

Senior Housing Options, Inc. and Affiliates
(Nonprofit Organizations)

**Consolidated Financial Statements,
Supplementary Information and
Independent Auditor's Report
June 30, 2017 and 2016**

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Independent Auditor's Report

Board of Directors
Senior Housing Options, Inc. and Affiliates
(Non-Profit Organizations)
Denver, Colorado

We have audited the accompanying consolidated financial statements of Senior Housing Options, Inc. and Affiliates (Senior Housing Options) which comprise the consolidated statement of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Senior Housing Options as of June 30, 2017 and 2016, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

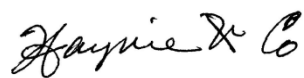
Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages as listed in the directory is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of Senior Housing Options' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Senior Housing Options' internal control over financial reporting and compliance.



Littleton, Colorado
December 20, 2017

Senior Housing Options, Inc. and Affiliates
Consolidated Statements of Financial Position

	June 30,	
	2017	2016
ASSETS		
Cash:		
Operating and money market accounts	\$ 848,556	\$ 1,245,184
Security deposits	98,243	70,196
Resident activities cash	22,768	5,957
Restricted cash	1,000	65,852
Receivables:		
Trade, net of allowance for doubtful accounts of \$6,198 in 2017 and \$2,804 in 2016	144,234	64,599
Tenant assistance payments, net of allowance for doubtful accounts of \$68,451 in 2017 and \$36,317 in 2016	374,293	217,489
Investments and other assets:		
Restricted facility reserves	506,385	300,335
Board designated reserves	1,451,130	1,974,982
Prepaid expenses and other	255,192	215,624
Investment in and advances to OHAA	-	2,195,418
Property and equipment, at cost:		
Housing and care facilities	21,060,419	14,963,607
Office furniture and fixtures	437,754	437,754
Less accumulated depreciation and impairment	(11,965,343)	(11,554,693)
	\$ 13,234,631	\$ 10,202,304

(continued)

Senior Housing Options, Inc. and Affiliates
Consolidated Statements of Financial Position (continued)

	June 30,	
	2017	2016
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 494,330	\$ 461,869
Security deposits held	94,406	68,581
Accrued interest	226,119	13,308
Mortgages payable, net of unamortized loan costs of \$27,013 and \$5,550 in 2017 and 2016, respectively	6,521,565	3,251,473
	7,336,420	3,795,231
Contingencies and commitments:	-	-
Net assets:		
Unrestricted -		
Undesignated	3,415,269	3,172,102
Restricted by board designation	1,451,130	1,974,982
Temporarily restricted	991,000	1,200,471
Permanently restricted	40,812	59,518
	5,898,211	6,407,073
	\$ 13,234,631	\$ 10,202,304

The accompanying notes are an integral part of the financial statements.

Senior Housing Options, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total	Unrestricted	Temporarily restricted	Permanently restricted
Support and revenues:								
Rental income, net of vacancies	\$ 3,361,205	\$ 3,806,556	\$ -	\$ 7,167,761	\$ 6,158,663	\$ 3,248,764	\$ 2,909,899	\$ -
Management and bookkeeping fees	94,167	-	-	94,167	206,204	206,204	-	-
Donations and grants	139,609	56,014	-	195,623	518,096	403,128	114,968	-
Investment income	3,568	99	-	3,667	25,300	25,251	49	-
Gain (loss) on disposition of asset	108,310	(6,846)	-	101,464	-	-	-	-
Miscellaneous	31,633	24,546	-	56,179	22,106	11,770	10,336	-
	3,738,492	3,880,369	-	7,618,861	6,930,369	3,895,117	3,035,252	-
Expenses:								
Payroll, related taxes, insurance and benefits	4,362,938	-	-	4,362,938	4,041,999	4,041,999	-	-
Property, liability and mortgage insurance	133,944	-	-	133,944	93,590	93,590	-	-
Other taxes	62,727	-	-	62,727	14,627	14,627	-	-
Administrative	1,035,928	-	-	1,035,928	714,118	714,118	-	-
Utilities and maintenance	1,280,670	-	-	1,280,670	800,001	800,001	-	-
Interest	228,800	-	-	228,800	170,789	170,789	-	-
Dietary	487,972	-	-	487,972	477,518	477,518	-	-
Depreciation	534,744	-	-	534,744	320,972	320,972	-	-
	8,127,723	-	-	8,127,723	6,633,614	6,633,614	-	-
Net assets released from restrictions:								
Satisfaction of usage restrictions	4,203,967	(4,185,261)	(18,706)	-	-	2,707,282	(2,713,123)	5,841
Change in net assets	(185,264)	(304,892)	(18,706)	(508,862)	296,755	(31,215)	322,129	5,841
Transfers of equity	(95,421)	95,421	-	-	-	-	-	-
Net assets, beginning of year	5,147,084	1,200,471	59,518	6,407,073	6,110,317	5,178,298	878,342	53,677
Net assets, end of year	\$ 4,866,399	\$ 991,000	\$ 40,812	\$ 5,898,211	\$ 6,407,072	\$ 5,147,083	\$ 1,200,471	\$ 59,518

The accompanying notes are an integral part of the financial statements.

Senior Housing Options, Inc. and Affiliates

Consolidated Statements of Cash Flows

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (508,862)	\$ 296,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	534,744	320,972
Proceeds from insurance	142,223	-
Loss (gain) on disposition of assets	(101,464)	33,791
Change in assets and liabilities:		
Receivables	(223,206)	20,110
Accounts payable and accrued expenses	(19,539)	(60,204)
Prepaid and other	(27,900)	(50,417)
	(204,004)	561,007
Cash flows from investing activities:		
Change in security deposits funded	(2,215)	(1,519)
Capital expenditures	(546,070)	(342,703)
Change in investment in OHAA	-	(210,751)
Change in reserves and other assets	(59,717)	4,910
Change in board designated reserves	523,852	-
Cash from Olin Hotel acquisition	61,332	-
Predevelopment costs	(8,123)	(144,413)
	(30,941)	(694,476)
Cash flows from financing activities:		
Principal payments on notes	(163,763)	(166,958)
New note proceeds	-	1,390,000
Note payoff	-	(915,065)
Loan fees	-	(4,430)
Change in security deposits held	2,080	(89)
	(161,683)	303,458
Change in cash	(396,628)	169,989
Cash, beginning of year	1,245,184	1,075,195
Cash, end of year	\$ 848,556	\$ 1,245,184

The accompanying notes are an integral part of the financial statements

Senior Housing Options, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

1. Organization

History and business activity

Senior Housing Options, Inc. (SHO) was organized in 1979 and Park Hill Residence, Inc. (PHR) was organized in 1996 as tax-exempt nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code for the purpose of providing housing and support service alternatives to low and moderate income elderly. Properties owned and/or managed are located primarily along the Front Range area in Colorado.

Seniors In Community Living, Inc. (SICL) and Community Living Residents, Inc. (CLR) were organized as not-for-profit corporations under the laws of the state of Colorado and are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Their purpose is to provide housing and services to promote a high quality independent living environment for low-income seniors over the age of 62.

Olin Hotel Apartments Associates Ltd. (OHAA) was organized in 1982 as a limited partnership to acquire, rehabilitate and operate a 107 unit multi-family housing development, located in Denver, CO, intended for rental to elderly and/or disabled persons of low and moderate income. SHO acquired a controlling interest in OHAA in July 2016. See Note 3.

2. Summary of Significant Accounting Policies

The following summary of significant accounting policies of Senior Housing Options, Inc. and Affiliates, referred to as the Company, is presented to assist in understanding the consolidated financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These policies conform to accounting principles generally accepted in the United States of America.

Basis of presentation

The accompanying consolidated financial statements represent those of Senior Housing Options, Inc., Olin Hotel Corporation, Park Hill Residence, Inc., Seniors In Community Living, Inc., and Community Living Residents, Inc. These entities are consolidated because they have a common board of directors, management and mission. The accompanying consolidated financial statements also include Olin Hotel Apartments Associates, Ltd., a partnership owned by Senior Housing Options, Inc. and Olin Hotel Corporation. Senior Housing Options, Inc. includes operations of the following projects: Barth Hotel, Cinnamon Park, Madison House, Miller House, and Mesa Vista Assisted Living Residence. All material intercompany transactions have been eliminated.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Housing and care facilities

In June 1986, the Company received a property donation, the **Miller House** located in Denver, Colorado with an appraised value of \$240,000. Renovation of this property began during fiscal year 1987. During fiscal year 1988, this project began operating as an alternative care facility for the elderly. During fiscal year 1997, this project was closed as an alternative care facility for the elderly. The Company entered into an agreement for use as housing for those aged fifty-five years or older, who are emotionally disabled and /or chronically mentally ill.

In November 1991, the Company acquired **Madison House** located in Cortez, Colorado for \$763,627 from the Colorado Housing and Finance Authority (CHFA). The purchase of this property was funded in part from proceeds of a loan entered into during the year ended June 30, 1992. This project has operated as an alternative care facility for the elderly since the date of acquisition.

In April 1992, the Company acquired **Cinnamon Park** located in Longmont, Colorado for \$2,100,000. The purchase of this property was funded in part from proceeds of loans entered into during the year ended June 30, 1992. This project has operated as an alternative care facility for the elderly since the date of acquisition.

In January 1993, the Company acquired the **Barth Hotel** located in Denver, Colorado from a related party. The Company had operated, managed, and financially supported this project since 1984. This project is operated as an alternative care facility for elderly persons of low and moderate income and also houses commercial tenants. The Company's corporate offices are located in this building.

In September 1995, the Company acquired **Park Hill Residence (PHR)** located in Denver, Colorado for \$585,000. The purchase of this property was funded through various grants. Renovations were completed and the property began operations in June 1996 as affordable housing for low to moderate income seniors needing assistance with activities of daily living. The property used a loan from CHFA in the amount of \$841,166 with interest at 8% to fund renovations and an operating reserve.

In December 1997, the Company acquired land in the Battlement Mesa, Colorado area for the purpose of developing and operating an affordable housing facility for very low, low, and moderate income elderly and disabled persons known as **Mesa Vista Assisted Living Residence (MVR)**. This land was donated to MVR and valued at \$133,000. The Project commenced operation in August 1999. For several years MVR has experienced negative cash flows from operations and had been operating under a workout agreement with the USDA. In 2013, the Company settled existing debt with the USDA. The appraised value of the land and building was used as the basis for the asset's fair value and the debt settlement.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Housing and care facilities (continued)

The fair value of the combined land and building of \$870,000 was less than carrying book value resulting in an impairment which has been netted against the asset cost. The Company loaned MVR the \$870,000 (eliminated in consolidation) to settle the USDA mortgage and assumed certain affordability provisions with AHP under an existing grant described in Note 6.

SICL and CLR own and operate two properties located in the Denver Metropolitan area which are regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods. These properties, **September House** (8 rental units) and **Decatur House** (10 rental units); receive a rent supplement from HUD. The supplement is covered by housing assistance payment contracts, extending until December 2032 and October 2034 on September House and Decatur House, respectively, which provide that HUD will supplement the difference between the tenant rent, which is a percentage of the tenants' income, and the contract rent which is established by HUD.

On July 22, 1982, SHO sold land and building known as the Olin Hotel to **Olin Hotel Apartment Associates (OHAA)**, a limited partnership formed for the purpose of developing, rehabilitating, constructing, owning, maintaining and operating a 107 unit multi-family housing development intended for rental to elderly and/or disabled persons of low and moderate income.

An affiliate of SHO, **Olin Hotel Corporation (OHC)**, is a general partner along with CRICO of Denver, who is affiliated with the limited partner. The 99% limited partner is Capital Housing Partners –CXLII. SHO acquired a controlling interest in OHAA in July 2016. See Note 3.

The Olin Hotel was sold to OHAA for \$1,145,857 in exchange for a nonrecourse promissory note (eliminated in consolidation), which accrues interest at 2% per annum. During 2002, OHAA restructured its debt using the Mark-To-Market program under the Multifamily Assisted Housing Reform and Affordability Act of 1997. Annual distributions from the Project to the underlying Partnership are limited to 15% of surplus cash, as defined and are committed to retirement of the above non-recourse promissory note. Undistributed amounts are cumulative.

SHO has funded property improvements for OHAA totaling \$301,435 (eliminated in consolidation). Interest at short term AFR accrues on unpaid balance. Payment is due upon sale or refinancing after items of higher priority have been paid. This payable is unsecured.

Additionally, OHAA entered into a Housing Assistance Payment (HAP) contract with CHFA, extending until 2022, whereby CHFA supplements the rent paid by low income tenants. In connection with the HUD insured loan and the HAP agreement with CHFA, OHAA entered into agreements that regulate rents charged, operating methods and limits annual distributions to owners.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Housing and care facilities (continued)

SICL, CLR, PHR, and OHAA are separate legal entities. The other facilities are divisions of SHO. The Company maintains separate accounting records for each project. The Barth Hotel, Park Hill Residence, and Olin Hotel Apartments Associates Ltd. issue separate financial statements in order to satisfy lending requirements. All material intercompany transactions are eliminated in the Company's consolidated financial statements.

Management and consulting fees

The Company provides management, consulting and development services to related parties and third parties projects engaged in housing and care services to low and moderate income elderly and disabled persons. These services are provided under terms of agreements that are short-term or open-ended contracts.

Revenue recognition, accounts receivable – trade and tenant assistance

Revenue and expenses are recorded on the accrual basis, recording leases with tenants on the operating method. There are not leases with non-cancelable terms in excess of one year. Rental income is recognized as rents become due. Revenue received for future rent is deferred until the applicable period. Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Company provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of tenants, third party projects and other funding sources to meet their obligations. It is the Company's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Projects receive tenant assistance supplements from various programs administered by HUD and the Colorado Department of Health Care Policy and Financing for some of its tenants. For the years ended June 30, 2017 and 2016, these supplements represented approximately 43% and 40% of total income, respectively.

Property and Equipment

Property and equipment are carried at cost, net of impairment. For donated properties, cost is the fair market value at the date of grant. Depreciation is provided on the straight-line method over the estimated useful lives of the asset as follows:

Buildings	15-30 years
Equipment and vehicles	5-15 years
Furniture and fixtures	5-10 years
Vehicles	5 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Restricted facility reserves

Restricted reserves represent amounts established pursuant to provisions of various mortgage and/or regulatory agreements. The reserves are available, subject to approval by the regulatory agency, for the repair and replacement of the buildings and payment of certain operating expenses.

Financial statement presentation

The Company reports information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Company is required to present a statement of cash flows.

Cash and cash equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks and other financial institutions, treasury bills, commercial paper, mutual funds and other investments with original maturities of three months or less. Interest paid was \$210,059 and \$195,316 during the years ended June 30, 2017 and 2016, respectively.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Unrestricted net assets

Substantially all of the net assets related to general, administrative, and management services of SHO are unrestricted. In addition, operations of the Miller House, Cinnamon Park, Madison House and Mesa Vista Assisted Living Residence are unrestricted.

Temporarily restricted net assets

The Company owns and operates rental properties known as the Barth Hotel, September House, Decatur House, Park Hill Residence and Olin Hotel. All assets and related liabilities of these projects, including use of surplus cash, are restricted for the period of their regulatory agreements. In addition, they are regulated as to income level of tenants, rent charges, operating methods and distributions of surplus cash. Revenue is restricted until such time as it is expended for allowable project purposes; therefore, all support and revenue received by these projects are classified as temporarily restricted net assets. Net assets of these projects are reclassified to unrestricted from temporarily restricted net assets as satisfaction of usage restrictions occur.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Permanently restricted net assets

The rental facility known as the Miller House was donated to the Company with the restriction that the project shall be used for the purpose of providing housing and support service alternatives to low and moderate income elderly. When the project ceases to be so used, maintained or owned, it shall pass to the City and County of Denver, Colorado for public open space purposes, becoming an extension of Cheesman Park. The land, building, improvements and furniture and fixtures of Miller House are classified as permanently restricted net assets. Annual reclassification from permanently restricted net assets represents usage of the property in the form of depreciation expense less current year fixed asset additions. Operating income is not restricted and is recorded as unrestricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements in order to conform to the current year presentation.

Income taxes

SHO, PHR, SICL, CLR, and OHC are non-profit corporations under the laws of the State of Colorado and exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The tax returns for the years ended June 30, 2014 through 2017 remain open and available for audit by the taxing authorities for these entities.

OHAAs partners report their share of partnership operations on their tax returns. As a result, no income tax provision or benefit is included in the consolidated financial statements. The tax returns for the years ended December 31, 2013 through 2016 remain open and available for audit by the tax authorities.

Management does not currently believe the Organization has any material uncertain tax positions requiring evaluation.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Public support and revenue

Contributions are recognized when the donor makes a promise to give to the Company that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. The Company receives donated services from a variety of unpaid volunteers.

No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

The Company receives, from time to time, below market rate loans. These loans are generally received from other nonprofit corporations and governmental agencies in connection with the development or rehabilitation of housing units. These types of loans are available to other nonprofit corporations on similar or identical terms. Accordingly, additional interest costs have not been imputed in the statement of activities.

Long-term debt and debt issuance costs

In 2017 the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2015-03 regarding the presentation on the balance sheet of the costs of issuance of debt and related amortization expense in the income statement. The new guidance requires presenting such unamortized costs as a direct deduction from the face amount of the debt (see Note 5, Long-Term Debt). Amortization is required to be included with interest expense in the income statement. The financial statements of 2016 have been retroactively restated for this change. The reclassifications reduced total assets and debt at June 30, 2016 by \$5,550. Similarly, interest expense for 2016 has been increased (and depreciation expense decreased) by \$2,522. These changes have no impact on previously reported net income (loss) and project equity (deficit).

Investments

The Company carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities and changes in net assets. Unrealized gains or losses are not significant.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

**3. Redemption and Transfers of OHAA Limited Partners' Ownership/
Investment in and advances to OHAA**

In July 2016, the OHAA 98.99% limited partner interest of CHP CXL II was redeemed. Concurrently, the Company acquired the 1% non-managing general partner interest of Crico Ltd. Both of the interests were tendered for consideration of \$10. The Company and Olin Housing Corp. (OHC) are related parties. OHC was formed by the Company; they share a common board of directors and employees of the Company perform all services for both organizations.

As a result of these transactions, the Partnership became 100% controlled by the Company and OHC. The change in control requires the application of acquisition accounting and the assets and liabilities of OHAA were valued at fair market value on the date of the transaction.

The fair market value of OHAA's net assets was approximately \$4 million. The fair market value was based on the values used to consummate the above mentioned transaction between the parties, both willing buyers and sellers.

The fair market value of the current assets and liabilities were already recorded at amounts that approximate fair value because they are expected to be settled in the short term or held as cash in escrows. The fair value of the long-term debt is estimated to be the same as its historical basis because of the unique nature of the mark-to-market program and related debt financing all of which relates specifically to OHAA.

The Company incurred costs related to the ownership restructuring of OHAA totaling \$41,261. These costs are reported on OHAA as additional costs in the building and will be depreciated over 27.5 years.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Statements (continued)
June 30, 2017 and 2016

3. Redemptions and Transfers of OHAA Limited Partners' Ownership/ Investment in and advances to OHAA

Advances to/investment in Olin Hotel

A summary of total investment in and advances to OHAA is as follows:

	June 30,	
	2017	2016
Notes receivable	\$ 1,447,292	\$ 1,393,326
Accrued interest	745,509	720,361
Partner capital for restoration project	32,296	32,296
Other advances	50,392	49,435
Fees related to ownership restructuring	41,261	-
Loss from subsidiary	(94,802)	-
	\$ 2,221,948	\$ 2,195,418
Consolidating elimination	(2,221,948)	-
	\$ -	\$ 2,195,418

Collection of notes receivable from OHAA will be based on surplus cash availability as described

A summary of OHAA's financial position at time of acquisition follows:

Assets:

Cash	\$ 61,332
Security deposits funded	25,832
Accounts receivable	13,233
Prepaid expenses	3,545
Escrows and reserves	98,292
Land, property and equipment	5,875,030
Accumulated depreciation	(162,251)
	\$ 5,915,013

Liabilities and equity:

Accounts payable and accrued expenses	\$ 71,632
Tenant security deposit liabilities	23,745
Prepaid revenue	1,916
Accrued interest	911,624
Debt, net of deferred loan costs of \$24,279	4,824,365
Equity	81,731
	\$ 5,915,013

This non-cash transaction was eliminated for cash flow purposes.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Statements (continued)
June 30, 2017 and 2016

4. Leases

As lessor

The Company entered into a lease agreement allowing the Mental Health Corporation of Denver to use the Miller House for housing emotionally disturbed and/or chronically mentally ill persons. The lease is for ten years beginning May 2002, and has four renewal options for five years each. A five year lease extension was signed in May 2017. Rental income earned by the Company for years ended June 30, 2017 and 2016 was \$48,600. Future minimum lease payments are as follows:

Year ending June 30.

2018	\$	48,600
2019		48,600
2020		48,600
2021		48,600
2022		40,500
	<u>\$</u>	<u>234,900</u>

As lessee

The company also entered into a lease agreement for office equipment in May of 2017. Equipment expense related to lease for the year ended June 30, 2017 was \$2,592. Future minimum lease payments are as follows:

Year ending June 30.

2018	\$	15,552
2019		15,552
2020		15,552
2021		15,552
2022		15,552
Thereafter		1,296
	<u>\$</u>	<u>79,056</u>

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

5. Notes Payable

	June 30,	
	2017	2016
Cinnamon Park		
1.98% note payable to Wells Fargo, secured by deed of trust, monthly payments of \$7,037, including interest until October 2017, and then interest at 4.45% and monthly payments of \$8,717, including interest until maturity in October 2025	\$1,302,594	\$1,351,905
Unamortized loan costs, net of accumulated amortization of \$886 and \$443, respectively	-3,544	-3,987
Madison House		
5.0% note payable to Wells Fargo, secured by deed of trust, monthly payments of \$4,316, including interest, until maturity in March 2023	561,060	583,778
Park Hill Residence		
6.8% note payable to CHFA, secured by deed of trust, monthly installments of \$5,558, including interest, until maturity, due November 2026	462,875	496,831
Barth Hotel		
6.5% note payable to CHFA, secured by shared deed of trust, monthly payments of \$2,581, including interest, until maturity at September 2034	320,699	330,473
Unamortized loan costs, net of accumulated amortization of \$3,741 and \$3,522, respectively	-1,344	-1,563
1% note payable to CHFA, secured by shared deed of trust, monthly payments of \$119, including interest, until maturity at February 2023	7,075	8,425
September House		
9.25% HUD mortgage payable in monthly installments of \$3,011, including interest, due January 2023, secured by deed of trust	157,076	177,633

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

5. Notes Payable (continued)

	June 30,	
	2017	2016
Decatur House		
9.125% HUD mortgage payable in monthly installments of \$3,334, including interest, due October 2029, secured by deed of trust	295,561	307,978
Olin Hotel		
6.3% first mortgage payable to CHFA in monthly installments of \$3,121, including interest, due December 2032, secured by deed of trust	369,988	-
Unamortized loan fees, net of accumulated amortization of \$20,942	-22,125	-
1% second restructuring mortgage due to HUD, in the original amount of \$1,876,895, payable in annual installments in an amount equal to 85% of Surplus Cash, balance of principal, if any, remaining unpaid, plus accrued interest, due December 2032, secured by deed of trust	1,744,621	-
1% contingent repayment note due to HUD, in the original amount of \$1,327,029, principal and interest due and payable December 2032, secured by deed of trust	<u>1,327,029</u>	<u>-</u>
	<u>\$6,521,565</u>	<u>\$3,251,473</u>

Several of the notes shown above require the properties to be used as low or moderate income housing for the elderly or disabled. The Company was in compliance with these restrictions at June 30, 2017.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

5. Notes Payable (continued)

Future maturities of long term debts are as follows:

Year ending									
June 30,	Total	Barth	Madison	Cinnamon	Park Hill	September	Decatur	Olin Hotel	
2018	\$ 170,771	\$ 11,793	\$ 24,313	\$ 47,631	\$ 36,339	\$ 22,540	\$ 13,598	\$ 14,557	
2019	181,854	12,505	25,557	49,795	38,888	24,716	14,892	15,501	
2020	193,719	13,264	26,864	52,056	41,617	27,102	16,310	16,506	
2021	206,424	14,073	28,239	54,421	44,536	29,717	17,862	17,576	
2022	220,034	14,935	29,683	56,892	47,661	32,586	19,561	18,716	
Thereafter	5,575,776	261,204	426,404	1,041,799	253,834	20,415	213,338	3,358,782	
	<u>6,548,578</u>	<u>327,774</u>	<u>561,060</u>	<u>1,302,594</u>	<u>462,875</u>	<u>157,076</u>	<u>295,561</u>	<u>3,441,638</u>	
Unamortized									
loan fees	(27,013)	(1,344)	-	(3,544)	-	-	-	(22,125)	
	<u>\$ 6,521,565</u>	<u>\$326,430</u>	<u>\$ 561,060</u>	<u>\$1,299,050</u>	<u>\$ 462,875</u>	<u>\$ 157,076</u>	<u>\$ 295,561</u>	<u>\$3,419,513</u>	

6. Contingencies

In connection with grants received to fund the acquisition and subsequent renovations to the Barth Hotel, the Company agreed to use this property to house elderly person of low or moderate income until January, 2027. In the event the Company does not comply with this requirement, grants and/or loans in the amount of \$1,051,500 would require repayment. The Company is in compliance with the above terms as of June 30, 2017 and intends to continue to use the property for low or moderate income elderly housing.

In 1999, the Company received funds from the City and County of Denver in the amount of \$50,000 from the Home Investment Partnership Program to rehabilitate the Miller Project. The terms of the grant include maintaining various area median income restrictions for 8 HOME-assisted units in Miller House for a period of 30 years. The Company is in compliance with the terms as of June 30, 2017.

In 1996, the Company received funds in the amount of \$325,000 from the City and County of Denver to purchase Park Hill Residence. Future repayments of these amounts are waived so long as the Company continues to use Park Hill Residence to house low or moderate income elderly for a period of twenty years. During the year ended June 30, 2016, the compliance period expired and the Company received a released deed of trust related to these funds.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

6. Contingencies (continued)

SICL received a \$15,000 grant from the Piton Foundation for September House. The grant states that the sale of the property, its conversion to another use, or the Project's syndication would require the organization to refund the grant to the Piton Foundation in full. This requirement is placed on the grant funds for an indefinite period.

In 2013 SHO received a grant from the State of Colorado in the amount \$400,000 from the Home Investment Partnership Program awarded for acquisition cost and used in the payment of BMR debt settlement costs. The terms of the grant include maintaining various area median income restrictions for the 15 HOME-assisted units in BMR for a period of 30 years.

7. Retirement Plan

The Company has established a retirement plan under Section 403(b)(1) of the Internal Revenue Code. The plan is a defined contribution plan, also known as a tax-sheltered annuity plan, covering all eligible employees, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The effective date of the plan was January 1, 2015. Voluntary deferrals and matching began in August 2015.

Employees that work more than 20 hours per week are eligible to participate in the plan beginning on their first day of employment after reaching age 18. Participants may elect to make salary reduction contributions in an amount not to exceed the limits established by Internal Revenue Service guidelines. The Company matches 100% of the participants' contributions up to 2% of compensation. Employee contributions are vested 100% immediately. Employer match contributions vest 20% per year beginning at one year of service until five years of service when they are fully vested.

Total expenses related to this plan for the years end June 30, 2017 and 2016 were \$31,467 and \$29,516, respectively.

8. Concentration and Credit Risk

The Company maintains cash balances at Wells Fargo Bank and the Citizens State Bank of Cortez. Amounts maintained are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At June 30, 2017, the Company had approximately \$1,679,000 on deposit in excess of FDIC coverage with Wells Fargo Bank.

Additionally, the Company's investments are maintained with Wells Fargo Securities, LLC, insured by the Securities Investor Protection Corporation (SIPC), for securities and cash in the event of broker-dealer failure up to \$500,000 per customer, which includes a \$250,000 limit on claims for cash held in the account.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

9. Contributions, Grants and Fundraising

	Year ended June 30,	
	2017	2016
Foundations/charitable organizations	\$ 33,580	\$ 270,000
Individuals and others	91,166	98,868
Play production	53,616	79,541
Businesses and corporations	17,261	19,687
State and local	-	50,000
	<u>\$195,623</u>	<u>\$518,096</u>

10. Investment in Fair Value of Financial Instruments

As described Note 1, the Company records its investments at fair value. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values, in accordance with ASC Topic 8210-10:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Alliance has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect the Alliance’s own assumptions about the assumptions that market participants would use in pricing as asset or liability.

The investments consist of cash and marketable securities which are reported at fair value based on quoted market price of the fund and classified within Level 1 of the valuation hierarchy. At June 30, 2017, these funds were allocated to board designated reserves, see Note 14.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

10. Investment in Fair Value of Financial Instruments (continued)

Assets Measured on a Recurring Basis:

	Fair Value Measurements at June 30 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2017</u>			
Money market	\$ 923	\$ -	\$ -
Stocks	2,567	-	-
Certificates of deposit	404,566	-	-
Total	\$ 408,056	\$ -	\$ -
<u>2016</u>			
Money market	\$ 2,638	\$ -	\$ -
Stocks	2,495	-	-
Certificates of deposit	400,235	-	-
Total	\$ 405,368	\$ -	\$ -

11. Development Activities

The Company is working to develop land currently part of the Cinnamon Park project. The new development is planned to be a 24 unit senior independent housing facility. The Company is pursuing the availability of low-income housing tax credits for this project. Costs totaling \$152,537 and \$144,414, respectively, related to this development, are included in prepaid expenses and other at June 30, 2017 and June 30, 2016.

In connection with this development, certain costs have been incurred with an entity related to a member of the Board of Directors of the Company. Fees incurred to this entity through the year ended June 30, 2017 and 2016 totaled \$21,200.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Financial Statements (continued)
June 30, 2017 and 2016

12. Classification of Expenses

The statement of activities discloses expenses by natural classification. The classification of expenses by function is as follows:

	<u>Year ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Program services	\$7,713,363	\$6,183,300
Management and general	262,603	334,951
Fundraising	<u>151,757</u>	<u>115,363</u>
	<u>\$8,127,723</u>	<u>\$6,633,614</u>

13. Subsequent Events

Subsequent events have been evaluated by management through December 20, 2017 the date these financial statements were available to be issued.

Senior Housing Options, Inc. and Affiliates
Notes to Consolidated Statements (continued)
June 30, 2017 and 2016

14. Board designated reserves

The following reserves were designated by a corporate resolution by Senior Housing Options, Inc. to meet future operating needs of the Company as follows:

	June 30,	
	2017	2016
Operating reserves -		
Corporate level	\$ 524,894	\$ 483,127
Property level	546,923	700,431
Allowance for residents	55,980	39,557
Capital improvements	182,230	590,111
Funds to supplement property reserves	41,103	61,756
Unforeseen disasters	100,000	100,000
	\$ 1,451,130	\$ 1,974,982
Cash and invested cash	\$ 1,451,130	\$ 1,974,982
	\$ 1,451,130	\$ 1,974,982

Senior Housing Options, Inc. and Affiliates

Supplementary Information

Consolidating statements
Statement of financial position
June 30, 2017

	Totals	Reclassifications/ Consolidating Eliminations	Senior Housing Options	Miller House	September House	Decatur House	Barth Hotel	Madison House	Cinnamon Park	Battlement Mesa	Park Hill	Olin Hotel
Cash:												
Operating	\$ 848,556	\$ (1,043,074)	\$ 1,390,539	\$ 5,309	\$ 9,899	\$ 12,555	\$ 68,118	\$ 20,365	\$ 211,724	\$ 38,126	\$ 40,151	\$ 94,844
Security deposits	98,243	-	-	-	2,567	2,890	11,744	11,530	21,495	14,798	7,379	25,840
Resident activity	22,768	-	-	-	-	-	22,768	-	-	-	-	-
Restricted funds	1,000	-	1,000	-	-	-	-	-	-	-	-	-
Receivables:												
Trade, including related parties	144,234	(334,775)	444,073	(12,653)	(5,884)	(8,687)	(7,007)	282,301	(29,758)	(20,261)	(159,961)	(3,154)
Tenant assistance payments	374,293	-	-	-	-	-	113,627	8,241	117,069	45,584	89,772	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Investments and other assets:												
Restricted facility reserves	506,385	-	-	81,952	83,022	77,577	33,702	-	-	15,895	78,094	136,143
Board designated reserves:												
Investment in marketable securities	408,056	-	408,056	-	-	-	-	-	-	-	-	-
Cash and invested cash	1,043,074	1,043,074	-	-	-	-	-	-	-	-	-	-
Other	255,192	-	174,802	1,812	5,937	5,696	3,104	3,376	3,659	5,144	24,558	27,104
Investment in and advances to OHAA	-	(2,221,948)	2,221,948	-	-	-	-	-	-	-	-	-
Note receivable Mesa Vista	-	(930,738)	930,738	-	-	-	-	-	-	-	-	-
Property and equipment, at cost:												
Housing and care facilities	21,060,419	-	-	576,599	642,387	589,209	4,667,708	904,709	2,504,078	3,851,943	1,439,884	5,883,902
Office furniture and fixtures	437,754	-	437,754	-	-	-	-	-	-	-	-	-
Less accumulated depreciation	(11,965,343)	-	(390,538)	(535,787)	(556,130)	(524,233)	(3,390,196)	(620,035)	(1,719,879)	(3,053,768)	(941,540)	(233,237)
	<u>\$ 13,234,631</u>	<u>\$ (3,487,461)</u>	<u>\$ 5,618,372</u>	<u>\$ 117,232</u>	<u>\$ 181,798</u>	<u>\$ 155,007</u>	<u>\$ 1,523,568</u>	<u>\$ 610,487</u>	<u>\$ 1,108,388</u>	<u>\$ 897,461</u>	<u>\$ 578,337</u>	<u>\$ 5,931,442</u>
Liabilities												
Accounts payable/accrued expenses	\$ 487,384	\$ -	\$ 94,419	\$ 268	\$ 16,592	\$ 22,491	\$ 82,655	\$ 35,918	\$ 78,096	\$ 50,460	\$ 52,241	\$ 54,244
Security deposits held	94,406	-	-	3,378	2,354	2,890	10,786	10,500	18,800	13,900	7,000	24,798
Employee benefits payable	6,946	-	4,998	-	-	-	361	322	823	60	214	168
Accrued interest	226,119	-	-	-	1,211	2,247	1,731	2,336	4,828	-	2,995	210,771
Notes payable less deferred loan fees	6,521,565	(334,776)	334,776	-	157,076	295,561	326,430	561,060	1,299,050	-	462,875	3,419,513
Note payable SHO	-	(3,123,538)	-	-	-	-	-	-	-	930,737	-	2,192,801
Net assets:												
Unrestricted	4,866,399	-	5,184,179	72,774	-	-	-	351	(293,209)	(97,696)	-	-
Temporarily restricted	991,000	(29,147)	-	-	4,565	(168,182)	1,101,605	-	-	-	53,012	29,147
Permanently restricted	40,812	-	-	40,812	-	-	-	-	-	-	-	-
	<u>\$ 13,234,631</u>	<u>\$ (3,487,461)</u>	<u>\$ 5,618,372</u>	<u>\$ 117,232</u>	<u>\$ 181,798</u>	<u>\$ 155,007</u>	<u>\$ 1,523,568</u>	<u>\$ 610,487</u>	<u>\$ 1,108,388</u>	<u>\$ 897,461</u>	<u>\$ 578,337</u>	<u>\$ 5,931,442</u>

Consolidating statements
Statement of financial position
June 30, 2016

	Totals	Reclassification/ Consolidating Eliminations	Senior Housing Options	Miller House	September House	Decatur House	Barth Hotel	Madison House	Cinnamon Park	Battlement Mesa	Park Hill
Cash:											
Operating	\$ 1,245,184	\$ (1,569,614)	\$ 1,919,013	\$ 589	\$ 11,335	\$ 15,959	\$ 210,388	\$ 141,056	\$ 418,238	\$ 53,450	\$ 44,770
Security deposits	70,196	-	-	-	3,442	2,530	11,341	11,524	19,189	14,793	7,377
Resident activity	5,957	-	-	-	-	-	5,957	-	-	-	-
Restricted funds	65,852	-	65,852	-	-	-	-	-	-	-	-
Receivables:											
Trade, including related parties	64,599	(322,895)	211,117	(1,599)	(3,050)	(2,255)	(7,483)	321,858	20,516	(88,794)	(62,816)
Tenant assistance payments	217,489	-	-	-	-	-	92,456	5,831	40,668	27,493	51,041
Grants	-	(11,880)	-	-	-	-	11,880	-	-	-	-
Investments and other assets:											
Restricted facility reserves	300,335	-	-	73,528	59,632	49,735	28,898	-	-	15,890	72,652
Board designated reserves:											
Investment in marketable securities	405,368	-	405,368	-	-	-	-	-	-	-	-
Cash and invested cash	1,569,614	1,569,614	-	-	-	-	-	-	-	-	-
Other	215,624	-	147,456	-	4,390	4,295	9,145	4,102	23,137	6,893	16,206
Investment in and advances to OHAA	2,195,418	-	2,195,418	-	-	-	-	-	-	-	-
Note receivable Mesa Vista	-	(930,738)	930,738	-	-	-	-	-	-	-	-
Property and equipment, at cost:											
Housing and care facilities	14,963,607	-	-	576,599	636,340	589,209	4,628,430	877,863	2,439,352	3,789,005	1,426,809
Office furniture and fixtures	437,754	-	437,754	-	-	-	-	-	-	-	-
Less accumulated depreciation	(11,554,693)	-	(368,628)	(517,081)	(557,567)	(504,034)	(3,314,714)	(613,246)	(1,642,172)	(3,130,078)	(907,173)
	<u>\$ 10,202,304</u>	<u>\$ (1,265,513)</u>	<u>\$ 5,944,088</u>	<u>\$ 132,036</u>	<u>\$ 154,522</u>	<u>\$ 155,439</u>	<u>\$ 1,676,298</u>	<u>\$ 748,988</u>	<u>\$ 1,318,928</u>	<u>\$ 688,652</u>	<u>\$ 648,866</u>
Liabilities											
Accounts payable /accrued expenses	\$ 462,463	\$ -	\$ 154,748	\$ 127	\$ 885	\$ 1,400	\$ 88,696	\$ 38,236	\$ 74,718	\$ 57,733	\$ 45,920
Security deposits held	68,581	-	-	3,378	2,166	2,500	10,536	10,900	18,500	13,701	6,900
Employee benefits payable	(594)	-	(4,855)	-	-	-	770	1,184	1,672	120	515
Accrued interest	13,308	-	-	-	1,370	2,342	1,848	2,522	2,231	-	2,995
Notes payable less unamortized loan fees	3,251,473	(334,776)	334,776	-	177,633	307,978	337,335	583,778	1,347,918	-	496,831
Note payable SHO	-	(930,737)	-	-	-	-	-	-	-	930,737	-
Net assets:											
Unrestricted	5,147,084	-	5,405,453	69,013	-	-	-	112,368	(126,111)	(313,639)	-
Temporarily restricted	1,200,471	-	53,966	-	(27,532)	(158,781)	1,237,113	-	-	-	95,705
Permanently restricted	59,518	-	-	59,518	-	-	-	-	-	-	-
	<u>\$ 10,202,304</u>	<u>\$ (1,265,513)</u>	<u>\$ 5,944,088</u>	<u>\$ 132,036</u>	<u>\$ 154,522</u>	<u>\$ 155,439</u>	<u>\$ 1,676,298</u>	<u>\$ 748,988</u>	<u>\$ 1,318,928</u>	<u>\$ 688,652</u>	<u>\$ 648,866</u>

Consolidating statements
Statement of activities
Year ended June 30, 2017

	Totals	Consolidating Eliminations	Senior Housing Options	Miller House	September House	Decatur House	Barth Hotel	Madison House	Cinnamon Park	Battlement Mesa	Park Hill	Olin Hotel
Support and revenues:												
Rental income, net of vacancies	\$ 7,167,761	\$ -	\$ -	\$ 48,600	\$ 134,384	\$ 147,979	\$ 1,624,571	\$ 828,517	\$ 1,429,811	\$ 1,054,277	\$ 963,079	\$ 936,543
Management and bookkeeping fees	94,167	(470,026)	564,193	-	-	-	-	-	-	-	-	-
Partnership distributions	-	(446,573)	446,573	-	-	-	-	-	-	-	-	-
Contributions, grants and fundraising	195,723	-	128,778	-	383	440	47,335	1,108	6,226	9,823	130	1,500
Investment income	3,667	(25,148)	28,675	23	23	20	6	6	6	6	42	8
Miscellaneous	56,079	-	10,238	-	1,095	1,262	9,509	2,259	4,939	14,097	5,861	6,819
Gain (loss) on disposition of assets	101,464	-	-	-	-	-	-	(5,918)	-	114,228	(6,846)	-
Loss from Olin Partnership	-	94,802	(94,802)	-	-	-	-	-	-	-	-	-
	<u>7,618,861</u>	<u>(846,945)</u>	<u>1,083,655</u>	<u>48,623</u>	<u>135,885</u>	<u>149,701</u>	<u>1,681,421</u>	<u>825,972</u>	<u>1,440,982</u>	<u>1,192,431</u>	<u>962,266</u>	<u>944,870</u>
Expenses:												
Payroll and related costs:												
Payroll	3,486,048	-	655,160	-	13,410	13,440	779,558	385,486	621,180	445,984	488,656	83,174
Taxes	336,709	-	66,079	-	-	-	70,972	34,107	54,976	41,454	43,742	25,379
Health insurance/other benefits	540,181	-	86,131	-	53	53	82,415	107,069	102,206	82,086	48,142	32,026
Property, liability, mortgage insurance	133,944	-	4,324	1,961	3,562	3,817	24,996	10,553	20,168	21,510	19,284	23,769
Other taxes	62,727	-	196	300	-	-	2,470	2,348	4,614	788	1,318	50,693
Administrative	1,035,928	(470,026)	511,308	9,249	31,906	27,331	251,696	97,535	172,097	122,916	125,925	155,991
Utilities and maintenance	1,280,670	-	13,786	33,353	37,221	66,766	203,284	92,052	144,099	158,313	128,156	403,640
Interest	228,800	(25,148)	-	-	15,414	27,497	21,154	28,889	51,172	-	32,739	77,083
Miscellaneous financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Dietary	487,972	-	-	-	-	-	163,226	60,491	125,498	70,574	68,183	-
Depreciation	534,744	-	21,910	18,706	2,222	20,199	88,952	35,011	78,150	32,864	48,813	187,917
	<u>8,127,723</u>	<u>(495,174)</u>	<u>1,358,894</u>	<u>63,569</u>	<u>103,788</u>	<u>159,103</u>	<u>1,688,723</u>	<u>853,541</u>	<u>1,374,160</u>	<u>976,489</u>	<u>1,004,958</u>	<u>1,039,672</u>
Change in net assets	<u>\$ (508,862)</u>	<u>\$ (351,771)</u>	<u>\$ (275,239)</u>	<u>\$ (14,946)</u>	<u>\$ 32,097</u>	<u>\$ (9,402)</u>	<u>\$ (7,302)</u>	<u>\$ (27,569)</u>	<u>\$ 66,822</u>	<u>\$ 215,942</u>	<u>\$ (42,692)</u>	<u>\$ (94,802)</u>

Consolidating statements
Statement of activities
Year ended June 30, 2016

	Totals	Consolidating Eliminations	Senior Housing Options	Miller House	September House	Decatur House	Barth Hotel	Madison House	Cinnamon Park	Battlement Mesa	Park Hill
Support and revenues:											
Rental income, net of vacancies	\$ 6,158,663	\$ -	\$ -	\$ 48,600	\$ 131,429	\$ 150,554	\$ 1,653,648	\$ 882,582	\$ 1,418,384	\$ 899,198	\$ 974,268
Management and bookkeeping fees	206,204	(398,676)	604,880	-	-	-	-	-	-	-	-
Partnership distributions	-	(232,034)	232,034	-	-	-	-	-	-	-	-
Contributions, grants and fundraising	518,096	-	403,553	50,000	-	-	59,969	397	-	3,144	1,033
Investment income	25,300	-	25,198	20	17	13	8	7	16	10	11
Miscellaneous	22,106	-	7,373	18,600	442	475	5,581	3,161	(29,327)	11,963	3,838
	<u>6,930,369</u>	<u>(630,710)</u>	<u>1,273,038</u>	<u>117,220</u>	<u>131,888</u>	<u>151,042</u>	<u>1,719,206</u>	<u>886,147</u>	<u>1,389,073</u>	<u>914,315</u>	<u>979,150</u>
Expenses:											
Payroll and related costs:											
Payroll	3,329,800	-	812,382	-	16,080	16,140	673,828	368,410	589,349	410,602	443,009
Taxes	290,025	-	61,568	-	-	-	66,164	33,634	52,224	37,326	39,109
Health insurance/other benefits	422,174	-	67,576	-	90	90	51,731	65,825	96,341	78,447	62,074
Property, liability, mortgage insurance	93,590	-	7,347	2,598	3,933	4,508	19,774	9,752	16,055	17,532	12,091
Other taxes	14,627	-	105	300	60	10	4,236	2,222	3,779	1,288	2,627
Administrative	714,118	(398,676)	248,056	10,146	27,463	26,725	265,412	105,596	178,981	124,557	125,858
Utilities and maintenance	800,001	-	14,353	23,899	21,678	31,969	241,971	90,914	120,442	134,230	120,545
Interest	170,789	-	-	-	17,239	28,585	21,898	30,274	37,828	-	34,965
Miscellaneous financial expenses	-	-	-	-	-	-	-	-	-	-	-
Dietary	477,518	-	-	-	-	-	156,983	60,393	126,483	62,029	71,630
Depreciation	320,972	-	19,826	17,759	1,898	20,525	86,435	28,918	70,636	28,328	46,647
	<u>6,633,614</u>	<u>(398,676)</u>	<u>1,231,213</u>	<u>54,702</u>	<u>88,441</u>	<u>128,552</u>	<u>1,588,432</u>	<u>795,938</u>	<u>1,292,118</u>	<u>894,339</u>	<u>958,555</u>
Change in net assets	<u>\$ 296,755</u>	<u>\$ (232,034)</u>	<u>\$ 41,825</u>	<u>\$ 62,518</u>	<u>\$ 43,447</u>	<u>\$ 22,490</u>	<u>\$ 130,774</u>	<u>\$ 90,209</u>	<u>\$ 96,955</u>	<u>\$ 19,976</u>	<u>\$ 20,595</u>

FINANCIAL HIGHLIGHTS - BARTH HOTEL

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 1,623,107	\$ 1,652,075
Grants and donations	47,335	59,969
Other income	10,973	7,154
Interest	6	8
	1,681,421	1,719,206
 Costs and expenses:		
Elderly and congregate service	848,385	745,490
Administrative	358,690	362,686
Operating and maintenance	131,168	167,480
Taxes and insurance	182,181	144,649
Depreciation	88,952	86,435
Utilities	58,193	59,794
Finance	21,154	21,898
	1,688,723	1,588,432
 Change in net assets	\$ (7,302)	\$ 130,774
 Deposits and funded reserves	\$ 33,702	\$ 28,898
 Surplus cash	\$ 82,500	\$ 203,205

FINANCIAL HIGHLIGHTS - CINNAMON PARK

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 1,440,976	\$ 1,422,848
Interest income	6	16
	1,440,982	1,422,864
 Costs and expenses:		
ALP expense	671,367	657,165
Administrative	247,437	248,260
Taxes and insurance	182,157	158,844
Operating and maintenance	95,816	68,597
Depreciation	78,150	70,636
Finance	51,172	37,828
Utilities	48,061	50,788
Loss on disposition of assets	-	33,791
	1,374,160	1,325,909
 Change in Net Assets	\$ 66,822	\$ 96,955
 Deposits and funded reserves	\$ -	\$ -
 Surplus cash	\$ 248,803	\$ 233,920

FINANCIAL HIGHLIGHTS - MADISON HOUSE

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 828,517	\$ 885,743
Grants and other	1,036	397
Interest income	6	7
Gain (loss) on disposition of assets	(5,918)	-
	823,641	886,147
 Costs and expenses:		
ALP expense	394,705	366,820
Administrative	157,176	179,452
Taxes and insurance	150,510	107,986
Operating and maintenance	53,375	48,215
Depreciation	35,011	28,918
Utilities	31,544	34,273
Finance	28,889	30,274
	851,210	795,938
 Change in net assets	\$ (27,569)	\$ 90,209
 Surplus cash	\$ (51,278)	\$ 104,448

FINANCIAL HIGHLIGHTS - BATTLEMENT MESA

	Year ended June 30,	
	2017	2016
Revenues:		
Tenant rents	\$ 1,054,277	\$ 899,198
Gain on disposition of assets	114,228	-
Other income	23,920	15,107
Interest income	6	10
	1,192,431	914,315
 Costs and expenses:		
Assisted living services	477,690	421,671
Administrative	171,525	185,711
Taxes and insurance	144,961	134,466
Operating and maintenance	89,280	64,362
Utilities	60,169	59,801
Depreciation	32,864	28,328
	976,489	894,339
 Change in net assets	\$ 215,942	\$ 19,976
 Surplus cash	\$ 20,870	\$ (54,700)

FINANCIAL HIGHLIGHTS - PARK HILL RESIDENCE

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 963,079	\$ 974,268
Other income	5,991	4,734
Interest income	42	11
Gain (loss) on disposition of assets	(6,846)	-
	962,266	979,013
 Costs and expenses:		
Elderly and congregate service	507,869	479,866
Administrative	188,213	173,172
Taxes and insurance	113,148	116,249
Operating and maintenance	84,059	82,575
Depreciation	48,813	46,647
Finance	32,739	34,965
Utilities	30,117	24,944
	1,004,958	958,418
 Change in net assets	\$ (42,692)	\$ 20,595
 Deposits and funded reserves	\$ 78,094	\$ 72,652
 Surplus cash	\$ (30,459)	\$ (5,162)

FINANCIAL HIGHLIGHTS - DECATUR HOUSE

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 148,979	\$ 150,554
Other income	702	475
Interest income	20	13
	149,701	151,042
 Costs and expenses:		
Administrative	44,179	46,557
Operating and maintenance	41,885	16,554
Finance	36,375	28,585
Depreciation	20,199	20,525
Utilities	12,595	11,723
Taxes and insurance	3,870	4,608
	159,103	128,552
 Change in net assets	\$ (9,402)	\$ 22,490
 Deposits and funded reserves	\$ 77,577	\$ 47,230
 Surplus cash	\$ (13,102)	\$ 8,870

FINANCIAL HIGHLIGHTS - SEPTEMBER HOUSE

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 135,384	\$ 131,429
Other income	478	442
Interest income	23	17
	<u>135,885</u>	<u>131,888</u>
 Costs and expenses:		
Administrative	37,503	41,001
Operating and maintenance	27,430	15,122
Finance	22,628	17,239
Utilities	10,390	9,098
Taxes and insurance	3,615	4,083
Depreciation	2,222	1,898
	<u>103,788</u>	<u>88,441</u>
 Change in net assets	<u>\$ 32,097</u>	<u>\$ 43,447</u>
 Deposits and funded reserves	<u>\$ 83,022</u>	<u>\$ 57,630</u>
 Surplus cash	<u>\$ (9,604)</u>	<u>\$ 7,211</u>

FINANCIAL HIGHLIGHTS - MILLER HOUSE

	Year ended June 30,	
	2017	2016
Revenues:		
Rental	\$ 48,600	\$ 48,600
Interest income	23	20
Other income	-	68,600
	48,623	117,220
Costs and expenses:		
Operating and maintenance	25,971	16,668
Depreciation	18,706	17,759
Administrative	9,310	10,281
Utilities	7,321	7,096
Taxes and insurance	2,261	2,898
	63,569	54,702
Change in net assets	\$ (14,946)	\$ 62,518
 Deposits and funded reserves	\$ 81,952	\$ 73,528

FINANCIAL HIGHLIGHTS - OLIN HOTEL

	<u>Year ended</u> <u>June 30, 2017</u>
Revenues:	
Tenant rents	\$ 932,517
Other income	12,345
Interest income	8
	<u>944,870</u>
Costs and expenses:	
Operating and maintenance	508,517
Depreciation	187,917
Utilities	94,375
Administrative	88,717
Taxes and insurance	83,063
Finance	77,083
	<u>1,039,672</u>
Change in net assets	<u>\$ (94,802)</u>
Deposits and funded reserves	<u>\$ 155,442</u>

FINANCIAL HIGHLIGHTS - SHO

	Year ended June 30,	
	2017	2016
Support and revenues:		
Management and bookkeeping fees	\$ 564,193	\$ 604,880
Partnership distributions	446,573	232,034
Contributions, grants and fundraising	128,778	403,553
Investment income	28,675	25,198
Miscellaneous	10,238	7,373
Income (loss) from subsidiary - Olin	(94,802)	-
	1,083,655	1,273,038
Costs and expenses:		
Payroll and related costs:		
Payroll	655,160	812,382
Taxes	66,079	61,568
Health insurance/other benefits	86,131	67,576
	807,370	941,526
Administrative	511,308	248,056
Depreciation	21,910	19,826
Utilities and maintenance	13,786	14,353
Property, liability, mortgage insurance	4,324	7,347
Other taxes	196	105
	1,358,894	1,231,213
Change in net assets	\$ (275,239)	\$ 41,825
Deposits and funded reserves	\$ 1,578,065	\$ 1,974,982