3,121	234,184
Total revenues and other support	3,824,010	1,396,266	1,531,639	500,301	281,510	2,156,691	1,451,684	1,240,461	12,382,562
Expenses:									
Operation and maintenance of facility	1,574,132	422,914	515,331	227,513	201,192	782,023	418,141	385,528	4,526,774
Administrative and general	742,579	425,599	315,406	240,293	73,146	420,359	355,965	343,519	2,916,866
Insurance	275,826	53,927	42,560	37,246	28,932	67,636	38,588	29,035	573,750
Springpoint Senior Living, Inc. management fee	231,852	68,630	77,493	50,715	18,232	112,913	77,493	51,662	688,990
Interest	727,536	331,577	342,821	132,630	29,352	568,148	419,444	288,316	2,839,824
Total expenses	3,551,925	1,302,647	1,293,611	688,397	350,854	1,951,079	1,309,631	1,098,060	11,546,204
Operating income (loss)	272,085	93,619	238,028	(188,096)	(69,344)	205,612	142,053	142,401	836,358
Net asset transfer (to) from affiliate	-	-	-	-	110,396	-	-	-	110,396
Equity contribution from limited partner	-	-	-	1,699,790		-	-	-	1,699,790
Depreciation and amortization	(1,591,015)	(292,782)	(321,795)	(201,868)	(172,393)	(483,096)	(304,084)	(216,207)	(3,583,240)
Change in net assets (deficit) without donor restrictions	(1,318,930)	(199,163)	(83,767)	1,309,826	(131,341)	(277,484)	(162,031)	(73,806)	(936,696)
Net Assets (Deficit), Beginning	2,334,462	1,479,448	1,684,278	(2,258,330)	1,034,627	6,596,964	1,438,878	1,034,195	13,344,522
Net Assets (Deficit), Ending	$ 1,015,532	$ 1,280,285	$ 1,600,511	$ (948,504)	$ 903,286	$ 6,319,480	$ 1,276,847	$ 960,389	$ 12,407,826

Springpoint Senior Living, Inc. and Affiliates

Other Entities, Combining Balance Sheet
December 31, 2018

	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	Cadbury At Home	Cadbury At Cherry Hill	Combined Total
Assets																	
Current Assets																	
Cash and cash equivalents	$ (8,356,819)	$ 347,274	$ 1,350,654	$ 425,295	$ -	$ (49,777)	$ (239,778)	$ -	$ -	$ 2,046,477	$ 9,622	$ -	$ -	$ 131,961	$ 1,232,924	$ 16,500	$ (3,085,667)
Current portion of assets whose use is limited	-	29,239	-	-	-	-	-	-	-	50,931	-	-	-	-	-	-	80,170
Accounts receivable, net	-	-	-	-	-	56,166	-	-	-	1,055,042	-	-	-	572,052	14,175	-	1,697,435
Due from affiliates	7,444,215	(50,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,394,215
Other current assets	689,541	22,271	-	-	-	875	1,176,197	-	-	277,725	-	-	-	57,059	647	219,929	2,444,244
Total current assets	(223,063)	348,784	1,350,654	425,295	-	7,264	936,419	-	-	3,430,175	9,622	-	-	761,072	1,247,746	236,429	8,530,397
Investments	-	31,669,262	869,414	-	2,636,781	-	-	578,226	100	-	-	-	-	-	1,133,849	-	36,887,632
Assets Whose Use is Limited	1,582,605	6,760,344	-	-	-	-	-	-	-	-	-	-	-	-	443,225	-	8,786,174
Investments Held Under Split-Interest Agreements	-	3,772,509	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,772,509
Investments Held by Others under Split-Interest Agreements	-	1,090,387	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,090,387
Beneficial Interest in Perpetual Trusts	-	3,012,936	-	-	-	-	-	-	-	-	614,594	-	-	-	-	-	3,627,530
Due from Affiliates	6,527,771	913,918	1,124,242	578,226	-	509	225,336	-	-	-	-	-	-	(1,190,862)	-	-	8,179,140
Notes Receivable	29,152,432	165,959	2,600,951	2,296,015	-	-	-	-	-	-	-	-	-	-	-	-	34,215,357
Loans Receivable from Affiliate	25,292,943	-	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28,292,943
Property and Equipment, Net	1,393,990	16,200	-	-	-	485	169,448	-	-	26,717,006	-	-	-	64,214	189,366	-	28,550,709
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	2,270,749	3,268,699	-	5,539,448
Derivative Instruments	161,919	-	-	-	-	-	-	-	-	382,515	-	-	-	-	-	-	544,434
Other Assets, Net	6,261,478	-	-	-	-	-	-	-	-	1,537,083	-	-	-	77,377	-	-	7,875,938
Total assets	$ 70,150,075	$ 47,750,299	$ 8,945,261	$ 3,299,536	$ 2,636,781	$ 8,258	$ 1,331,203	$ 578,226	$ 100	$ 32,066,779	$ 624,216	$ -	$ -	$ 1,982,550	$ 6,282,885	$ 236,429	$ 175,892,598

	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	Cadbury At Home	Cadbury At Cherry Hill	Combined Total
Liabilities and Net Assets (Deficit)																	
Current Liabilities																	
Current maturities of long-term debt and capital lease obligations	$ 425,988	$ -	$ -	$ -	$ -	$ -	$ 55,651	$ -	$ -	$ 510,000	$ -	$ -	$ -	$ 154,573	$ -	$ -	1,146,212
Accounts payable	553,195	12,215	-	-	-	4,250	5,414	-	-	184,082	-	-	-	15,474	128,079	-	902,709
Accrued expenses	6,409,935	64,062	-	-	-	11,522	-	-	-	449,097	-	-	-	166,934	162,944	-	7,264,494
Due to affiliates	-	-	-	-	1,786,261	-	-	588,126	7,200	1,508,406	-	-	-	1,264,004	152	50,089	5,204,238
Total current liabilities	7,389,118	76,277	-	-	1,786,261	15,772	61,065	588,126	7,200	2,651,585	-	-	-	1,600,985	291,175	50,089	14,517,653
Long-Term Debt and Capital Lease Obligations	9,069,125	-		-	-	-	124,571	-	-	26,654,397	-	-	-	986,990	-	-	36,835,083
Notes Payable to Affiliate	-	-	-	-	-	-	-	-	-	-	-	-	-	582,943	-	-	582,943
Due to Affiliate	-	-	-	-	-	-	-	-	-	47,425	-	-	-	-	-	-	47,425
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	3,171,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,171,100
Refundable Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	535,996	-	535,996
Deferred Revenue from Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,035,234	-	6,035,234
Deferred Revenue	17,293,388	52,976	386,207	508,574	-	-	1,157,996	-	-	-	-	-	-	-	-	-	19,399,141
Other Liabilities	2,561,052	-	-	-	-	-	-	-	-	1,293,137	-	-	-	-	-	11,629	3,865,818
Total liabilities	36,312,683	3,300,353	386,207	508,574	1,786,261	15,772	1,343,632	588,126	7,200	30,646,544	-	-	-	3,170,918	6,862,405	61,718	84,990,393
Net Assets (Deficit)																	
Net assets (deficit) without donor restrictions	36,510,851	32,499,910	17,090,595	2,790,962	850,520	(7,514)	(12,429)	(9,900)	(7,100)	(2,079,765)	9,622	-	-	(1,188,368)	(1,079,520)	174,711	85,542,575
Net assets with donor restrictions	-	11,950,036	-	-	-	-	-	-	-		614,594	-	-	-	-	-	12,564,630
Member's equity	(2,673,459)	-	(8,531,541)	-	-	-	-	-	-	3,500,000	-	-	-	-	500,000	-	(7,205,000)
Total net assets (deficit)	33,837,392	44,449,946	8,559,054	2,790,962	850,520	(7,514)	(12,429)	(9,900)	(7,100)	1,420,235	624,216	-	-	(1,188,368)	(579,520)	174,711	90,902,205
Total liabilities and net assets (deficit)	$ 70,150,075	$ 47,750,299	$ 8,945,261	$ 3,299,536	$ 2,636,781	$ 8,258	$ 1,331,203	$ 578,226	$ 100	$ 32,066,779	$ 624,216	$ -	$ -	$ 1,982,550	$ 6,282,885	$ 236,429	$ 175,892,598

Springpoint Senior Living, Inc. and Affiliates

Other Entities, Combining Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018

	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	Cadbury At Home	Cadbury At Cherry Hill	Combined Total
Changes in Net Assets (Deficit) without Donor Restrictions																	
Revenues and other support:																	
Revenue from healthcare facilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,820,888	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,820,888
Services to residents	-	-	-	-	-	-	-	-	-	12,297	-	-	-	5,488,799	1,526,553	-	7,027,649
Developer and management fees	10,709,502	-	-	-	-	-	601,148	-	-	-	-	-	-	-	-	-	11,310,650
Contributions and bequests	-	569,874	110,396	-	-	240,038	175,211	-	-	-	-	-	-	-	-	-	1,095,519
Interest and dividends	21,875	734,811	32,149	-	-	-	-	-	-	3,265	-	-	-	90	65,737	65	857,992
Other revenue	839,470	(143,114)	-	-	-	-	78,462	-	-	29,668	-	-	105,966	-	-	4	910,456
Net assets released from restrictions used for operations	-	331,342	-	-	-	-	-	-	-	41,885	18,679	-	-	500	-	-	392,406
Total revenues and other support	11,570,847	1,492,913	142,545	-	-	240,038	854,821	-	-	2,908,003	18,679	-	105,966	5,489,389	1,592,290	69	24,415,560
Expenses:																	
Professional care of patients	-	-	-	-	-	-	-	-	-	2,088,170	-	-	-	4,170,413	1,973,706	-	8,232,289
Dining services	-	-	-	-	-	-	-	-	-	452,591	-	-	-	-	-	-	452,591
Operation and maintenance of facility	37,887	-	-	-	-	-	-	-	-	539,329	-	-	3,288	-	13,396	-	593,900
Housekeeping and laundry	-	-	-	-	-	-	-	-	-	105,996	-	-	-	-	-	-	105,996
Administrative and general	9,936,079	1,048,632	26	-	2,400	217,879	601	2,400	2,400	526,978	51	-	3,974	1,074,502	952,705	167,166	13,935,793
Residents assistance and program services	-	1,363,951	-	-	-	-	81,395	-	-	46,709	18,679	-	-	-	-	-	1,510,734
Marketing	1,170,230	-	-	-	-	-	-	-	-	184,391	-	-	-	14,373	131,700	-	1,500,694
Insurance	74,080	1,198	-	-	-	936	20,255	-	-	124,149	-	-	2,304	36,765	7,623	-	267,310
Springpoint Senior Living, Inc. management fee	-	-	-	-	-	-	679,610	-	-	47,455	-	-	-	266,581	77,133	-	1,070,779
Interest	302,116	-	-	-	-	-	10,316	-	-	427,093	-	-	32,149	88,306	-	-	859,980
Provision for doubtful accounts	-	-	-	-	-	-	-	-	-	50,383	-	-	-	29,660	-	-	80,043
Total expenses	11,520,392	2,413,781	26	-	2,400	218,815	792,177	2,400	2,400	4,593,244	18,730	-	41,715	5,680,600	3,156,263	167,166	28,610,109
Operating income (loss)	50,455	(920,868)	142,519	-	(2,400)	21,223	62,644	(2,400)	(2,400)	(1,685,241)	(51)	-	64,251	(191,211)	(1,563,973)	(167,097)	(4,194,549)
Change in unrealized gains (losses) on investments	-	(4,840,011)	-	-	-	-	-	-	-	-	-	-	-	-	(123,745)	-	(4,963,756)
Net realized gains on investments	-	1,729,689	-	-	-	-	-	-	-	-	-	-	-	-	62,729	-	1,792,418
Amortization of entrance fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	736,587	-	736,587
Net change in fair value of derivative financial instruments	111,600	-	-	-	-	-	-	-	-	320,925	-	-	-	-	-	-	432,525
Gain (loss) on disposal of fixed assets	(120)	-	-	-	-	-	-	-	-	-	-	-	(520,379)	-	-	-	(520,499)
Transfer to net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(60,017)	-	(60,017)
Net asset transfer (to) from affiliate	5,933,272	-	(953,144)	-	110,396	-	-	-	-	-	-	(5,056,770)	(423,359)	-	500,000	-	110,395
Depreciation and amortization	(521,260)	(3,908)	-	-	-	(656)	(62,093)	-	-	(517,732)	-	-	(39,118)	(55,616)	(10,257)	-	(1,210,640)
Revenues and other support in excess of (less than) expenses	5,573,947	(4,035,098)	(810,625)	-	107,996	20,567	551	(2,400)	(2,400)	(1,882,048)	(51)	(5,056,770)	(918,605)	(246,827)	(458,676)	(167,097)	(7,877,536)
Change in net assets (deficit) without donor restrictions	5,573,947	(4,035,098)	(810,625)	-	107,996	20,567	551	(2,400)	(2,400)	(1,882,048)	(51)	(5,056,770)	(918,605)	(246,827)	(458,676)	(167,097)	(7,877,536)
Changes in Net Assets with Donor Restrictions																	
Contributions	-	1,346,084	-	-	-	-	-	-	-	41,885	18,679	-	-	500	-	-	1,407,148
Change in value of split-interest agreements	-	(61,948)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(61,948)
Investment income	-	(441,360)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(441,360)
Change in value of perpetual trust	-	(341,847)	-	-	-	-	-	-	-	-	(57,130)	-	-	-	-	-	(398,977)
Transfer from net assets without donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,017	-	60,017
Net asset transfer (to) from affiliate	-	501,065	-	-	-	-	-	-	-	-	-	-	-	-	(60,017)	-	441,048
Net assets released from restrictions used for operations	-	(331,342)	-	-	-	-	-	-	-	(41,885)	(18,679)	-	-	(500)	-	-	(392,406)
Increase (decrease) in net assets with donor restrictions	-	670,652	-	-	-	-	-	-	-	-	(57,130)	-	-	-	-	-	613,522
Change in net assets (deficit)	5,573,947	(3,364,446)	(810,625)	-	107,996	20,567	551	(2,400)	(2,400)	(1,882,048)	(57,181)	(5,056,770)	(918,605)	(246,827)	(458,676)	(167,097)	(7,264,014)
Net Assets (Deficit), Beginning	28,263,445	47,814,392	9,369,679	2,790,962	742,524	(28,081)	(12,980)	(7,500)	(4,700)	3,302,283	681,397	5,056,770	918,605	(941,541)	(120,844)	341,808	98,166,219
Net Assets (Deficit), Ending	$ 33,837,392	$ 44,449,946	$ 8,559,054	$ 2,790,962	$ 850,520	$ (7,514)	$ (12,429)	$ (9,900)	$ (7,100)	$ 1,420,235	$ 624,216	$ -	$ -	$ (1,188,368)	$ (579,520)	$ 174,711	$ 90,902,205