Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Covia Affordable Communities and Subsidiaries
(a California Nonprofit Public Benefit Corporation)

March 31, 2018

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Covia Affordable Communities and Subsidiaries
(a California Nonprofit Public Benefit Corporation)

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Covia Affordable Communities and Subsidiaries (a California nonprofit public benefit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of March 31, 2018, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 from 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Covia Affordable Communities and Subsidiaries as of March 31, 2018, and the results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities and changes in net assets as of and for the year ended March 31, 2018, are presented for purposes of additional analysis and are 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 audits 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.

Moss Adams LLP

San Francisco, California
June 29, 2018

Consolidated Financial Statements

Covia Affordable Communities and Subsidiaries
Consolidated Statement of Financial Position
March 31, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 9,392,956
Accounts receivable	281,877
Prepaid expenses	374,046
Total current assets	10,048,879
TENANT SECURITY DEPOSITS	267,833
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Operating reserves	834,978
Replacement reserves	8,034,391
Bond reserves	41,661
Insurance and tax impounds	109,492
Restabilization reserves	135,168
Residual receipts	379,034
Restricted deposits	57,609
Restricted assets in charitable remainder unitrust	709,156
Other reserves	3,624,829
Total restricted deposits and funded reserves	13,926,318
PROPERTY AND EQUIPMENT	
Land and land improvements	9,013,293
Buildings and building improvements	56,563,302
Furniture and fixtures	1,650,727
Office and other equipment	1,852,050
Motor vehicles	250,997
Construction in progress	3,904
	69,334,273
Accumulated depreciation	(30,957,526)
Total property and equipment, net	38,376,747
OTHER ASSETS	
Other assets	932,498
Intangible assets, net of accumulated amortization	32,832
Total other assets	965,330
TOTAL ASSETS	$ 63,585,107

See accompanying notes.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 1,221,650
Accounts payable - affiliated organizations	2,014
Accrued expenses	445,330
Current portion of mortgages payable	355,936
Other accrued liabilities	12,837
Accrued interest	15,901
Total current liabilities	2,053,668
TENANT SECURITY DEPOSITS	267,833
LONG-TERM LIABILITIES	
Mortgages payable, net of current portion	26,110,539
Accrued interest	1,817,540
Ground lease payable	475,067
Liability under charitable remainder unitrust	709,156
Total long-term liabilities, net of current portion	29,112,302
Total liabilities	31,433,803
NET ASSETS	
Unrestricted	
Controlling interest	29,709,160
Noncontrolling interest in Oak Centers, L.P.	2,303,050
Total unrestricted net assets	32,012,210
Temporarily restricted net assets	139,094
Total net assets	32,151,304
TOTAL LIABILITIES AND NET ASSETS	$ 63,585,107

Covia Affordable Communities and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
Year Ended March 31, 2018

UNRESTRICTED REVENUES AND SUPPORT	
Residential rental revenue, net of vacancy loss of $228,968	$ 12,693,379
Contract services revenue	1,274,518
Grant and contributions income	23,726
Food and social services	695,938
Interest income	48,953
Interest reduction payment revenue, net	463
Laundry and tenant charges	16,639
Change in value of charitable remainder unitrust	(975)
Miscellaneous income	130,113
Total unrestricted revenues and support	14,882,754
EXPENSES	
Program services	
Resident services	78,460
Food service and other	1,359,316
Utilities	702,305
Operating and maintenance	2,440,680
Taxes and insurance	635,494
Interest	434,210
Rental expenses	228,214
Depreciation and amortization	2,879,495
Financial expense	27,746
Miscellaneous expense	293,801
Supporting services	
Administrative	3,843,350
Total expenses	12,923,071
INCOME BEFORE CHANGE IN UNRESTRICTED NET ASSETS	1,959,683
Inherent contribution (Note 2)	5,561,844
CHANGE IN UNRESTRICTED NET ASSETS	7,521,527
TEMPORARILY RESTRICTED NET ASSET	
Interest income	98
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	98
CHANGE IN NET ASSETS	7,521,625
NET ASSETS, beginning of year	24,629,679
NET ASSETS, end of year	$ 32,151,304

See accompanying notes.

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	$ 12,677,193
Interest from operations	48,076
Grants and contributions	23,726
Other operating receipts	3,243,603
Total receipts	15,992,598
Administrative	(2,110,463)
Utilities	(1,248,975)
Salaries and wages	(2,482,088)
Operating and maintenance	(1,222,555)
Property insurance	(254,224)
Taxes and insurance	(446,987)
Interest on mortgages	(224,895)
Other	(3,579,530)
Total disbursements	(11,569,717)
Net cash provided by operating activities	4,422,881
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(1,230,822)
Funding of operating reserves	(49,531)
Funding of replacement reserves	(684,977)
Release of replacement reserves	233,942
Funding of miscellaneous reserves	(18,945)
Change in residual receipts	(581)
Activity in CRT	(975)
Net cash used in investing activities	(1,751,889)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on mortgages payable	(435,948)
Net cash used in financing activities	(435,948)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,235,044
CASH AND CASH EQUIVALENTS, beginning of year	7,157,912
CASH AND CASH EQUIVALENTS, end of year	$ 9,392,956
SUPPLEMENTAL CASH FLOW DISCLOSURE	
Affiliation of Shires Memorial Center (Note 2)	$ 5,561,844

See accompanying notes.

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	$ 7,521,625
Adjustments to reconcile changes in net assets to cash provided by operating activities	
Loss on disposal of asset	32,104
Depreciation and amortization	2,879,495
Amortization of other assets	
Amortization debt issuance costs	29,159
Change in value of charitable remainder unitrust	975
Inherent contribution	(5,561,844)
Change in operating assets and liabilities	
Receivables	(12,178)
Prepaid expenses	(31,456)
Tenant security deposits, net	5,628
Other assets	-
Inventory	(513,775)
Accounts payable	672,967
Accounts payable - affiliated organization	(678,255)
Accrued expenses	188,230
Accrued liabilities	(260,441)
Ground lease payable	146,397
Accrued interest	4,250
Net cash provided by operating activities	$ 4,422,881

 See accompanying notes.

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Covia Affordable Communities ("Affordable Communities"), formerly Lytton Gardens Senior Communities, is a California nonprofit public benefit corporation incorporated in 2000. Covia Group ("Group), formerly Senior Resources of the West, a California nonprofit public benefit corporation, is the sole member of the Affordable Communities, which was formed to provide organizational, fundraising and facilities management services to affiliated nonprofit public benefit corporations that provide healthcare services, supportive services, and/or housing to low-income persons, the elderly, and others with special needs. Affordable Communities is the sole member of: Community Housing, Inc. ("CHI"), which operates Lytton Gardens I ("Lytton I") and Lytton Gardens II ("Lytton II"); Lytton IV Housing Corporation ("Lytton IV"); Oak Center Towers ("OCT"); Presidio Gate Apartments, Inc. ("PGA"); Jennings Senior Housing ("JSH"); and Shires Memorial Center ("SMC"), all of which are affordable senior housing communities (collectively the "Subsidiaries"). The financial statements of Affordable Communities and Subsidiaries (collectively the "Organization"), are included in the accompanying consolidated financial statements.

CHI is a California nonprofit public benefit corporation formed in 1970 in Palo Alto, California to provide housing and personal care programs for the elderly. In 1975, CHI opened Lytton I, a 220-unit independent-living apartment facility. The project was financed and is operated under the provisions of Section 236 of the National Housing Act ("NHA"). Lytton II, a 100-unit facility consisting of 50 residential care apartments and 50 independent-living apartments, was opened in 1979. The project was financed and is operated under the provisions of Section 202 of the NHA.

Lytton IV, a California nonprofit public benefit corporation, was formed in 1992 to develop, construct, and operate a 51-unit independent living apartment complex in Palo Alto, California. The project was primarily financed by and is operated under the provisions of Section 202 of the NHA, as amended.

OCT, a California nonprofit public benefit corporation, was formed in 1971 to operate a 196-unit affordable residential complex for elderly or disabled persons in Oakland, California and to provide associated supporting social services. In June 2005, OCT sold its interest to Oak Centers, L.P. ("OCLP"), a California limited partnership as part of a low-income housing tax credit refinancing transaction. The purpose of the transaction was to generate funds to perform a substantial rehabilitation of OCLP. OCT is the sole general partner of OCLP and owns a .01% interest in the capital and profits of OCLP. OCT provided a capital contribution of $1,200,000 and a long-term loan in the amount of $3,805,437 to OCLP.

PGA, a California nonprofit public benefit corporation, was formed in 1982, for the purpose of constructing and operating a senior rental housing project under Section 202 of the NHA. PGA consists of 54 affordable senior housing apartments plus one non-rent bearing resident manager's unit and is located in San Francisco, California.

JSH, a California nonprofit public benefit corporation, was formed in 2005, to construct, own, and operate an independent living apartment complex, Jennings Court Apartments, specifically for low income seniors located in Santa Rosa, California and is operated under Section 202 of the NHA, as amended, and consists of 54 partially subsidized apartments and one non-rent bearing resident manager's unit.

On March 15, 2018, Affordable Communities entered into an affiliation agreement with the SMC and became the sole member (See note 2). SMC, a California nonprofit public benefit corporation, was formed in 1961, for the purpose of operating low income senior rental housing project. SMC consists of 98 affordable senior housing apartments plus one non-rent bearing resident manager's unit and is located in San Jose, California.

Lytton I, Lytton II, Lytton IV, OCLP, PGA, and JSH are each subject to restrictions contained in the respective Acts and are regulated by the United States Department of Housing and Urban Development ("HUD") as to rent charges, operating methods, use of assets, and other matters. Rents are partially subsidized under Section 8 of the NHA. Lytton I, Lytton II, Lytton IV, OCLP, PGA, and JSH received $4,628,561, $1,506,244, $235,338, $2,461,382, $983,876, and $282,304, respectively, as rent subsidies during the year ended March 31, 2018.

Affiliated organizations – Through their common member, Group, Affordable Communities is affiliated with Covia Communities ("Communities"), formerly Episcopal Senior Communities, which operates six life plan communities; Covia Foundation ("Foundation"), formerly Episcopal Senior Communities Foundation, a fundraising and supporting organization to Communities, (collectively, the "Affiliates"). The Affiliates are California nonprofit public benefit corporations. Some of the Affiliates share common officers, directors, and management and, at times, provide various support services to one another. The financial statements of the Affiliates are not included in the accompanying consolidated financial statements of the Organization.

Basis of presentation – The accompanying consolidated financial statements include the accounts of Affordable Communities, Lytton I, Lytton II, Lytton IV, OCT, PGA, JSH, and SMC. The entities are under common management and control and share a Board of Directors, with the exception of SMC. The SMC Board members' terms will overlap with the current shared Board as their terms end. All significant inter-company balances and transactions have been eliminated. The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes income in the period earned and expenses when incurred, consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents – Cash and cash equivalents include cash on hand and cash held in demand deposit, sweep, savings accounts, and certain investments in highly liquid instruments with original maturities of three months or less. Not included in cash are funds restricted as to their use, regardless of their liquidity, such as security deposits and operating and replacement reserves.

Concentration of risk – Financial instruments potentially subjecting the Organization to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation ("FDIC") limits.

Accounts receivable – The Organization receives payment from residents and HUD for services provided. The Organization uses the specific write-off method to provide for doubtful accounts since past experience and management's estimation indicates an adequate allowance for such accounts is immaterial.

Restricted deposits and funded reserves – Assets whose use is limited are funded reserves for replacement and insurance of the Organization. Such assets consist of cash and cash equivalents.

Property and equipment – Property and equipment are stated at cost. Acquisitions of $5,000 or more and with a useful life of more than one year are capitalized. Depreciation is based upon straight-line method at rates based on the estimated useful lives of the various classes of property which range from 3 to 40 years. The Organization periodically evaluates the carrying value of its long-lived assets for impairment. Based on this evaluation, no impairment was recorded for the year ended March 31, 2018. Depreciation expense for the year ended March 31, 2018 was $2,874,145, included in depreciation and amortization expense in the consolidated statement of activities and change in net assets.

Tenant security deposits – In accordance with government regulations for the respective Subsidiaries, the Organization must maintain on deposit funds equal to the related liability for tenant security deposits. Security deposits are held in separate interest-bearing savings accounts in the name of the respective Subsidiaries.

Other assets – Other assets primarily consist of predevelopment fees and tax credit fees that are amortized over their estimated useful lives. Included in Lytton I and PGA, are predevelopment costs of $533,934 and $20,995, as of March 31, 2018, respectively.

OCT incurred fees totaling $80,254 to apply for and ultimately obtain a final reservation of low-income housing tax credits. The credits are amortized over the 15-year credit period. Amortization expense for the year ended March 31, 2018, was $5,350, included in depreciation and amortization in the consolidated statement of activities and change in net assets. Accumulated amortization as of March 31, 2018, was $64,209.

Debt issuance costs – Financing costs incurred in connection with the issuance of debt are amortized over the term of the related debt using the effective interest method.

OCT has incurred $481,212 in the bond and debt issuance costs for the Reimbursement Agreement for California Statewide Communities Development Authority (“CSCDA”) Variable Rate Demand Multifamily Housing Revenue Bonds 2005 Series (the “Revenue Bonds 2005 Series”), which will be amortized over a 40-year and 17.5-year lives, respectively. Amortization expense for the year ended March 31, 2018, was $20,514, included in interest expense in the consolidated statement of activities and change in net assets. Accumulated amortization as of March 31, 2018, was $235,148.

PGA incurred $302,549 in debt issuance costs with the refinancing of its HUD debt, which is amortized over a 35-year life. Amortization expense for the year ended March 31, 2018, was $8,645, included in interest expense in the consolidated statement of activities and change in net assets. Accumulated amortization as of March 31, 2018, was $40,340.

Net assets – The Organization classifies net assets as follows:

Unrestricted net assets represent unrestricted resources available to support the Organization’s operations and temporarily restricted resources which have become available for use by the Organization in accordance with the intention of the donor.

Temporarily restricted net assets represent contributions that are limited in use by the Organization in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Organization according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. Temporarily restricted net assets are available primarily for assistance and capital projects as designated by the donors.

Permanently restricted net assets represent net assets subject to donor-imposed stipulations that they be maintained by the Organization in perpetuity. At March 31, 2018, the Organization had no permanently restricted net assets.

Revenue recognition – Rental income is shown at its maximum gross potential. Rental income is derived from rental rates subject to HUD approval. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations. Other income includes fees for late payments, cleaning, damages, laundry facilities, and other charges and is recorded when earned.

Contract services revenue is received when customers simultaneously receive and consume the benefits provided by the Affordable Communities' performance required under various agreements which entail providing Resource Service Coordinators to support residents at the customer locations. The revenue is recorded as earned when services are provided.

Contributions – Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets. The Organization records contributions whose restrictions are met in the same year as unrestricted support.

Shared costs – Allocations of common costs and expenses incurred are made by management based on estimates of time, square footage, number of full-time employees, and usage of services.

Property taxes – The Organization and its Subsidiaries have filed and received exemptions from certain property taxes in accordance with Section 214 of the California Code.

Tax-exempt status – The Organization and its Subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

The Organization adopted the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740-10, *Income Taxes,* relating to accounting for uncertain tax positions on April 1, 2009, which had no financial statement impact to the Organization. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses. There was no such uncertain tax position at March 31, 2018.

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

Fair value of financial instruments – Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values. The Organization's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period. Please see Note 3 for fair value hierarchy disclosures of available for sale marketable securities restricted for charitable remainder unitrusts. Liabilities for payment to trust beneficiaries are classified as Level 2 in the fair value hierarchy.

Economic concentrations – The future operations of the Organization could be affected by changes in the economic or other conditions in the geographic area of its communities or by changes in federal low-income housing subsidies or the demand for such housing.

Noncontrolling interest – The FASB issued ASC 958-810, *Consolidation of Not-for-profit Entities*, requiring that a recognized noncontrolling interest in another entity, whether a business or a not-for-profit entity be measured at its fair value at its acquisition date. In addition, this statement also provides guidance on the presentation of noncontrolling interest in a not-for-profit entity's financial statements. Noncontrolling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the consolidated statement of financial position. Included below is a table to reconcile the beginning and the end of the period carrying amounts of Affordable Communities' interest and noncontrolling interest for net assets:

	Controlling interest	Non-controlling interest	Total
Unrestricted net assets, March 31, 2017	$ 22,119,982	$ 2,370,701	$ 24,490,683
Change in unrestricted net assets	7,589,178	(67,651)	7,521,527
Unrestricted net assets, March 31, 2018	$ 29,709,160	$ 2,303,050	$ 32,012,210

NOTE 2 – AFFILIATION OF SMC

On March 15, 2018, Affordable Communities became the sole member of SMC to further the mission of serving seniors and preserving affordable housing for seniors. The affiliation of SMC with Affordable Communities was accounted for as a business combination using the acquisition method of accounting, which requires the basis of the assets acquired and the liabilities assumed to be recorded at their respective fair values at the affiliation date. The fair value determination of assets and liabilities assumed to be recorded are those of Management. For the valuation of property and equipment, Management utilized independent valuation specialists to assist them in determining fair value.

Affordable Communities did not provide any consideration to SMC in conjunction with this transaction, which resulted in the fair value of assets net of liabilities assumed being recorded as an inherent contribution. Accounts payable-affiliated organizations is payable to Affordable Communities and is eliminated during consolidation. The operations of SMC are included in the accompanying consolidated financial statements of the Organization from the date of affiliation.

The following table summarizes the estimated fair value of the inherent contribution recognized for the assets acquired and liabilities assumed for the affiliation of Shires Memorial Center as of the date of affiliation:

	Shires Memorial Center
Cash	$ 682,614
Accounts receivable	1,887
Tenant security deposits	77,970
Prepaid expenses	34,002
Property and equipment	4,622,431
Intangible assets - lease in place	377,569
Accounts payable and accrued expenses	(43,493)
Accounts payable - affiliated organizations	(113,166)
Tenant security deposits	(77,970)
Fair value of assets and liabilities assumed from affiliation	5,561,844
Inherent contribution	$ 5,561,844

NOTE 3 – FAIR VALUE

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* defines fair value 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. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investment in the near term.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at March 31, 2018 and 2017, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange-traded equities and cash equivalents included in money market funds. The Organization has an investment committee that meets periodically with management and the investment advisors to review the strategy and ongoing performance of all investments, including analyzing changes in fair value measurements from period to period.

Mortgages payable – The fair value of mortgages payable is estimated using discounted cash-flow analyses based on the Organization's current incremental borrowing rates for similar debt instruments (Level 3).

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at March 31, 2018:

Description	Level 1	Level 2	Level 3	Total
Available for sale				
Mutual funds				
Equity funds	$ 119,878	$ -	$ -	$ 119,878
Bond funds	72,583	-	-	72,583
Exchange traded funds	480,093	-	-	480,093
Money market	36,602	-	-	36,602
Total	$ 709,156	$ -	$ -	$ 709,156

Marketable securities at fair value consisted of $709,156 restricted assets in charitable remainder unitrusts at March 31, 2018.

NOTE 4 – RESTRICTED DEPOSITS AND FUNDED RESERVES

Operating reserves – OCLP is required to maintain two operating reserve funds.

Pursuant to the Partnership Agreement, on November 15, 2007, the General Partner funded an interest-bearing operating reserve account in the amount of $334,555. The operating reserve funds shall be maintained throughout the term of the Partnership. Any withdrawal from the operating reserve must be approved by the Limited Partner. Pursuant to the terms of the Reimbursement Agreement for California Statewide Communities Development Authority Variable Rate Demand Multifamily Housing Revenue Bonds 2015 Series (the "Revenue Bonds 2005 Series"), OCLP is required to make monthly deposits to a separate operating reserve account beginning November 15, 2007 (the date of conversion of the Permanent Financing Phase). Monthly payments are determined by the Loan Servicer based on six months of debt service coverage on the loan and shall be adjusted annually.

Beginning balance at April 1	$ 785,447
Deposits	49,000
Bank interest, net of bank fees	531
Ending balance at March 31	$ 834,978

Replacement reserves – In accordance with the HUD regulatory agreement, the respective Subsidiaries are required to maintain a reserve for replacement and repair of property and equipment. The reserves are required to be funded in the amount of $68,931 per month. Changes occur to the funded amount in conjunction with changes to the chargeable rents. The funds for Lytton I, Lytton II, Lytton IV, and JSH are held in interest-bearing accounts and can be used for replacement of property and equipment with the approval of HUD. The funds for PGA and OCLP are held by the mortgagee in trust in interest-bearing accounts and can be used for replacement of property and equipment with the approval of HUD. The replacement reserve account activity for the fiscal year ended March 31, 2018, is as follows:

Beginning balance at April 1	$ 7,583,356
Monthly deposits	672,310
Bank interest, net of bank fees	12,667
Withdrawals	(233,942)
Ending balance at March 31	$ 8,034,391

Bond reserves – Pursuant to the Reimbursement Agreement commencing on November 15, 2007, OCLP is required to make monthly payments for deposit into principal reserve and escrow accounts to pay for issuer fees, trustee fees, remarketing fees, and the loan servicing fees. These accounts are maintained in accounts held by the Trustee and the Loan Servicer until the fees are paid. As of March 31, 2018, OCLP had a balance of $41,661 in the bond reserve account.

Insurance and tax impounds – OCLP is required to maintain two insurance reserve accounts and a tax reserve account. Pursuant to the Partnership Agreement on November 15, 2007, OCT funded an interest-bearing insurance reserve account in the amount of $40,000. The insurance reserve shall be maintained throughout the term OCLP. Upon termination and winding up of the Partnership, amounts in the insurance reserve shall be utilized as approved by the Limited Partner. Pursuant to the terms of the Reimbursement Agreement for the Revenue Bonds 2005 Series, OCLP is required to make monthly deposits to a separate insurance reserve account beginning November 15, 2007 (the date of conversion of the Permanent Financing Phase). As of March 31, 2018 OCLP had a balance of $109,492 in the insurance and tax reserves account.

Restabilization reserves – Pursuant to the Reimbursement Agreement on November 15, 2007, OCLP funded an interest-bearing restabilization reserve account in the amount of $133,298 in order to mitigate the risk associated with termination or delay in renewal or funding of the Housing Assistance Payments (the “HAP”) Program Contract and to act as a debt service reserve fund. Any disbursement from this account must have prior approval from the lender. As of March 31, 2018, OCLP had a balance of $135,168 in the restabilization reserve account.

Residual receipts – The respective Subsidiaries are required to deposit surplus cash within 90 days after year end in a separate, interest-bearing account. The funds can be used for the operating or certain debt service needs of the respective Affiliate’s property with the prior written approval of HUD. The residual receipt’s account activity for the fiscal year ended March 31, 2018, is as follows:

Beginning balance at April 1	$ 378,453
Bank interest, net of bank fees	581
Ending balance at March 31	$ 379,034

Restricted deposits – Restricted deposits consist primarily of cash, which are restricted by the donor as to use. As of March 31, 2018, PGA had a balance of $57,609 included in restricted deposits.

Restricted assets in charitable remainder unitrust – The Organization became the trustee of a charitable remainder unitrust (the "Trust") beginning in December 2009. The Trust agreement for which the Organization is the trustee requires quarterly payments to the Trust lead beneficiaries based on 10% of the net fair market value of the Trust assets, which are invested in market securities. Upon the death of the beneficiaries, 100% of the remaining Trust assets will be released to Communities, a related party to the Organization (Note 1). The fair value of the Trust assets and liability to the Trust beneficiary has been included in the Organization's consolidated statement of financial position. As of March 31, 2018, the estimated charitable remainder of the Trust is $709,156.

Other reserves – PGA refinanced its initial HUD 202 Loan with a Federal Housing Administration Insured Loan under the provisions of Section 207, pursuant to Section 223(f) of the NHA in June of 2013. As a part of this process, pursuant to Notice H 2012-8 from the U.S. Department of Housing and Urban Development paragraph B.6., approximately $2.1 million of the refinanced proceeds was set aside in a reserve to support rehabilitation of PGA. PGA is required to make monthly impound payments to the mortgagee for mortgage insurance, property insurance, and real estate taxes to be used for those purposes. At March 31, 2018, PGA has $2,199,519 included in other reserves. JSH has $10,194 at March 31, 2018, included in other reserves. Affordable Communities has $1,415,016 and $100 as of March 31, 2018, set aside by the Board for resident assistance or development and the chaplaincy fund, respectively, included in other reserves.

NOTE 5 – MORTGAGES PAYABLE

The Organization's mortgages payable consisted of the following as of March 31, 2018:

Lytton Gardens II		
U.S. Department of Housing and Urban Development note secured by first deed of trust on the real property of Lytton II bearing 6.875% simple interest. This note is insured under the provisions of Section 202 of the National Housing Act. Monthly payment of principal and interest in the amount of $22,045. Balance is due May 1, 2019.	$	295,771
Lytton IV Housing Corporation		
U.S. Department of Housing and Urban Development Section 202 Capital Advance, dated November 26, 1993, secured by first deed of trust on real property, bearing no interest. The advance is essentially a forgivable loan and shall only be repayable if Lytton IV fails to remain available to very low-income households as approved by HUD through June 1, 2035.		5,738,600
City of Palo Alto note, dated November 30, 1993, bearing 5% simple interest per annum beginning December 1, 1995. Payments may only be made from residual receipts with the approval of HUD. The balance of principal and interest is due at the maturity on June 1, 2035. The term is designed to coincide with the closing of the HUD Capital Advance period. At this time, the City of Palo Alto has an option to acquire the land in exchange for cancellation of the principal and accrued interest outstanding at that date.		504,826

Presidio Gate Apartments		
Mortgage loan payable insured by the Federal Housing Administration under the provisions of Section 207, pursuant to Section 223(f) of the National Housing Act, dated June 1, 2013, with an initial term of 35 years, secured by a first deed of trust on real property, bearing interest of 3.22% per annum. Principal and interest are payable in monthly installments of $22,563, due in full June 1, 2048.		5,229,721
Jennings Senior Housing		
U.S. Department of Housing and Urban Development Section 202 Capital Advance, dated February 1, 2007, secured by first deed of trust on the property, bearing no interest. The advance is a forgivable loan and shall only be repayable if JSH fails to remain available to very low-income households as approved by HUD for a 40-year period from March 2008 through February 2048.	$	6,870,900
Housing Authority of the City of Santa Rosa note, dated February 10, 2006, secured by second deed of trust on the property, bearing 3% simple interest per annum from the date of each advance beginning February 2004. Payment of principal and interest is to be made from 75% of annual surplus cash, if any (as defined by the loan agreement), paid only from residual receipts and only with the approval of HUD. The balance of principal and accrued interest is due at maturity in February 2048. The 42-year term is designed to coincide with the closing of the HUD Capital Advance period.	$	4,985,230
Affordable Housing Program direct subsidy repayment to Sonoma National Bank, dated November 1, 2006, secured by third deed of trust on the property, bearing no interest. The subsidy will be forgiven in full, June 1, 2023, as long as the property has maintained affordability limits as required by the AHP Program.		216,000
Oak Center Towers		
California Statewide Communities Development Authority Variable Rate Demand Multifamily Housing Revenue Bonds 2005 Series L, dated June 1, 2005, in the original amount of $11,450,000 which was reduced to $3,820,000 on November 15, 2007. Bonds bear a variable rate of interest determined weekly by the remarketing agent, payable monthly, and mature on December 15, 2037, secured by the borrower's leasehold interest in land and ownership of improvements. Interest rate at March 31, 2018, was .03%. For the year ended March 31, 2018, no principal was paid down from the principal reserve account.		3,220,000
		27,061,048
Less current portion of mortgages payable		(355,936)
Less debt issuance costs, net of accumulated amortization		(594,573)
	$	26,110,539

Schedule of maturities for the above mortgages payable are as follows:

Year Ending March 31,		
2019	$	355,936
2020		150,992
2021		110,781
2022		114,402
2023		118,140
Thereafter		26,210,797
	$	27,061,048

NOTE 6 – GROUND LEASE

On June 1, 2005, OCLP entered into a ground lease agreement with OCT. The term is for 99 years effective June 1, 2005, and terminates on May 31, 2104. The Organization has assigned the ground lease to Communities. Basic annual rent is $120,000 per year, payable solely from surplus cash. Unpaid rents shall accrue without interest until paid in full; and, OCLP shall maintain certain amounts of insurance for personal injury and property damage under the lease agreement. As of March 31, 2018, ground lease payable was $475,067.

NOTE 7 – RELATED-PARTY TRANSACTIONS

Affordable Communities and its Subsidiaries (Note 1) have common officers, directors, and management and share support services. Shared costs and expenses are allocated to the particular entities based upon management's estimates of time, square footage, numbers of full-time employees, and usage of services. During the year ended March 31, 2018, $3,1115,974 of such costs and expenses were allocated in the amount of $1,364,774 to Lytton I, $1,076,190 to Lytton II, $201,455 to Lytton IV, $169,650 to OCLP, $167,318 to PGA, $136,587 to JSH, and $7,998 to SMC.

During the year ended March 31, 2018, Lytton I made cash contributions totaling $2,295,237 to Affordable Communities, which has been eliminated during consolidation.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

HUD regulations – In connection with the HUD agreements, there are certain restrictions on occupancy of the units which include maximum income limitations and maximum rents chargeable. In addition, these agreements require the maintenance of security deposits and replacement and other reserves which are to be held by the mortgagee (Notes 1 and 4).

Employee benefit plan – The Organization has implemented a 403(b) tax deferred annuity plan ("the Plan"). Eligible employees who have satisfied the age and service requirements are allowed to make salary reduction contributions with a maximum contribution of up to the statutory limit. The Organization pays for all the administrative expenses to operate the Plan.

Low-income housing tax credits – The Organization has been allocated low-income housing tax credits under Section 42 of the IRC. Provisions under Section 42 require that the Project remains low-income for 15 years.

Operating deficit guaranty – Communities, as guarantor, will advance funds to OCT in an amount necessary for OCT to make the required Operating Deficit Contribution when such Operating Deficit cannot be satisfied from OCLP funds including OCLP's Operating Reserve and OCT does not have sufficient funds to make an Operating Deficit Contribution to OCLP. The advances shall be interest-free and payable out of Capital proceeds. The operating deficit period begins after the completion date and ends on the date the following have occurred: (1) the OCLP has operated at break-even for at least three consecutive calendar years following the Stabilization date of the OCLP; and (2) the balance in the Operating Reserve equals or exceeds the Operating Reserve Amount. As of March 31, 2018, no advances have been made under the agreement.

City of Palo Alto repurchase rights

Lytton Gardens I – The City of Palo Alto ("Palo Alto") has the right to repurchase the Lytton I's land and building currently held by CHI for $1 in either of the following situations: (1) Lytton I's federal government insured loan is repaid; (2) 45 years have passed from the October 26, 1971, original purchase date by the Project; (3) there is a default under the original purchase agreement with the City; or (4) there is a foreclosure by the holder of any secured lien. If Palo Alto gains the right to repurchase but fails to exercise that right within one year, then Lytton I must pay Palo Alto a forbearance fee of $300,000, payable of at least $100,000 per year over three years.

In October 2015, Lytton I's federal government insured loan was paid in full as 45 years had passed since the original purchase date, triggering the repurchase rights for Palo Alto. In May 2016, approval was granted by HUD to pay the forbearance fee from operating cash. As of April 2017, Lytton I is negotiating terms of a new regulatory agreement that will maintain affordability restrictions and be subordinate to any refinancing or tax credit syndication undertaken by Lytton I. Palo Alto has extended their period to exercise their option to repurchase. Lytton I recognized the expense and reserved the forbearance fee for payment at an agreed time with Palo Alto during 2017. As of March 31, 2018, there is $300,000 included in accounts payable for the forbearance fee.

Lytton Gardens II – Palo Alto has the right to repurchase Lytton II's land and building currently held by CHI for $1 in either of the following situations: (1) Lytton II's federal government insured loan is repaid in May 2019; (2) 45 years has passed from the June 1974, original purchase date by Lytton II; (3) there is a default under the original purchase agreement with Palo Alto; or (4) there is a foreclosure by the holder of any secured lien. If Palo Alto gains the right to repurchase but fails to exercise that right within one year, then Lytton II must pay Palo Alto a forbearance fee of $400,000 payable of at least $100,000 per year over four years.

In May 2019, Lytton II's federal government insured loan will be paid in full and 45 years will have passed since the original purchase date, triggering the repurchase rights for Palo Alto. Lytton II is scheduling payment to Palo Alto in advance of the one-year period to exercise their option. In May 2016, approval was granted by HUD to pay the forbearance fee from operating reserve cash. As of April 2017, Lytton II is negotiating terms of a new regulatory agreement that will maintain affordability restrictions and be subordinate to any refinancing or tax credit syndication undertaken by Lytton II. Lytton II recognized the expense and reserved the forbearance fee for payment at an agreed time with Palo Alto during 2017. As of March 31, 2018, there is $400,000 included in accounts payable for the forbearance fee.

Lytton IV Housing Corporation – Upon expiration of the 40-year term of the HUD regulatory agreement, dated December 1, 1993, Palo Alto may, at their sole option, require Lytton IV to transfer ownership of its project (all improvements and land) to Palo Alto. Palo Alto must exercise said option within six months of the termination of the HUD regulatory agreement. In consideration of the exercise of said option, Palo Alto shall cancel any remaining balance then owing by Lytton IV on the note with Palo Alto.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are available to be issued. The Organization recognizes, in the consolidated financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements were available to be issued.

In April 2018, Covia Affordable Communities became the sole member of Bethany Center Senior Housing, a California nonprofit public benefit corporation, which owns and operates a 135-unit apartment complex for elderly and disabled seniors in San Francisco, California.

The Organization has evaluated subsequent events through June 29, 2018, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Covia Affordable Communities and Subsidiaries
Consolidating Statement of Financial Position
March 31, 2018

	Lytton Gardens I	Lytton Gardens II	Lytton IV Housing Corporation	Presidio Gates Apartments	Jennings Senior Housing	Oak Center Towers	Shires Memorial Center	Covia Affordable Communities	Total	Eliminations	Consolidated Covia Affordable Communities
CURRENT ASSETS											
Cash and cash equivalents	$ 2,881,009	$ 449,042	$ 9,926	$ 88,327	$ 17,376	$ 2,534,485	671,982	$ 2,740,809	$ 9,392,956	$ -	$ 9,392,956
Investments	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	8,173	8,192	4,296	-	-	47,568	1,887	211,761	281,877	-	281,877
Accounts receivable - affiliated organization	-	-	-	-	-	-	-	448,638	448,638	(448,638)	-
Prepaid expenses	60,624	39,481	18,451	34,243	21,287	103,298	34,002	62,660	374,046	-	374,046
Total current assets	2,949,806	496,715	32,673	122,570	38,663	2,685,351	707,871	3,463,868	10,497,517	(448,638)	10,048,879
TENANT SECURITY DEPOSITS	63,205	28,105	14,877	17,258	19,460	46,958	77,970	-	267,833	-	267,833
RESTRICTED DEPOSITS AND FUNDED RESERVES											
Operating reserves	-	-	-	-	-	834,978	-	-	834,978	-	834,978
Replacement reserves	4,260,621	1,736,459	128,283	360,247	305,697	1,243,084	-	-	8,034,391	-	8,034,391
Bond reserves	-	-	-	-	-	41,661	-	-	41,661	-	41,661
Insurance and tax impounds	-	-	-	-	-	109,492	-	-	109,492	-	109,492
Restabilization reserves	-	-	-	-	-	135,168	-	-	135,168	-	135,168
Residual receipts	141,623	21,113	-	216,298	-	-	-	-	379,034	-	379,034
Restricted deposits	-	-	-	57,609	-	-	-	-	57,609	-	57,609
Restricted assets in charitable remainder trust	-	-	-	-	-	-	-	709,156	709,156	-	709,156
Other reserves	-	-	-	2,199,519	10,194	-	-	1,415,116	3,624,829	-	3,624,829
Total restricted deposits and funded reserves	4,402,244	1,757,572	128,283	2,833,673	315,891	2,364,383	-	2,124,272	13,926,318	-	13,926,318
PROPERTY AND EQUIPMENT											
Land and land improvements	511,181	564,827	1,653,440	509,575	1,565,624	419,565	3,789,081	-	9,013,293	-	9,013,293
Buildings and building improvements	13,226,652	5,274,710	6,145,514	3,855,187	10,842,908	16,384,981	833,350	-	56,563,302	-	56,563,302
Furniture and fixtures	116,942	117,420	64,770	222,926	155,147	973,522	-	-	1,650,727	-	1,650,727
Office and other equipment	561,092	96,962	10,044	1,108,926	50,090	24,936	-	-	1,852,050	-	1,852,050
Motor vehicles	163,418	-	-	54,054	-	33,525	-	-	250,997	-	250,997
Construction in progress	-	-	-	-	3,904	-	0	-	3,904	-	3,904
	14,579,285	6,053,919	7,873,768	5,750,668	12,617,673	17,836,529	4,622,431	-	69,334,273	-	69,334,273
Accumulated depreciation	(8,760,672)	(3,650,213)	(3,453,342)	(4,379,900)	(3,153,293)	(7,536,957)	(23,149)	-	(30,957,526)	-	(30,957,526)
Total property and equipment, net	5,818,613	2,403,706	4,420,426	1,370,768	9,464,380	10,299,572	4,599,282	-	38,376,747	-	38,376,747
OTHER ASSETS											
Other assets	533,934	-	-	20,995	-	-	377,569	-	932,498	-	932,498
Intangible assets, net of accumulated amortization	-	-	-	-	-	16,045	-	16,787	32,832	-	32,832
Total other assets	533,934	-	-	20,995	-	16,045	377,569	16,787	965,330	-	965,330
TOTAL ASSETS	$ 13,767,802	$ 4,686,098	$ 4,596,259	$ 4,365,264	$ 9,838,394	$ 15,412,309	$ 5,762,692	$ 5,604,927	$ 64,033,745	$ (448,638)	$ 63,585,107

Covia Affordable Communities and Subsidiaries
Consolidating Statement of Financial Position (continued)
March 31, 2018

	Lytton Gardens I	Lytton Gardens II	Lytton IV Housing Corporation	Presidio Gates Apartments	Jennings Senior Housing	Oak Center Towers	Shires Memorial Center	Covia Affordable Communities	Total	Eliminations	Consolidated Covia Affordable Communities
CURRENT LIABILITIES											
Accounts payable	$ 334,756	$ 450,943	$ 4,306	$ 9,262	$ 2,983	$ 171,386	37,530	$ 210,484	$ 1,221,650	$ -	$ 1,221,650
Accounts payable - affiliated organizations	-	247,844	24,116	-	31,121	34,305	113,266	-	450,652	(448,638)	2,014
Accrued expenses	109,453	169,508	10,024	29,173	3,493	-		123,679	445,330	-	445,330
Current portion of mortgages payable	-	252,055	-	103,881	-	-		-	355,936	-	355,936
Other accrued liabilities	-	264	-	-	12,573	-		-	12,837	-	12,837
Accrued interest	-	1,598	-	14,303	-	-		-	15,901	-	15,901
Total current liabilities	444,209	1,122,212	38,446	156,619	50,170	205,691	150,796	334,163	2,502,306	(448,638)	2,053,668
TENANT SECURITY DEPOSITS	63,205	28,105	14,877	17,258	19,460	46,958	77,970	-	267,833	-	267,833
LONG-TERM LIABILITIES											
Mortgages payable, net of current portion	-	43,716	6,243,426	4,863,631	12,072,130	2,887,636		-	26,110,539	-	26,110,539
Accrued interest	-	-	-	-	1,817,540	-		-	1,817,540	-	1,817,540
Ground lease payable	-	-	-	-	-	475,067		-	475,067	-	475,067
Liability under charitable remainder unitrust	-	-	-	-	-	-	-	709,156	709,156	-	709,156
Total long-term liabilities, net of current portion	-	43,716	6,243,426	4,863,631	13,889,670	3,362,703	-	709,156	29,112,302	-	29,112,302
Total liabilities	507,414	1,194,033	6,296,749	5,037,508	13,959,300	3,615,352	228,766	1,043,319	31,882,441	(448,638)	31,433,803
NET ASSETS											
Unrestricted net assets											
Controlling interest	13,260,388	3,492,065	(1,700,490)	(729,853)	(4,120,906)	9,412,422	5,533,926	4,561,608	29,709,160	-	29,709,160
Noncontrolling interest in OCLP	-	-	-	-	-	2,303,050	-	-	2,303,050	-	2,303,050
Total unrestricted net assets	13,260,388	3,492,065	(1,700,490)	(729,853)	(4,120,906)	11,715,472	5,533,926	4,561,608	32,012,210	-	32,012,210
Temporarily restricted net assets	-	-	-	57,609	-	81,485	-	-	139,094	-	139,094
Total net assets	13,260,388	3,492,065	(1,700,490)	(672,244)	(4,120,906)	11,796,957	5,533,926	4,561,608	32,151,304	-	32,151,304
TOTAL LIABILITIES AND NET ASSETS	$ 13,767,802	$ 4,686,098	$ 4,596,259	$ 4,365,264	$ 9,838,394	$ 15,412,309	$ 5,762,692	$ 5,604,927	$ 64,033,745	$ (448,638)	$ 63,585,107

Covia Affordable Communities and Subsidiaries
Consolidating Statement of Activities and Changes in Net Assets
Year Ended March 31, 2018

	Lytton Gardens I	Lytton Gardens II	Lytton IV Housing Corporation	Presidio Gate Apartments	Jennings Senior Housing	Oak Center Towers	Shires Memorial Center	Covia Affordable Communities	Total	Eliminations	Consolidated Covia Affordable Communities
UNRESTRICTED REVENUES AND SUPPORT											
Residential rental revenue, net											
of vacancy loss of $228,968	$ 5,487,010	$ 1,921,200	$ 366,201	$ 1,179,584	$ 480,466	$ 3,212,577	$ 46,341	$ -	$ 12,693,379	$ -	$ 12,693,379
Contract Services Revenue	-	-	-	-	-	-	-	1,757,407	1,757,407	(482,889)	1,274,518
Management fees - affiliated	-	-	-	-	-	-	-	809,885	809,885	(809,885)	-
Grant and contributions income	-	-	23,726	-	-	-	-	-	23,726	-	23,726
Food and social services	17,544	678,394	-	-	-	-	-	-	695,938	-	695,938
Interest income	7,080	3,212	191	4,925	578	32,964	3	-	48,953	-	48,953
Interest reduction payment revenue, net	-	-	-	-	-	463	-	-	463	-	463
Laundry and tenant charges	7,488	1,374	1,890	-	2,664	3,223	-	-	16,639	-	16,639
Change in value of charitable remainder unitrust	-	-	-	-	-	-	-	(975)	(975)	-	(975)
Miscellaneous income	71,849	17,025	36,000	4,091	-	188	960	-	130,113	-	130,113
Total unrestricted revenues and support	5,590,971	2,621,205	428,008	1,188,600	483,708	3,249,415	47,304	2,566,317	16,175,528	(1,292,774)	14,882,754
EXPENSES											
Program services											
Resident services	-	-	3,723	74,737	-	-	-	-	78,460	-	78,460
Food service and other	126,251	1,231,724	-	-	-	-	-	1,341	1,359,316	-	1,359,316
Utilities	361,721	123,233	40,457	67,494	52,716	-	31,274	25,410	702,305	-	702,305
Operating and maintenance	559,323	339,865	83,544	155,572	89,219	1,204,409	8,748	-	2,440,680	-	2,440,680
Taxes and insurance	180,057	170,320	34,501	94,480	37,526	-	1,383	117,227	635,494	-	635,494
Interest	-	-	-	178,804	147,842	107,564	-	-	434,210	-	434,210
Rental expenses	-	-	-	-	-	228,214	-	-	228,214	-	228,214
Depreciation and amortization	1,129,572	292,021	208,307	207,812	345,607	673,027	23,149	-	2,879,495	-	2,879,495
Financial expense	-	27,746	-	-	-	-	-	-	27,746	-	27,746
Miscellaneous expense	-	-	-	-	-	293,801	-	-	293,801	-	293,801
Supporting services											
Administrative	1,044,016	457,853	135,763	341,556	278,475	612,839	10,668	2,254,954	5,136,124	(1,292,774)	3,843,350
Total expenses	3,400,940	2,642,762	506,295	1,120,455	951,385	3,119,854	75,222	2,398,932	14,215,845	(1,292,774)	12,923,071
INCOME BEFORE CHANGE IN UNRESTRICTED NET ASSETS	2,190,031	(21,557)	(78,287)	68,145	(467,677)	129,561	(27,918)	167,385	1,959,683	-	1,959,683
Equity Transfer	(2,295,237)	-	-	-	-	-	-	2,295,237	-	-	-
Inherent contribution	-	-	-	-	-	-	5,561,844	-	5,561,844	-	5,561,844
CHANGE IN UNRESTRICTED NET ASSETS	(105,206)	(21,557)	(78,287)	68,145	(467,677)	129,561	5,533,926	2,462,622	7,521,527	-	7,521,527
TEMPORARILY RESTRICTED NET ASSET											
Interest income	-	-	-	98	-	-	-	-	98	-	98
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	-	-	98	-	-	-	-	98	-	98
CHANGE IN NET ASSETS	(105,206)	(21,557)	(78,287)	68,243	(467,677)	129,561	5,533,926	2,462,622	7,521,625	-	7,521,625
NET ASSETS, beginning of year	13,365,594	3,513,622	(1,622,203)	(740,487)	(3,653,229)	11,667,396	-	2,098,986	24,629,679	-	24,629,679
NET ASSETS, end of year	$ 13,260,388	$ 3,492,065	$ (1,700,490)	$ (672,244)	$ (4,120,906)	$ 11,796,957	$ 5,533,926	$ 4,561,608	$ 32,151,304	$ -	$ 32,151,304