Springpoint Senior Living, Inc. and Affiliates

Consolidated Financial Statements and
Supplementary Information

December 31, 2017 and 2016

BAKER TILLY

Candor. Insight. Results.

Independent Auditors' Report

Board of Trustees
Springpoint Senior Living, Inc. and Affiliates

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Springpoint Senior Living, Inc. and Affiliates as of December 31, 2017 and 2016, and the results of their operations and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating and combining financial information (pages 44 through 58) is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
May 16, 2018

Springpoint Senior Living, Inc. and Affiliates

Consolidated Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 38,559,876	$ 41,493,475
Current portion of assets whose use is limited	948,792	825,322
Accounts receivable, net of allowance for doubtful accounts of $1,591,471 in 2017 and $1,081,004 in 2016	12,646,680	12,266,334
Other current assets	6,679,297	5,382,721
Total current assets	58,834,645	59,967,852
Investments	107,652,572	87,563,448
Assets Whose Use is Limited	56,953,110	45,186,220
Investments Held Under Split-Interest Agreements	4,369,619	4,547,822
Investments Held by Others Under Split-Interest Agreements	957,536	994,855
Beneficial Interest in Perpetual Trusts	3,354,783	3,036,259
Property and Equipment, Net	577,967,693	527,330,891
Goodwill, Net	93,313,494	70,746,931
Other Assets, Net	3,655,633	2,660,977
Total assets	$ 907,059,085	$ 802,035,255

	2017	2016
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt and capital lease obligations	$ 13,830,993	$ 8,406,103
Current portion of construction line of credit	2,082,000	771,000
Accounts payable	9,481,021	10,485,792
Accrued expenses	15,776,093	17,588,637
Residents' deposits	2,609,671	2,674,500
Total current liabilities	43,779,778	39,926,032
Long-Term Debt and Capital Lease Obligations	271,082,697	262,092,032
Capital Advances	80,035,527	80,035,527
Liability for Split-Interest Agreements and Deferred Gift Agreements	3,103,404	3,559,982
Refundable Entrance Fees	337,159,223	289,462,899
Deferred Revenue from Entrance Fees	90,285,200	75,175,183
Construction Line of Credit, Net of Current Portion	47,235,650	23,546,362
Retainage Payable	2,368,401	227,012
Derivative Instruments	883,225	1,895,127
Other Liabilities	4,521,785	3,439,314
Total liabilities	880,454,890	779,359,470
Net Assets		
Unrestricted	2,157,059	(2,429,914)
Non-controlling ownership interest in limited partnerships	12,244,414	14,754,030
Temporarily restricted	8,679,188	7,146,659
Permanently restricted	3,523,534	3,205,010
Total net assets	26,604,195	22,675,785
Total liabilities and net assets	$ 907,059,085	$ 802,035,255

Springpoint Senior Living, Inc. and Affiliates

Consolidated Statement of Operations and Changes in Net Assets
Years Ended December 31, 2017 and 2016

	2017	2016
Changes in Unrestricted Net Assets		
Revenues and other support:		
Revenue from residential facilities	$ 88,554,275	$ 83,083,687
Revenue from healthcare facilities	58,371,006	55,328,453
Services to residents	13,846,624	13,225,288
Contributions and bequests	1,223,825	546,173
Interest and dividends	1,968,743	1,783,447
Other revenue	1,727,378	1,335,234
Net assets released from restrictions used for operations	1,228,467	1,171,990
Total revenues and other support	166,920,318	156,474,272
Expenses:		
Professional care of residents	41,656,925	39,835,564
Resident services	4,918,730	4,612,485
Dining services	20,771,735	18,406,478
Operation and maintenance of facility	38,779,631	32,275,963
Housekeeping and laundry	7,053,409	6,286,770
Administrative and general	28,342,052	26,809,672
Resident assistance and program services	484,613	467,732
Marketing	6,082,384	5,739,499
Insurance	3,089,376	2,692,663
Interest	8,478,672	8,136,341
Provision for doubtful accounts	814,680	494,943
Total expenses	160,472,207	145,758,110
Operating income	6,448,111	10,716,162
Change in unrealized gains on investments	8,848,563	3,510,308
Net realized gains on investments	1,902,667	274,322
Amortization of entrance fees	14,801,853	14,525,017
Change in fair value of derivative financial instruments	1,011,902	1,920,260
Loss on disposal of fixed assets	(78,101)	(86,408)
Equity contribution from limited partner	552,390	-
Transfer from temporarily restricted net assets	-	1,988,936
Depreciation and amortization	(31,291,699)	(28,085,527)
Revenues and other support in excess of expenses	2,195,686	4,763,070
Pension liability adjustment	(118,329)	87,545
Increase in unrestricted net assets	2,077,357	4,850,615
Changes in Temporarily Restricted Net Assets		
Contributions	1,511,878	1,639,335
Reclassification from unrestricted	452,609	-
Change in value of split-interest agreements	57,677	(4,060)
Investment income	721,841	395,939
Net unrealized loss on investments	(1,469)	(5,949)
Transfer to unrestricted net assets	-	(1,988,936)
Net assets released from restrictions used for operations	(1,210,007)	(1,171,990)
Increase (decrease) in temporarily restricted net assets	1,532,529	(1,135,661)
Changes in Permanently Restricted Net Assets		
Change in value of perpetual trusts	318,524	16,177
Increase in permanently restricted net assets	318,524	16,177
Change in net assets	3,928,410	3,731,131
Net Assets, Beginning	22,675,785	18,944,654
Net Assets, End of Year	$ 26,604,195	$ 22,675,785

See notes to consolidated financial statements

Springpoint Senior Living, Inc. and Affiliates

Consolidated Statement of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Increase in net assets	$ 3,928,409	$ 3,731,131
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in value of split-interest agreements	(57,677)	4,060
Net change in fair value of derivative instruments	(1,011,902)	(1,920,260)
Depreciation and amortization	31,291,699	28,060,122
Loss on sale of property and equipment	78,101	86,408
Net realized and unrealized gains on investments	(10,749,761)	(3,778,681)
Entrance fee payable	-	(1,133,521)
Amortization of entrance fees	(14,801,853)	(14,525,017)
Interest component of deferred financing costs	250,096	288,071
Amortization of bond premium	(21,938)	-
Write off of goodwill	(168,073)	-
Net cash received under nonrefundable entrance fee plans	7,907,617	5,417,468
Change in investments held by others under split-interest agreements	37,319	(99,802)
Change in beneficial interest in perpetual trusts	(318,524)	(16,177)
Changes in assets and liabilities:		
Accounts receivable, net	3,344,822	(4,243,159)
Other current assets	(540,423)	1,121,062
Other assets	(9,620)	(240,470)
Accounts payable	(3,528,653)	(2,649,152)
Accrued expenses	(2,016,706)	1,204,442
Residents' deposits	(1,408,996)	(565,297)
Other liabilities	350,403	608,428
Net cash provided by operating activities	12,554,340	11,349,656
Cash Flows from Investing Activities		
Net purchases of investments and assets whose use is limited	(9,786,068)	(9,366,725)
Net change in notes receivable	-	860,000
Purchases of property and equipment	(41,346,331)	(38,844,166)
Cash transferred from The Moorings	2,278,665	-
Purchase of CCRC	-	(32,745,000)
Net cash used in investing activities	(48,853,734)	(80,095,891)
Cash Flows from Financing Activities		
Payment of long-term debt and capital lease obligation	(6,976,019)	(8,080,675)
Proceeds from long-term debt	2,334,338	46,361,898
Borrowings on construction line of credit	25,771,288	19,289,889
Payment of construction line of credit	(771,000)	-
Net cash received under refundable entrance fee plans	13,445,392	14,999,790
Payments under deferred gift agreements and split-interest agreements	(398,901)	(67,791)
Payment of deferred financing costs	(39,303)	(962,418)
Net cash provided by financing activities	33,365,795	71,540,693
Net (decrease) increase in cash and cash equivalents	(2,933,599)	2,794,458
Cash and Cash Equivalents, Beginning	41,493,475	38,699,017
Cash and Cash Equivalents, Ending	$ 38,559,876	$ 41,493,475
		-
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 8,753,262	$ 7,788,855
Supplemental Disclosure of Noncash Activities		
Capital lease obligation incurred for property and equipment	$ 269,726	$ 301,391
Construction payable for property and equipment	$ 4,338,306	$ 6,492,800
Assets acquired from Cadbury Entities	$ 31,577,431	$ -
Entrance fee contracts acquired	$ 56,255,185	$ 61,957,051

See notes to consolidated financial statements

1. Organization

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

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

Continuing Care Retirement Communities:

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

Skilled Nursing Community (under development):

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

Non-Facility Based:

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

Non-Facility Based For Profit:

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

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

Affordable Housing Communities:

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

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

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

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

The limited partners in the Limited Partnerships are not controlled by, or related to, the Company.

Changes in unrestricted net assets attributable to the Company's controlling interest and the Company's non-controlling ownership interest in limited partnerships were as follows:

	Total	Controlling Interest	Non-Controlling Interest
Balances at January 1, 2016	$ 20,200,156	$ 2,876,594	$ 17,323,562
Revenues less than expenses	(2,569,890)	(258)	(2,569,632)
Equity transfer	(2,002,309)	(2,002,309)	-
Capital contributions	107,614	107,514	100
Balances at December 31, 2016	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

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

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

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

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

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

	Unaudited (in thousands)			
	2017		2016	
Revenue and other support	$	177,435	$	170,195
Operating income		6,587		11,190
Revenue and other support less then expenses		1,779		4,388

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

Principles of Consolidation

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

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

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

Investments and Investment Risk

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

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

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

Assets Whose Use is Limited

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

Accounts Receivable

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

Residents’ Deposits

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

Property and Equipment

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

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

Rental Property

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

Goodwill

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

Other Assets

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

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

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

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

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

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

Split-Interest Agreements

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

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

Beneficial Interest in Perpetual Trusts

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

Deferred Revenue from Entrance Fees

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

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

Obligation to Provide Future Services

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

Derivative Financial Instruments

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

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

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

Third-Party Payor Settlements

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

Restricted Gifts

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

Classification of Net Assets

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

Temporarily restricted net assets are those whose use by the Company has been limited by donors to a specific period or purpose. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are recorded as net assets released from restrictions. Temporarily restricted net assets relate to split-interest agreements, which have a time restriction, funds raised for capital projects, and residents’ charity care assistance.

Permanently restricted net assets are those whose use is permanently limited by the donor and are to be held in perpetuity. Earnings on permanently restricted net assets which are limited to be expended for specific purposes are included in temporarily restricted net assets. Earnings without such restrictions are included in unrestricted net assets. The change in fair value of the beneficial interest in perpetual trusts held by third parties is included in the change in permanently restricted net assets.

Revenue from Residential and Healthcare Facilities

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

Contributions

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

Performance Indicator

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

Malpractice

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

Income Taxes

The member entities of the Company, except for PSL, PTS, AHS, MHS, SLS, and the Limited Partnerships are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code. The provision for income taxes for PSL, PTS, AHS, MHS, SLS, and the Limited Partnerships is not material to the Company. The member entities are also exempt from state and local income taxes under similar statutes.

The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2017 and 2016.

Subsequent Events

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

3. New Accounting Standards

Revenue Recognition

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

Lease Accounting

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

Not-for-Profit Financial Statement Presentation

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

4. Investments

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

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

5. Assets Whose Use Is Limited

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

	2017	2016
Cash and cash equivalents	$ 33,795,446	$ 25,244,011
Alternative investments-limited partnerships	81,712	188,607
Fixed income mutual funds	334,840	479,525
Equity mutual funds	6,835,208	5,373,301
Corporate bonds	7,632,001	6,697,608
Common stock	1,859,352	1,941,737
Commingled funds	7,363,343	6,086,753
Total	57,901,902	46,011,542
Less current portion	948,792	825,322
Assets whose use is limited, non-current	$ 56,953,110	$ 45,186,220

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

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

6. Fair Value of Financial Instruments

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

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The financial instruments listed below were measured using the following inputs at December 31, 2017 and 2016:

	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	21,055,837	19,743,121	19,743,121	-	-
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
Liabilities,					
Derivative financial instruments	$ 883,225	$ 883,225	$ -	$ 883,225	$ -

	2017				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Disclosed at Fair Value					
Cash and cash equivalents	$ 38,559,876	$ 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 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
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	49,317,650	49,317,650	-	-	49,317,650

	2016				
	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Reported at Fair Value					
Assets:					
Cash and cash equivalents	$ 26,655,593	$ 26,655,593	$ 26,655,593	$ -	$ -
Common stock	10,734,650	10,734,650	10,734,650	-	-
Equity mutual funds:					
Managed Vol. Fund	128,522	128,522	128,522	-	-
All cap	13,705,420	13,705,420	13,705,420	-	-
International	6,478,660	6,478,660	6,478,660	-	-
Large cap	107,423	107,423	107,423	-	-
Small cap	27,246	27,246	27,246	-	-
Real return	6,735,931	6,735,931	6,735,931	-	-
Fixed income mutual funds, Core	2,501,819	2,501,819	2,501,819	-	-
Corporate bonds, investment grade	32,564,977	32,564,977	-	32,564,977	-
Alternative investment-limited partnerships	1,391,266	1,391,266	-	-	1,391,266
Investments held under split-interest agreements	4,547,822	4,547,822	-	4,547,822	-
Investments held by others under split-interest agreements	994,855	994,855	-	-	994,855
Beneficial interest in perpetual trusts	3,036,259	3,036,259	-	-	3,036,259
Total	$ 109,610,443	$ 109,610,443	$ 67,075,264	$ 37,112,799	$ 5,422,380
Liabilities,					
Derivative financial instruments	$ 1,895,127	$ 1,895,127	$ -	$ 1,895,127	$ -

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

The assets are included on the consolidated balance sheet at December 31, 2017 and 2016 as follows:

	2017	2016
Current portion of assets whose use is limited	$ 702,792	$ 825,322
Investments	107,652,572	87,563,448
Assets whose use is limited	57,199,110	45,186,220
Investments held under split-interest agreements	4,369,619	4,547,822
Investments held by others under split-interest agreements	957,536	994,855
Beneficial interest in perpetual trusts	3,354,783	3,036,259
	174,236,412	142,153,926
Less Commingled funds and common collective trusts, measured at net asset value	47,159,215	32,543,483
Total	$ 127,077,197	$ 109,610,443

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

	2017	2016
Beginning balance	$ 1,391,266	$ 3,150,062
Sales	(444,557)	(1,775,934)
Unrealized loss	(105,146)	(681,416)
Realized gain	248,367	698,554
Ending balance	$ 1,089,930	$ 1,391,266

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

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited partnerships - equity	1,089,930	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, 2017 and 2016, the Company has no future commitments to invest in Limited Partnerships.

The investments held by others under split-interest agreements are valued using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. Changes to investments held by others under split-interest agreements in 2017 and 2016 are as follows:

	2017	2016
Beginning balance	$ 994,855	$ 895,053
Net valuation gain (loss)	(37,319)	99,802
Ending balance	$ 957,536	$ 994,855

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

	2017	2016
Beginning balance	$ 3,036,259	$ 3,020,082
Net valuation gain	318,524	16,177
Ending balance	$ 3,354,783	$ 3,036,259

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

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

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

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

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

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

The following information relates to the commingled pools and discusses the nature and risk of the investments and whether they have redemption restrictions.

	December 31, 2017 Fair Value	December 31, 2016 Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity funds	$ 20,188,611	$ 13,889,739	Monthly	6-15 days
Fixed income funds	20,425,986	18,653,744	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 sheet due to current market interest rates. The fair value of the Series 2014, and Series 2015 (issued on behalf of the Obligated Group, The Atrium and Montgomery) approximate carrying value, since these bonds are at a variable interest rate. It is generally not practicable to estimate the fair value of the company's mortgage payable to HUD, Affordable Housing Program loans and Low Income Housing Tax Credit Community loans since terms could not be duplicated in the market and estimating fair values may result in inappropriate amounts.

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

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2017	2016
Land and land improvements	$ 42,167,508	$ 36,602,183
Buildings and improvements	598,983,575	555,442,296
Rental property	215,037,897	214,594,714
Furniture and fixtures	17,822,358	25,607,228
Equipment	41,099,814	40,565,657
Leasehold improvements	135,161	135,161
Total	915,246,313	872,947,239
Less accumulated depreciation	(383,254,148)	(375,825,973)
Construction in progress	45,975,528	30,209,625
Property and equipment, net	$ 577,967,693	$ 527,330,891

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

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

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

8. Long-Term Debt

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

	2017	2016
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	8,671,647	8,757,024
Asbury, First mortgage (Tranche B) payable in monthly installments with interest at 5.65% per annum through 2021	874,242	1,112,572

		2017		2016
Asbury, Mortgage note payable, interest is accrued at 1% compounding per annum through 2050, payable to the extent of net cash flow as defined in the mortgage agreement, unpaid principal and interest is due in 2050	$	6,654,000	$	6,654,000
Asbury, Mortgage note payable, interest is accrued at 1% per annum through 2050, payable to the extent of net cash flow as defined in the mortgage agreement, unpaid principal and interest is due in 2050		1,643,896		1,643,896
Asbury, Promissory note payable, interest is accrued at 0.25% per annum through 2048, under the terms of the loan, the Partnership is entitled to a full release of the mortgage provided the Project is maintained as an affordable property for 15 years		4,150,000		4,150,000
Butler, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037		5,010,967		5,150,386
Howell, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037		4,521,706		4,647,495
Wall, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037		4,305,570		4,425,362
Mount Holly, First mortgage payable in monthly installments with interest at 6.4% per annum through 2017. Paid in full during 2017.		-		10,287
Mount Holly, Second mortgage payable, interest is accrued at 1% per annum thru 2037 and is payable to the extent of net cash flow, as defined in the Mortgage agreement, unpaid principal and interest is due in 2037		1,380,079		1,380,079
Mount Holly, Third mortgage payable, interest is accrued at 1% per annum thru 2036, unpaid principal and interest is due at maturity in 2036		580,000		580,000
Plainfield, First mortgage payable in monthly installments with interest at 7.1% per annum through 2039		6,647,597		6,768,862
Ramsey, First mortgage payable in monthly installments with interest at 5.4% per annum through 2037		5,409,001		5,559,494

	2017	2016
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	$ 471,979	$ 474,471
Heritage at Whiting , First mortgage note II, principal and interest of 2.15% due February 1, 2018	5,419,600	5,247,447
Heritage at Whiting, mortgage payable, at 1% interest commencing in 2019. Principal and interest due April 28, 2048	4,002,165	3,639,979
NJEDA, Series 2014 variable rate Revenue Refunding Bonds, issued on behalf of Winchester Gardens, due in varying annual installments through November 2034. The bonds have a variable rate of the sum of 1 month LIBOR plus 145 basis points x 69%. As of December 31, 2017, the rate was 1.94%	27,205,000	28,512,000
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, 2017 the rate was 2.0%.	25,479,000	28,284,000
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, 2017 the rate was 3.06%.	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 100.5 basis points. At December 31, 2017 the rate was 2.06%.	48,356,000	49,109,000
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, 2017 the rate was 2.18%.	19,929,000	19,929,000
NJEDA Variable Rate Revenue Bonds, Series 2015B tax-exempt bonds, issued on behalf of The Atrium, with maturities through 2018 and interest at the sum of 1 month LIBOR plus 165 basis points x 65%. At December 31, 2017 the rate was 2.43%.	1,408,150	1,611,650

	2017	2016
NJEDA Variable Rate Revenue Bonds, Series 2015C taxable bonds, issued on behalf of The Atrium, with maturities through 2018 and interest at 1 month LIBOR plus 165 basis points. At December 31, 2017 the rate was 3.01%.	$ 373,000	$ 848,000
NJEDA Fixed Rate Revenue Bonds, Series 2016 tax-exempt bonds, issued on behalf of The Oaks, with maturities through 2041 and interest at 2.3%.	18,500,000	18,500,000
Taxable Series 2016 Term Loan, issued on behalf of The Oaks, with maturities through 2033 and interest at 3.5%.	18,500,000	18,500,000
Bank Loan, issued on behalf of The Oaks, with maturities through 2042 and interest at 4.65%.	1,787,377	-
Sussex County, Delaware Series 2016 tax-exempt Revenue Bonds, issued on behalf of The Moorings, with maturities through 2036 and interest rates ranging from 2.0 to 5.0%.	17,620,000	-
Bank Loan, issued on behalf of Springpoint at Home, with maturities through 2018 and interest at 4.375%.	1,669,768	1,860,855
Capital lease obligations	689,357	655,196
Total	286,950,240	273,702,195
Less,		
Deferred finance cost, net	3,616,056	3,204,060
Unamortized bond premium	(1,579,506)	-
Current maturities	13,830,993	8,406,103
Long-term debt, net	$ 271,081,697	$ 262,092,032

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2018	$ 13,830,993
2019	5,283,531
2020	5,858,517
2021	7,633,853
2022	7,898,404
Thereafter	246,444,942
Total	$ 286,950,240

9. Derivative Financial Instruments

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

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

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

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

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

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

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

Notional Amount	Fixed Rate	Variable Rate	Period
$19,929,000	3.04%	Sum of USD-LIBOR plus 200 basis points x 65% (2.18% at December 31, 2017)	December 2015 to December 2030

The fair value of the interest rate swap agreements was $(444,043) at December 31, 2017 and $(562,711) at December 31, 2016 and was obtained from the financial institution.

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

Notional Amount	Fixed Rate	Variable Rate	Period
$48,356,000	2.464%	USD-LIBOR x 67% plus 100.5 basis points (2.06% at December 31, 2017)	December 2015 to December 2027

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

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

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

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

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

Notional Amount	Fixed Rate	Variable Rate	Period
$10,000,000	3.29%	USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)	October 2016 to June 2025
$5,000,000	3.73%	USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)	December 2016 to June 2025
$5,000,000	3.70%	USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)	June 2017 to June 2025
$7,700,000	3.72%	USD-LIBOR x 75% plus 178 basis points (2.95% at December 31, 2017)	October 2017 to June 2025

The fair value of the interest rate swap agreements was $61,590 at December 31, 2017 and $111,887 at December 31, 2016 and was obtained from the financial institution.

10. Construction Line of Credit

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

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

Years ending December 31:	
2018	$ 1,602,000
2019	1,684,000
2020	1,642,000
Total	$ 4,928,000

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, 2017 was 2.76%. The line was issued to provide financing for renovations to the healthcare center and common areas, as well as pay certain costs related to the financing and establish a liquid reserve fund (Note 15). Borrowings on the Winchester Construction Line were $16,689,650 and $5,749,220 at December 31, 2017 and 2016, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts.

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

Years ending December 31:	
2018	$ 234,000
2019	1,404,000
2020	1,404,000
2021	1,404,000
2022	1,404,000
Thereafter	22,150,000
Total	$ 28,000,000

On June 5, 2015, Springpoint at Half Acre Road, Inc. entered into a $27,700,000 construction line of credit ("Half Acre Road Construction Line") with a commercial bank that matures in June 2045. The interest rate at December 31, 2017 was 2.95%. The line was issued to provide financing to build a new skilled nursing facility. Borrowings on the Half Acre Road Construction Line were $27,700,000 and $14,770,478 at December 31, 2017 and 2016, respectively. The line is collateralized by substantially all property and equipment and a pledge of gross receipts.

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

Years ending December 31:	
2018	$ 246,000
2019	510,000
2020	537,000
2021	563,000
2022	592,000
Thereafter	25,252,000
Total	$ 27,700,000

11. Temporarily and Permanently Restricted Net Assets

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

Temporarily restricted net assets are held for the following purposes:

	2017	2016
Split-interest agreements	$ 1,920,679	$ 1,844,543
Restricted for the benefit of residents and community needs	6,758,509	5,302,116
Total	$ 8,679,188	$ 7,146,659

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

12. Capital Advances

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

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

13. Retirement Plans

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

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

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

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

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

The following table is a reconciliation of the beginning and ending balances of the Company's Union Plan projected benefit obligation and fair value of plan assets at December 31, 2017 and 2016:

	2017	2016
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 1,028,349	$ 1,072,556
Interest cost	42,893	45,038
Service cost	1,840	1,946
Actuarial gain (loss)	(62,433)	(11,882)
Benefits paid	(7,593)	(79,309)
Effect of settlement	(116,664)	-
Projected benefit obligation at end of year	886,392	1,028,349
Change in plan assets:		
Fair value of plan assets at beginning of year	616,618	591,215
Actual return (loss) on plan assets	19,475	29,911
Employer contribution	66,100	74,801
Benefits paid	(7,593)	(79,309)
Effect of settlement	(116,664)	-
Fair value of plan assets at end of year	577,936	616,618
Funded status at end of year	$ (308,456)	$ (411,731)

Amounts recognized in the balance sheet at December 31:

	2017	2016
Accrued expenses	$ (308,456)	$ (411,731)

Amounts recognized in net deficit, unrestricted at December 31:

	2017	2016
Unrecognized net loss	$ 307,313	$ 462,817

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

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

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

The measurement date used to determine the fair value of the pension plan assets and projected benefit obligation was December 31.

The components of net periodic pension expense for 2017 and 2016 are as follows:

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

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

	2017	2016
Discount rate	3.55 %	4.30 %
Rate of compensation increase	N/A	N/A

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

	2017	2016
Discount rate	4.30 %	4.30 %
Expected long-term rate of return on plan assets	3.00	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, 2017 and 2016:

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
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

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

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

	Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)	
	2017	2016
Balance, beginning of year	$ 422,775	$ 417,804
Additional deposits	-	74,801
Dividends	-	4,226
Change in value	-	5,253
Expenses	-	(1,764)
Payments / Liquidation	(422,775)	(77,545)
Balance, end of year	$ -	$ 422,775

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

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

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

Unallocated investment contract is valued based on unobservable inputs, as observable inputs are not available, using valuation methodologies to determine fair value to include discounted cash flows and other similar techniques.

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

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending December 31:	
2018	$ 130,000
2019	28,000
2020	44,000
2021	45,000
2022	53,000
Thereafter	340,000
Total	$ 640,000

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

14. Commitments and Contingencies

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

2018	$ 646,993
2019	632,090
2020	603,806
2021	532,596
2022	265,729
Total	$ 2,681,214

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

Commitments under agreements for various construction projects totaled approximately $11,475,129 at December 31, 2017 and $25,271,317 at December 31, 2016.

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

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

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

Senior Living Services Industry

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

Medicaid Reimbursement

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

The State of New Jersey provides funding to managed care organizations ("MCOs") to coordinate all healthcare services, including long-term care services, for Medicaid beneficiaries. In turn, the MCOs will reimburse nursing facilities for services rendered to Medicaid beneficiaries admitted to nursing facilities. The reimbursement received by the nursing facilities is negotiated between the MCOs and the nursing facilities.

SSL actively engages in evaluating new business opportunities as they present themselves. As such, SSL from time to time may enter into contractual arrangements for the development or acquisition of new communities. These new business opportunities may require the guarantee of SSL, or one or more of its affiliates.

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

15. Concentrations

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

	2017	2016
Medicare	16 %	32 %
Medicaid	6	5
Self-pay residents and other	78	63
Total	100 %	100 %

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

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

16. Rental Assistance Contracts

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

17. Functional Expenses

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

	2017	2016
Program services	$ 153,513,516	$ 138,193,268
Management and general	37,321,328	34,707,395
Fundraising	1,007,163	1,029,382
Total operating expenses	$ 191,842,007	$ 173,930,045

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Balance Sheet
December 31, 2017

	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	$ 40,484,502	$ 696,584	$ 1,662,320	$ (4,283,530)	$ 38,559,876	$ -	$ 38,559,876
Current portion of assets whose use is limited	676,325	-	-	272,467	948,792	-	948,792
Accounts receivable, net	11,925,422	1,137	86,959	633,162	12,646,680	-	12,646,680
Due from affiliates	-	-	-	5,319,433	5,319,433	(5,319,433)	-
Other current assets	3,573,091	48,008	614,861	2,762,867	6,998,827	(319,530)	6,679,297
Total current assets	56,659,340	745,729	2,364,140	4,704,399	64,473,608	(5,638,963)	58,834,645
Investments	71,507,382	-	-	40,008,920	111,516,302	(3,863,730)	107,652,572
Assets Whose Use is Limited	24,377,677	5,847,689	8,877,971	17,849,773	56,953,110	-	56,953,110
Investments Held under Split-Interest Agreements	-	-	-	4,369,619	4,369,619	-	4,369,619
Investments Held by Others under Split-Interest Agreements	16,674	-	-	940,862	957,536	-	957,536
Beneficial Interest in Perpetual Trusts	-	-	-	4,026,507	4,026,507	(671,724)	3,354,783
Due from Other Affiliates	-	-	-	7,213,736	7,213,736	(7,213,736)	-
Notes Receivable	-	-	-	33,449,132	33,449,132	(33,449,132)	-
Loans Receivable from Affiliate	-	-	-	29,285,598	29,285,598	(29,285,598)	-
Property and Equipment, Net	401,478,674	57,248,626	100,825,414	30,287,543	589,840,257	(11,872,564)	577,967,693
Goodwill, Net	87,774,045	-	-	5,539,449	93,313,494	-	93,313,494
Other Assets, Net	2,127,264	-	383,972	6,581,746	9,092,982	(5,437,349)	3,655,633
Total assets	$ 643,941,056	$ 63,842,044	$ 112,451,497	$ 184,257,284	$ 1,004,491,881	$ (97,432,796)	$ 907,059,085

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Balance Sheet
December 31, 2017

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

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Changes in Unrestricted Net Assets (Deficit)							
Revenues and other support:							
Revenue from residential facilities	$ 69,333,078	$ 7,600,880	$ 11,620,317	$ -	$ 88,554,275	$ -	$ 88,554,275
Revenue from healthcare facilities	58,371,006	-	-	-	58,371,006	-	58,371,006
Services to residents	7,548,625	-	-	6,297,999	13,846,624	-	13,846,624
Developer and management fees	-	-	-	11,311,633	11,311,633	(11,311,633)	-
Contributions and bequests	487,516	-	-	1,869,288	2,356,804	(1,132,979)	1,223,825
Interest and dividends	1,376,123	2,790	13,503	650,170	2,042,586	(73,843)	1,968,743
Other revenue	890,050	44,581	222,839	1,422,372	2,579,842	(852,464)	1,727,378
Net assets released from restrictions used for operations	971,221	-	-	453,477	1,424,698	(196,231)	1,228,467
Total revenues and other support	138,977,619	7,648,251	11,856,659	22,004,939	180,487,468	(13,567,150)	166,920,318
Expenses:							
Professional care of residents	41,162,771	-	-	494,154	41,656,925	-	41,656,925
Resident services	4,918,730	-	-	-	4,918,730	-	4,918,730
Dining services	20,925,655	-	-	-	20,925,655	(153,920)	20,771,735
Operation and maintenance of facility	26,419,132	3,488,680	4,252,340	4,619,479	38,779,631	-	38,779,631
Housekeeping and laundry	7,053,409	-	-	-	7,053,409	-	7,053,409
Administrative and general	11,995,167	2,512,183	2,760,501	12,173,446	29,441,297	(1,099,245)	28,342,052
Resident assistance and program services	-	-	-	1,813,823	1,813,823	(1,329,210)	484,613
Marketing	4,826,471	-	-	1,255,913	6,082,384	-	6,082,384
Insurance	1,911,907	363,960	608,131	205,378	3,089,376	-	3,089,376
Springpoint Senior Living, Inc. management fee	8,687,177	513,956	678,488	1,009,459	10,889,080	(10,889,080)	-
Interest	6,015,673	-	3,008,677	490,499	9,514,849	(1,036,177)	8,478,672
Provision for bad debts	814,585	-	-	95	814,680	-	814,680
Total expenses	134,730,677	6,878,779	11,308,137	22,062,246	174,979,839	(14,507,632)	160,472,207
Operating income	4,246,942	769,472	548,522	(57,307)	5,507,629	940,482	6,448,111
Change in unrealized gains on investments	5,437,238	-	-	3,411,325	8,848,563	-	8,848,563
Net realized gains on investments	1,279,760	-	-	622,907	1,902,667	-	1,902,667
Amortization of entrance fees	14,670,434	-	-	131,419	14,801,853	-	14,801,853
Change in fair value of derivative financial instruments	996,293	-	-	15,609	1,011,902	-	1,011,902
Loss on disposal of fixed assets	(77,639)	-	-	(462)	(78,101)	-	(78,101)
Net asset transfer	-	-	118,878	115,826	234,704	(234,704)	-
Equity contribution from limited partner			552,390		552,390		552,390
Depreciation and amortization	(24,868,092)	(2,345,892)	(3,610,839)	(809,692)	(31,634,515)	342,816	(31,291,699)
Revenues and other support in excess of (less than) expenses	1,684,936	(1,576,420)	(2,391,049)	3,429,625	1,147,092	1,048,594	2,195,686
Pension liability adjustment	(118,329)	-	-	-	(118,329)	-	(118,329)
Change in unrestricted net assets	$ 1,566,607	$ (1,576,420)	$ (2,391,049)	$ 3,429,625	$ 1,028,763	$ 1,048,594	$ 2,077,357

Springpoint Senior Living, Inc. and Affiliates

Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	Continuing Care Retirement Communities	Affordable Housing Communities	Low Income Housing Tax Credit Communities	Other Entities	Combined Total	Eliminating and Consolidating Entries	Consolidated Balance
Changes in Temporarily Restricted Net Assets							
Contributions	$ 1,019,170	$ -	$ -	$ 688,939	$ 1,708,109	$ (196,231)	$ 1,511,878
Reclassification from unrestricted	452,609	-	-	-	452,609	-	452,609
Change in value of split-interest agreements	-	-	-	57,677	57,677	-	57,677
Investment income	25,397	-	-	696,444	721,841	-	721,841
Net unrealized loss on investments	(1,469)	-	-	-	(1,469)	-	(1,469)
Net assets released from restrictions for operations	(971,220)	-	-	(435,018)	(1,406,238)	196,231	(1,210,007)
Increase in temporarily restricted net assets	524,487	-	-	1,008,042	1,532,529	-	1,532,529
Changes in Permanently Restricted Net Assets							
Change in value of perpetual trusts	-	-	-	382,657	382,657	(64,133)	318,524
Increase (decrease) in permanently restricted net assets	-	-	-	382,657	382,657	(64,133)	318,524
Change in unrestricted net assets (deficit)	2,091,094	(1,576,420)	(2,391,049)	4,820,324	2,943,949	984,461	3,928,410
Net Assets (Deficit), Beginning	(69,335,598)	(18,707,477)	15,735,571	93,345,895	21,038,391	1,637,394	22,675,785
Net Assets (Deficit), Ending	$ (67,244,504)	$ (20,283,897)	$ 13,344,522	$ 98,166,219	$ 23,982,340	$ 2,621,855	$ 26,604,195

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Balance Sheet
December 31, 2017

	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	$ 3,766,123	$ 3,398,972	$ 2,726,442	$ 5,611,712	$ 2,419,899	$ 8,923,717	$ 12,004,647	$ 1,632,990	$ 40,484,502
Current portion of assets whose use is limited	22,228	112,106	66,565	67,209	191	32,432	70,287	305,307	676,325
Accounts receivable, net	570,153	2,057,418	1,043,835	1,706,542	3,842,818	1,801,144	685,258	218,254	11,925,422
Other current assets	270,506	250,371	428,370	214,425	1,339,317	373,232	294,145	402,725	3,573,091
Total current assets	4,629,010	5,818,867	4,265,212	7,599,888	7,602,225	11,130,525	13,054,337	2,559,276	56,659,340
Investments	7,892,756	11,001,045	817,674	-	5,904,807	3,358,945	15,972,970	26,559,185	71,507,382
Assets Whose Use is Limited	1,782,794	2,493,615	3,420,464	2,846,348	3,211,131	3,874,844	3,594,929	3,153,552	24,377,677
Investments Held Under Split-Interest Agreements	-	-	-	-	16,674	-	-	-	16,674
Property and Equipment, Net	60,701,522	29,081,598	51,804,731	28,115,774	35,185,430	71,331,826	66,712,443	58,545,350	401,478,674
Goodwill, Net	-	-	-	675,588	19,297,864	29,121,740	-	38,678,853	87,774,045
Other Assets, Net	227,699	-	19,807	-	1,240,405	317,570	-	321,783	2,127,264
Total assets	$ 75,233,781	$ 48,395,125	$ 60,327,888	$ 39,237,598	$ 72,458,536	$ 119,135,450	$ 99,334,679	$ 129,817,999	$ 643,941,056

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Balance Sheet
December 31, 2017

	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	$ 1,922,015	$ 99,461	$ 2,172,803	$ 204,435	$ 555,000	$ 53,246	$ 26,276	$ 15,530	$ 5,048,766
Current portion of construction line of credit	-	-	-	-	-	-	1,602,000	234,000	1,836,000
Accounts payable	242,196	691,386	1,039,967	678,869	487,397	914,917	1,488,576	2,510,028	8,053,336
Accrued expenses	424,858	715,795	2,061,179	620,044	731,790	1,004,707	760,659	788,704	7,107,736
Due to affiliates	(52,137)	83,601	91,023	143,292	(74,159)	159,984	84,371	565,726	1,001,701
Residents' deposits	91,962	167,113	227,424	339,553	120,400	111,282	471,047	349,957	1,878,738
Total current liabilities	2,628,894	1,757,356	5,592,396	1,986,193	1,820,428	2,244,136	4,432,929	4,463,945	24,926,277
Long-Term Debt and Capital Lease Obligations	19,651,243	26,913,804	19,554,797	8,961,316	18,027,977	38,208,241	48,105,450	26,747,489	206,170,317
Notes Payable to Affiliate	24,710,000	-	-	-	-	3,000,000		-	27,710,000
Due to Affiliates	6,288,925	-	-	-	-	-		-	6,288,925
Refundable Entrance Fees	36,086,681	6,775,837	36,240,033	27,795,043	47,008,362	53,319,798	55,249,397	74,148,076	336,623,227
Deferred Revenue from Entrance Fees	11,899,996	5,847,862	16,140,444	10,056,182	5,232,143	13,275,732	14,192,414	7,825,552	84,470,325
Construction Line of Credit, Net of Current Portion	-	-	-	-	-	-	3,326,000	16,455,650	19,781,650
Retainage Payable	-	-	-	-	-	129,098	-	1,489,303	1,618,401
Deferred Revenue	-	-	-	33,333	150,110	31,684	-	4,461	219,588
Derivative Instruments	444,043	(348,850)	18,451	(95,261)	-	-	(206,478)	1,183,229	995,134
Other Liabilities	2,381,716	-		-	-	-	-	-	2,381,716
Total liabilities	104,091,498	40,946,009	77,546,121	48,736,806	72,239,020	110,208,689	125,099,712	132,317,705	711,185,560
Net Assets (Deficit)									
Unrestricted	(28,876,979)	7,398,942	(17,282,243)	(9,820,164)	(233,157)	1,710,540	(25,767,746)	(2,502,035)	(75,372,842)
Temporarily restricted	19,262	50,174	64,010	320,956	452,673	11,221	2,713	2,329	923,338
Member's equity	-	-	-	-	-	7,205,000	-	-	7,205,000
Total net assets (deficit)	(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)
Total liabilities and net assets (deficit)	$ 75,233,781	$ 48,395,125	$ 60,327,888	$ 39,237,598	$ 72,458,536	$ 119,135,450	$ 99,334,679	$ 129,817,999	$ 643,941,056

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Moorings at Lewes	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Changes in Unrestricted Net Assets (Deficit)									
Revenues and other support:									
Revenue from residential facilities	$ 7,445,030	$ 8,238,942	$ 11,290,669	$ 8,666,719	$ 1,277,164	$ 10,185,811	$ 11,538,680	$ 10,690,063	$ 69,333,078
Revenue from healthcare facilities	4,019,028	7,438,287	10,142,518	8,781,640	1,870,695	11,655,853	8,370,579	6,092,406	58,371,006
Services to residents	445,232	1,749,481	992,149	1,957,176	83,055	722,898	1,071,024	527,610	7,548,625
Contributions and bequests	118,078	67,077	83,629	96,484		51,227	71,021		487,516
Interest and dividends	146,901	206,336	63,291	43,395	55,263	80,748	302,277	477,912	1,376,123
Other revenue	8,094	146,877	6,986	106,129		469,693	108,339	43,932	890,050
Net assets released from restriction used for operations	94,235	212,486	111,744	118,813		147,301	183,887	102,755	971,221
Total revenues and other support	12,276,598	18,059,486	22,690,986	19,770,356	3,286,177	23,313,531	21,645,807	17,934,678	138,977,619
Expenses:									
Professional care of patients	3,666,310	5,050,261	6,351,885	5,958,172	1,230,337	9,470,441	6,251,498	3,183,867	41,162,771
Resident services	641,479	522,067	648,072	639,080	77,038	787,339	642,822	960,833	4,918,730
Dining services	1,864,628	2,866,483	3,552,239	3,258,734	502,860	2,807,204	3,212,389	2,861,118	20,925,655
Operation and maintenance of facility	2,327,252	2,360,801	5,162,660	3,324,119	453,938	4,165,029	3,734,424	4,890,909	26,419,132
Housekeeping and laundry	709,726	989,745	1,193,909	751,168	113,603	1,325,372	930,016	1,039,870	7,053,409
Administrative and general	1,260,850	2,000,638	1,628,002	1,630,148	435,519	1,863,742	1,781,490	1,394,778	11,995,167
Marketing	485,362	638,290	662,066	874,240	152,404	648,330	686,115	679,664	4,826,471
Insurance	245,533	219,570	321,886	204,388	43,676	300,641	250,804	325,409	1,911,907
Springpoint Senior Living, Inc. management fee	844,229	1,164,929	1,473,960	1,280,609	-	1,199,380	1,466,315	1,257,755	8,687,177
Interest	698,617	970,429	610,122	321,915	197,585	1,091,833	1,255,604	869,568	6,015,673
Provision for doubtful accounts	21,358	258,301	211,888	163,805	20,155	155,917	(56,506)	39,667	814,585
Total expenses	12,765,344	17,041,514	21,816,689	18,406,378	3,227,115	23,815,228	20,154,971	17,503,438	134,730,677
Operating (loss) income	(488,746)	1,017,972	874,297	1,363,978	59,062	(501,697)	1,490,836	431,240	4,246,942
Change in unrealized gains and losses on investments	486,360	712,971	176,711	137,646	227,933	180,342	1,355,490	2,159,785	5,437,238
Net realized gains and losses on investments	164,625	222,598	58,994	42,887	-	56,189	289,525	444,942	1,279,760
Amortization of entrance fees	1,849,923	1,435,558	2,677,288	2,360,337	221,311	2,625,301	2,251,929	1,248,787	14,670,434
Net change in fair value of derivative financial instruments	118,668	169,110	149,873	58,399	-	-	218,165	282,078	996,293
Gain on disposal of fixed assets	(9,520)	(66,072)	4,500	-	-	-	(6,547)	-	(77,639)
Depreciation and amortization	(2,799,548)	(2,655,014)	(4,468,305)	(3,309,530)	(741,463)	(2,084,666)	(4,178,928)	(4,630,638)	(24,868,092)
Revenues and other support (less than) in excess of expenses	(678,238)	837,123	(526,642)	653,717	(233,157)	275,469	1,420,470	(63,806)	1,684,936
Pension liability adjustment	-	-	(118,329)	-	-	-	-	-	(118,329)
Change in unrestricted net assets	(678,238)	837,123	(644,971)	653,717	(233,157)	275,469	1,420,470	(63,806)	1,566,607

Springpoint Senior Living, Inc. And Affiliates

Continuing Care Retirement Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	The Atrium	Crestwood Manor	Meadow Lakes	Monroe Village	The Moorings at Lewes	The Oaks at Denville	Stonebridge @ Montgomery	Winchester Gardens	Combined Total
Changes in Temporarily Restricted Net Assets									
Contributions	$ 94,408	$ 213,057	$ 153,030	$ 128,586	$ 64	$ 146,092	$ 180,346	$ 103,587	$ 1,019,170
Reclassification from unrestricted	-	-	-	-	452,609	-	-	-	452,609
Investment income	-	-	-	25,397	-	-	-	-	25,397
Net unrealized loss on investments	-	-	-	(1,469)	-	-	-	-	(1,469)
Net assets released from restriction used for operations	(94,235)	(212,486)	(111,743)	(118,813)	-	(147,301)	(183,887)	(102,755)	(971,220)
(Decrease) increase in temporarily restricted net assets	173	571	41,287	33,701	452,673	(1,209)	(3,541)	832	524,487
Change in net assets (deficit)	(678,065)	837,694	(603,684)	687,418	219,516	274,260	1,416,929	(62,974)	2,091,094
Net Assets (Deficit), Beginning	(28,179,652)	6,611,422	(16,614,549)	(10,186,626)	-	8,652,501	(27,181,962)	(2,436,732)	(69,335,598)
Net Assets (Deficit), Ending	$ (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)

Springpoint Senior Living, Inc. And Affiliates

Affordable Housing Communities: Combining Schedule, Balance Sheet
December 31, 2017

	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	$ 74,309	$ 116,395	$ 76,539	$ 57,224	$ 35,975	$ 39,859	$ 51,737	$ 81,326	$ 101,065	$ 62,155	$ 696,584
Accounts receivable, net	359	(717)	(174)	(776)	182	(342)	254	(106)	2,015	442	1,137
Other current assets	5,824	1,372	12,438	4,434	6,199	6,981	-	3,922	4,994	1,844	48,008
Total current assets	80,492	117,050	88,803	60,882	42,356	46,498	51,991	85,142	108,074	64,441	745,729
Assets Whose Use is Limited	681,031	659,777	664,349	616,752	560,390	495,700	456,868	682,605	516,838	513,379	5,847,689
Property and Equipment, Net	10,403,831	2,819,786	5,167,405	6,611,965	4,228,736	11,411,446	2,741,091	2,902,125	5,927,897	5,034,344	57,248,626
Total assets	$ 11,165,354	$ 3,596,613	$ 5,920,557	$ 7,289,599	$ 4,831,482	$ 11,953,644	$ 3,249,950	$ 3,669,872	$ 6,552,809	$ 5,612,164	$ 63,842,044
Liabilities and Net Deficit											
Current Liabilities											
Accounts payable	$ 34,788	$ 31,200	$ 78,454	$ 32,612	$ 22,407	$ 25,348	$ 32,052	$ 50,202	$ 68,717	$ 33,137	$ 408,917
Accrued expenses	30,606	30,768	18,728	19,628	21,993	21,579	15,302	24,118	11,634	15,847	210,203
Due to affiliates	4,876	1,484	3,845	3,026	3,719	23,841	4,420	4,984	4,977	4,899	60,071
Residents' deposits	33,922	28,200	20,485	25,990	32,390	32,287	21,752	34,453	30,505	15,099	275,083
Total current liabilities	104,192	91,652	121,512	81,256	80,509	103,055	73,526	113,757	115,833	68,982	954,274
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	11,694,972	5,865,352	8,300,612	9,627,336	7,514,509	12,542,455	5,348,253	6,384,357	8,764,513	8,083,582	84,125,941
Net Deficit											
Unrestricted	(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)
Total liabilities and net deficit	$ 11,165,354	$ 3,596,613	$ 5,920,557	$ 7,289,599	$ 4,831,482	$ 11,953,644	$ 3,249,950	$ 3,669,872	$ 6,552,809	$ 5,612,164	$ 63,842,044

Springpoint Senior Living, Inc. and Affiliates
Affordable Housing Communities: Combining Schedule, Statement of Operations and Changes in Net Deficit
Year Ended December 31, 2017

	PH at Dover	PH at Galloway (Countryside Meadows)	PH at East Windsor (Wheaton Pointe)	PH at Franklin	PH at Howell (Howell Crossroads)	PH at Manchester	PH at Atlantic Highlands (Portland Pointe)	Middlesex Borough Senior Citizens Housing Corporation (Watchung Terrace)	PH at Stafford (Stafford)	PH at West Windsor (the Gables)	Combined Total
Revenues and Other Support											
Revenue from residential facilities	$ 739,844	$ 826,383	$ 783,960	$ 776,442	$ 724,848	$ 730,976	$ 616,284	$ 787,048	$ 887,765	$ 727,330	$ 7,600,880
Interest and dividends	306	299	311	309	284	221	243	315	243	259	2,790
Other revenue	6,325	890	5,484	4,846	5,269	4,417	3,203	5,653	6,285	2,209	44,581
Total revenues and other support	746,475	827,572	789,755	781,597	730,401	735,614	619,730	793,016	894,293	729,798	7,648,251
Expenses:											
Operation and maintenance of facility	314,634	350,027	366,749	366,585	346,126	347,380	276,026	365,834	443,894	311,425	3,488,680
Administrative and general	240,615	259,149	239,720	275,675	251,746	216,648	230,678	255,265	271,763	270,924	2,512,183
Insurance	42,958	35,691	32,750	36,786	36,866	41,158	26,772	34,660	42,784	33,535	363,960
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	652,639	698,651	691,635	731,462	689,818	658,671	569,044	711,260	810,857	664,742	6,878,779
Operating income	93,836	128,921	98,120	50,135	40,583	76,943	50,686	81,756	83,436	65,056	769,472
Depreciation and amortization	(324,914)	(178,494)	(229,296)	(262,099)	(216,875)	(323,209)	(168,278)	(196,090)	(234,593)	(212,044)	(2,345,892)
Change in unrestricted net deficit	(231,078)	(49,573)	(131,176)	(211,964)	(176,292)	(246,266)	(117,592)	(114,334)	(151,157)	(146,988)	(1,576,420)
Net Deficit, Beginning	(298,540)	(2,219,166)	(2,248,879)	(2,125,773)	(2,506,735)	(342,545)	(1,980,711)	(2,600,151)	(2,060,547)	(2,324,430)	(18,707,477)
Net Deficit, Ending	$ (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)

Springpoint Senior Living, Inc. And Affiliates

Low Income Housing Tax Credit Communities: Combining Schedule, Balance Sheet
December 31, 2017

	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	$ 789,083	$ 178,789	$ 155,552	$ 105,031	$ 88,100	$ 179,990	$ 125,674	$ 40,101	$ 1,662,320
Accounts receivable, net	47,341	229	9,993	2,552	138	18,517	849	7,340	86,959
Other current assets	269,911	65,651	53,608	35,333	26,859	72,521	49,312	41,666	614,861
Total current assets	1,106,335	244,669	219,153	142,916	115,097	271,028	175,835	89,107	2,364,140
Assets Whose Use is Limited	2,577,819	1,059,789	1,051,661	497,057	216,383	1,363,324	1,107,853	1,004,085	8,877,971
Property and Equipment, Net	44,002,362	7,303,870	8,042,737	8,683,038	3,192,547	13,961,149	9,466,548	6,173,163	100,825,414
Other Assets, Net	193,074	12,477	18,099	55,772	15,000	69,323	11,418	8,809	383,972
Total assets	$ 47,879,590	$ 8,620,805	$ 9,331,650	$ 9,378,783	$ 3,539,027	$ 15,664,824	$ 10,761,654	$ 7,275,164	$ 112,451,497
Liabilities and Net Deficit									
Current Liabilities									
Current maturities of long-term debt	$ 342,703	$ 147,136	$ 132,770	$ 5,434,934	$ -	$ 130,162	$ 158,823	$ 126,424	$ 6,472,952
Accounts payable	116,479	15,677	73,021	53,127	36,927	62,599	13,628	30,589	402,047
Accrued expenses	374,307	39,886	27,182	13,728	16,042	40,411	32,496	22,585	566,637
Due to affiliates	961,046	32,982	35,595	384,421	104,192	42,602	35,943	29,602	1,626,383
Residents' deposits	255,677	30,411	31,795	25,297	10,878	46,168	33,517	22,107	455,850
Total current liabilities	2,050,212	266,092	300,363	5,911,507	168,039	321,942	274,407	231,307	9,523,869
Long-Term Debt	21,200,537	4,844,958	4,380,856	4,328,823	1,901,830	6,504,381	5,235,496	4,161,423	52,558,304
Notes Payable to Affiliate	19,800,560	2,007,758	2,941,310	676,326	208,104	2,202,205	3,784,004	1,828,864	33,449,131
Other Liabilities	2,493,819	22,549	24,843	720,457	226,427	39,332	28,869	19,375	3,575,671
Total liabilities	45,545,128	7,141,357	7,647,372	11,637,113	2,504,400	9,067,860	9,322,776	6,240,969	99,106,975
Net Assets (Deficit)									
Partner's equity (deficit)	(1,473)	194,818	355,033	(2,002,290)	1,404,779	575,687	405,310	168,244	1,100,108
Non-controlling ownership interest in limited partnerships	2,335,935	1,284,630	1,329,245	(256,040)	(370,152)	6,021,277	1,033,568	865,951	12,244,414
Total net assets (deficit)	2,334,462	1,479,448	1,684,278	(2,258,330)	1,034,627	6,596,964	1,438,878	1,034,195	13,344,522
Total liabilities and net assets (deficit)	$ 47,879,590	$ 8,620,805	$ 9,331,650	$ 9,378,783	$ 3,539,027	$ 15,664,824	$ 10,761,654	$ 7,275,164	$ 112,451,497

Springpoint Senior Living, Inc. and Affiliates

Low Income Housing Tax Credit Communities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	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	$ 3,594,726	$ 1,367,448	$ 1,508,480	$ 173,326	$ 268,743	$ 2,084,424	$ 1,428,842	$ 1,194,328	$ 11,620,317
Interest and dividends	3,595	1,694	1,642	739	513	1,972	1,741	1,607	13,503
Other revenue	150,722	898	5,488	10,091	7,018	40,344	5,825	2,453	222,839
Total revenues and other support	3,749,043	1,370,040	1,515,610	184,156	276,274	2,126,740	1,436,408	1,198,388	11,856,659
Expenses:									
Operation and maintenance of facility	1,524,952	353,713	502,917	148,592	175,879	775,475	426,035	344,777	4,252,340
Administrative and general	687,440	449,741	321,380	124,506	72,614	398,666	358,664	347,490	2,760,501
Insurance	299,072	48,432	45,505	45,480	28,599	71,041	40,442	29,560	608,131
Springpoint Senior Living, Inc. management fee	228,520	67,551	76,270	49,928	17,946	111,157	76,270	50,846	678,488
Interest	743,610	339,329	349,802	247,256	29,516	576,412	427,775	294,977	3,008,677
Total expenses	3,483,594	1,258,766	1,295,874	615,762	324,554	1,932,751	1,329,186	1,067,650	11,308,137
Operating income (loss)	265,449	111,274	219,736	(431,606)	(48,280)	193,989	107,222	130,738	548,522
Net asset transfer from affiliate	-	-	-	-	118,878	-	-	-	118,878
Equity contribution from limited partner	-	-	-	552,390	-	-	-	-	552,390
Depreciation and amortization	(1,580,940)	(292,626)	(317,431)	(188,692)	(165,555)	(544,800)	(304,979)	(215,816)	(3,610,839)
Change in unrestricted net assets (deficit)	(1,315,491)	(181,352)	(97,695)	(67,908)	(94,957)	(350,811)	(197,757)	(85,078)	(2,391,049)
Net Assets (Deficit), Beginning	3,649,953	1,660,800	1,781,973	(2,190,422)	1,129,584	6,947,775	1,636,635	1,119,273	15,735,571
Net Assets (Deficit), Ending	$ 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

Springpoint Senior Living, Inc. And Affiliates
Other Entities: Combining Schedule, Balance Sheet
December 31, 2017

	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	$ (8,906,834)	$ 1,657,348	$ 1,257,120	$ 418,655	$ -	$ (71,441)	$ (415,674)	$ -		$ 1,001,584	$ 9,673	$ -	$ 17,467	$ 39,906	$ 625,437	$ 83,229	$ (4,283,530)
Current portion of assets whose use is limited	-	26,467	-	-	-		-	-		246,000	-	-	-	-	-	-	272,467
Accounts receivable, net	-		-	-	-	58,797	-	-		-	-	-	-	583,203	(8,838)	-	633,162
Due from affiliates	4,145,494	1,173,939	-	-	-		-	-		-	-	-	-	-	-	-	5,319,433
Other current assets	1,200,505	8,124	-	-	-	857	1,017,677	-		198,846	-	-	3,007	56,013	11,838	266,000	2,762,867
Total current assets	(3,560,835)	2,865,878	1,257,120	418,655	-	(11,787)	602,003	-	-	1,446,430	9,673	-	20,474	679,122	628,437	349,229	4,704,399
Investments	-	33,512,262	759,018		2,526,385	-	-	578,226	100	-	-	-	-	-	2,632,929	-	40,008,920
Assets Whose Use is Limited	1,383,062	5,937,195	-	-	-	-	-	-	-	5,118,112	-	5,049,270	-	362,134	-	-	17,849,773
Investments Held Under Split-Interest Agreements	-	4,331,745	-	-	-	-	-	-	-	-	-	-	-	-	3,214	34,660	4,369,619
Investments Held by Others under Split-Interest Agreements	-	940,862	-	-	-	-	-	-	-	-	-	-	-	-	-	-	940,862
Beneficial Interest in Perpetual Trusts	-	3,354,783	-	-	-	-	-	-	-	-	671,724	-	-	-	-	-	4,026,507
Due from Other Affiliates	7,213,736	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,213,736
Notes Receivable	28,580,805	160,932	2,505,190	2,202,205	-	-	-	-	-	-	-	-	-	-	-	-	33,449,132
Loans Receivable from Affiliate	25,271,068	-	4,014,530	-	-	-	-	-	-	-	-	-	-	-	-	-	29,285,598
Property and Equipment, Net	1,475,144	3,095	-	-	-	1,141	160,213	-	-	26,452,547	-	-	1,916,763	90,899	187,741	-	30,287,543
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	2,270,750	3,268,699	-	5,539,449
Other Assets, Net	5,790,377	-	-	-	-	-	-	-	-	700,000	-	-	-	91,369	-	-	6,581,746
Total assets	$ 66,153,357	$ 51,106,752	$ 8,535,858	$ 2,620,860	$ 2,526,385	$ (10,646)	$ 762,216	$ 578,226	$ 100	$ 33,717,089	$ 681,397	$ 5,049,270	$ 1,937,237	$ 3,494,274	$ 6,721,020	$ 383,889	$ 184,257,284

Springpoint Senior Living, Inc. And Affiliates
Other Entities: Combining Schedule, Balance Sheet
December 31, 2017

	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	$ 583,396	$ -	$ -	$ -	$ -	$ -	$ 56,111	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,669,768	$ -	$ -	2,309,275
Current portion of construction line of credit	-	-	-	-	-	-	-	-	-	246,000	-	-	-	-	-	-	246,000
Accounts payable	428,601	65,622	-	-	-	3,208	(1)	-	-	-	-	-	-	3,278	121,824	(5,811)	616,721
Accrued expenses	8,498,062	78,036	-	-	-	15,334	100	-	4,800	85,105	-	-	823	158,114	68,881	33,552	8,942,807
Due to affiliates	-	-	(1,124,267)	(578,226)	1,783,861	(1,107)	(414,614)	585,726	-	996,514	-	(7,500)	3,279	1,120,124	300,288	4,482	2,668,560
Total current liabilities	9,510,059	143,658	(1,124,267)	(578,226)	1,783,861	17,435	(358,404)	585,726	4,800	1,327,619	-	(7,500)	4,102	2,951,284	490,993	32,223	14,783,363
Long-Term Debt and Capital Lease Obligations	9,400,260	-	-	-	-	-	115,923	-	-	(297,429)	-	-	-	(818)	-	-	9,217,936
Notes Payable to Affiliate	-	-	-	-	-	-	-	-	-	-	-	-	1,014,530	561,068	-	-	1,575,598
Due to Affiliate	-	-	-	-	-	-	-	-	-	-	-	-	-	924,281	-	-	924,281
Liability for Split-Interest Agreements and Deferred Gift Agreements	-	3,103,404	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,103,404
Refundable Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	535,996	-	535,996
Deferred Revenue from Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,814,875	-	5,814,875
Retainage Payable	-	-	-	-	-	-	-	-	-	750,000	-	-	-	-	-	-	750,000
Deferred Revenue	16,648,398	45,298	290,446	408,124	-	-	1,017,677	-	-	-	-	-	-	-	-	-	18,409,943
Construction Line of Credit	-	-	-	-	-	-	-	-	-	27,454,000	-	-	-	-	-	-	27,454,000
Derivative Instruments	(50,319)	-	-	-	-	-	-	-	-	(61,590)	-	-	-	-	-	-	(111,909)
Other Liabilities	2,381,514	-	-	-	-	-	-	-	-	1,242,206	-	-	-	-	-	9,858	3,633,578
Total liabilities	37,889,912	3,292,360	(833,821)	(170,102)	1,783,861	17,435	775,196	585,726	4,800	30,414,806	-	(7,500)	1,018,632	4,435,815	6,841,864	42,081	86,091,065
Net Assets (Deficit)																	
Unrestricted	30,436,904	36,535,008	18,136,220	2,790,962	742,524	(28,081)	(12,980)	(7,500)	(4,700)	(197,717)	9,673	5,056,770	683,605	(941,541)	(120,844)	341,808	93,420,111
Temporarily restricted	-	7,755,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,755,850
Permanently restricted	-	3,523,534	-	-	-	-	-	-	-	-	671,724	-	-	-	-	-	4,195,258
Member's equity	(2,173,459)	-	(8,766,541)	-	-	-	-	-	-	3,500,000	-	-	235,000	-	-	-	(7,205,000)
Total net assets (deficit)	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
Total liabilities and net assets (deficit)	$ 66,153,357	$ 51,106,752	$ 8,535,858	$ 2,620,860	$ 2,526,385	$ (10,646)	$ 762,216	$ 578,226	$ 100	$ 33,717,089	$ 681,397	$ 5,049,270	$ 1,937,237	$ 3,494,274	$ 6,721,020	$ 383,889	$ 184,257,284

Springpoint Senior Living, Inc. and Affiliates

Other Entities: Combining Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2017

	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 Unrestricted Net Assets (Deficit)																	
Revenues and other support:																	
Services to residents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,910,362	$ 387,637	$ -	$ 6,297,999
Developer and management fees	10,718,033		-	-	-	-	593,600	-	-	-	-	-	-	-	-	-	11,311,633
Contributions and bequests	-	1,244,614	115,826	-	-	267,866	191,027	-	-	49,955	-	-	-	-	-	-	1,869,288
Interest and dividends	21,875	531,379	51,968	-	-	-	-	-	-	1,842	-	22,817	-	181	20,108	-	650,170
Other revenue	776,519	61,904	-	-	-	-	80,479	-	-	5,845	-	-	150,457	5	-	347,163	1,422,372
Net assets released from restrictions used for operations	-	435,018	-	-	-	-	-	-	-	-	18,459	-	-	-	-	-	453,477
Total revenues and other support	11,516,427	2,272,915	167,794	-	-	267,866	865,106	-	-	57,642	18,459	22,817	150,457	5,910,548	407,745	347,163	22,004,939
Expenses:																	
Professional care of patients	-	-	-	-	-	-	-	-	-	-	-	-	-	-	494,154	-	494,154
Operation and maintenance of facility	38,229	-	-	-	-	-	-	-	-	45,766	-	-	9,864	4,515,304	10,316	-	4,619,479
Administrative and general	9,533,626	1,005,949	-	-	6,200	258,230	2,586	500	4,200	78,170	-	-	3,601	1,090,259	184,770	5,355	12,173,446
Residents assistance and program services	-	1,692,528	-	-	-	-	102,836	-	-	-	18,459	-	-	-	-	-	1,813,823
Marketing	1,117,569	-	-	-	-	-	-	-	-	117,508	-	-	-	19,649	1,187	-	1,255,913
Insurance	99,095	1,215	-	-	-	969	17,929	-	-	39,747	-	-	3,332	38,495	4,596	-	205,378
Springpoint Senior Living, Inc. management fee	-	-	-	-	-	-	674,079	-	-	-	-	-	-	290,380	45,000	-	1,009,459
Interest	315,968	-	-	-	-	-	8,834	-	-	8,263	-	-	51,968	105,466	-	-	490,499
Provision for doubtful accounts	-	-	-	-	-	3	-	-	-	-	-	-	-	92	-	-	95
Total expenses	11,104,487	2,699,692	-	-	6,200	259,202	806,264	500	4,200	289,454	18,459	-	68,765	6,059,645	740,023	5,355	22,062,246
Operating income (loss)	411,940	(426,777)	167,794	-	(6,200)	8,664	58,842	(500)	(4,200)	(231,812)	-	22,817	81,692	(149,097)	(332,278)	341,808	(57,307)
Change in unrealized gains on investments	-	3,330,198	-	-	-	-	-	-	-	-	-	-	-	-	81,127	-	3,411,325
Net realized gains on investments	-	618,907	-	-	-	-	-	-	-	-	-	-	-	-	4,000	-	622,907
Amortization of entrance fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131,419	-	131,419
Net change in fair value of derivative financial instruments	65,906	-	-	-	-	-	-	-	-	(50,297)	-	-	-	-	-	-	15,609
Gain (loss) on disposal of fixed assets	(1,962)	-	-	-	-	-	1,500	-	-	-	-	-	-	-	-	-	(462)
Net asset transfer (to) from affiliate	2,000,000	-	(2,000,000)	-	115,826	-	-	-	-	-	-	-	-	-	-	-	115,826
Depreciation and amortization	(590,055)	(3,606)	-	-	-	(1,321)	(60,734)	-	-	-	-	-	(78,235)	(70,629)	(5,112)	-	(809,692)
Revenues and other support in excess of (less than) expenses	1,885,829	3,518,722	(1,832,206)	-	109,626	7,343	(392)	(500)	(4,200)	(282,109)	-	22,817	3,457	(219,726)	(120,844)	341,808	3,429,625
Change in unrestricted net assets (deficit)	1,885,829	3,518,722	(1,832,206)	-	109,626	7,343	(392)	(500)	(4,200)	(282,109)	-	22,817	3,457	(219,726)	(120,844)	341,808	3,429,625
Changes in Temporarily Restricted Net Assets																	
Contributions	-	670,480	-	-	-	-	-	-	-	-	18,459	-	-	-	-	-	688,939
Change in value of split-interest agreements	-	76,136	-	-	-	-	-	-	-	-	(18,459)	-	-	-	-	-	57,677
Investment income	-	696,444	-	-	-	-	-	-	-	-	-	-	-	-	-	-	696,444
Net assets released from restrictions used for operations	-	(435,018)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(435,018)
Increase in temporarily restricted net assets	-	1,008,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,008,042
Changes in Permanently Restricted Net Assets																	
Change in value of perpetual trust	-	318,524	-	-	-	-	-	-	-	-	64,133	-	-	-	-	-	382,657
Increase in permanently restricted net assets	-	318,524	-	-	-	-	-	-	-	-	64,133	-	-	-	-	-	382,657
Change in net assets (deficit)	1,885,829	4,845,288	(1,832,206)	-	109,626	7,343	(392)	(500)	(4,200)	(282,109)	64,133	22,817	3,457	(219,726)	(120,844)	341,808	4,820,324
Net Assets (Deficit), Beginning	26,377,616	42,969,104	11,201,885	2,790,962	632,898	(35,424)	(12,588)	(7,000)	(500)	3,584,392	617,264	5,033,953	915,148	(721,815)	-	-	93,345,895
Net Assets (Deficit), Ending	$ 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