FOUNTAINGATE GARDENS

Examination of a Financial Projection

For Each of the Ten Years Ending
June 30, 2026

Fountaingate Gardens

Examination of a Financial Projection

Ten Years Ending June 30, 2026

TABLE OF CONTENTS

DHG
DIXON HUGHES GOODMAN LLP

191 Peachtree Street, NE,
Suite 2700
Atlanta, GA 30303
D 404.575.8900
F 404.575.8870

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

Board of Directors
Gurwin Independent Housing, Inc.
Commack, New York

New York State Department of Health
Office of Health Systems Management/Division of Health Facility Planning
Bureau of Nursing Home Licensure & Certification

We have prepared an Examination of a Financial Projection of the plans of Gurwin Independent Housing, Inc. (the "Corporation"), to undertake the development of an Article 46 continuing care retirement community to be known as Fountaingate Gardens (the "Community" or the "Project") in Commack, New York. The Community, a not for profit affiliate of Gurwin Jewish Geriatric Foundation d/b/a Gurwin Jewish Healthcare Foundation (the "Foundation"), is to be located on 10 plus acres adjacent to the current Gurwin Campus and is expected to include 102 independent living apartments and 74 independent living terrace units (collectively defined as the "Independent Living Units"), and associated common spaces. The Gurwin Campus is presently comprised of The Rosalind and Joseph Gurwin Jewish Geriatric Center of Long Island, Inc. d/b/a Gurwin Jewish Nursing and Rehabilitation Center (the "Center"), a 460-bed nursing home, and the Long Island Housing Development Fund Corporation d/b/a Gurwin Jewish-Fay J. Lindner Residences ("GJ-FJLR"), an assisted living community with 200 assisted living apartments, a dementia care unit, home care programs, and adult day health programs.

Management's projection was originally prepared April 29, 2016. Management's projection and this feasibity study were updated on October 7, 2016 to reflect changes in the financing structure for the Series 2018 Bonds (hereafter defined), including the amount of and interest rates on the Series 2018 Bonds. Management's projection and this feasibility study were updated on January XX, 2017 to reflect changes in the project costs and monthly service fees.

A financial feasibility study (the "Study") was undertaken to satisfy the Certificate of Authority ("COA") Application Requirement and is for the internal use of the Corporation and the New York State Department of Health's Office of Health Systems Management/Division of Health Facility Planning/Bureau of Nursing Home Licensure & Certification as specified users of the Study ("Specified Users") and should not be used for any other purpose.

The Study is in the form of a financial projection subject to an examination by an independent certified public accountant conducted in accordance with guidelines and standards promulgated by the American Institute of Certified Public Accountants ("AICPA") regarding financial forecasts and projections. The financial projection includes: prospective financial statements covering a period of ten years including two full years of stable operations, assuming certain hypothetical assumptions (the "Hypothetical Assumptions"). A Hypothetical Assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation.

Management has prepared its financial projections assuming the following Hypothetical Assumptions:

- Construction, development, marketing and other related costs occur in the assumed timeline and at assumed costs;
- The Corporation obtains financing at rates and terms similar to those in the financial projections;
- Residents select the entrance fee refundability and contract mix assumed; and
- The Project is successfully marketed and that adequate demand for services exists to support the assumed occupancy of the Project.

Our procedures included analysis of:

- The Corporation's objectives, timing and financing;
- Debt service requirements and estimated financing costs;
- Salaries and wages, related fringe benefits and other operating expenses;
- Anticipated monthly fees for the Community's residents;
- Sources of other operating and non-operating revenues; and
- Revenue/expense/volume relationships.

The accompanying financial projection for each of the years in the ten-year period ending June 30, 2026, is based on assumptions that were provided by management of the Corporation and the Developer, Eventus Strategic Partners ("Management"). The financial projection includes the following financial statements and the related summary of significant projection assumptions and accounting policies:

- Projected Statements of Operations and Changes in Net Assets (Deficit);
- Projected Statements of Cash Flows;
- Projected Statements of Financial Position; and
- Projected Financial Ratios.

We have examined the financial projection. Management is responsible for the projection. Our responsibility is to express an opinion on the projection based on our examination. Our examination was conducted in accordance with attestation standards established by the AICPA and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by Management and the preparation and presentation of the projection. We believe that our examination provides a reasonable basis for our opinion assuming the Hypothetical Assumptions.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of senior living facilities. The financial projection is based upon legislation and regulations currently in effect. If future legislation or regulations related to the Community's operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

Management's financial projection is based on the achievement of occupancy levels as determined by Management. We have not been engaged to evaluate the effectiveness of Management and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

Our conclusions are presented below:

- In our opinion, the accompanying financial projection is presented in conformity with guidelines for presentation of a financial projection established by the AICPA.
- In our opinion, the underlying assumptions provide a reasonable basis for Management's projection assuming the Hypothetical Assumptions. However, even if the Hypothetical Assumptions occur during the projection period there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.
- The accompanying financial projection indicates that sufficient funds could be generated to meet the Community's operating expenses; working capital needs and other financial requirements; including the debt service requirements associated with the proposed debt, during the projection period. However, the achievement of any financial projection is dependent upon future events, the occurrence of which cannot be assured.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Dixon Hughes Goodman LLP

Atlanta, Georgia
January 31, 2017

Fountaingate Gardens

Projected Statements of Operations and Changes in Net Assets (Deficit)

For the Years Ending June 30,

(In Thousands of Dollars)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue:										
Earned entrance fee amortization	$ -	$ -	$ -	$ 1,375	$ 3,589	$ 4,661	$ 4,990	$ 5,077	$ 5,197	$ 5,343
Monthly service fees	-	-	-	3,732	9,248	11,372	12,196	12,493	12,822	13,197
Assisted living service fees	-	-	-	6	25	71	162	297	456	622
Nursing care service fees	-	-	-	3	14	40	84	144	227	319
Other revenue	-	-	-	187	462	569	610	625	641	660
Investment income	-	-	-	679	741	476	720	857	1,009	1,093
Total revenue	-	-	-	5,982	14,079	17,189	18,762	19,493	20,352	21,234
Expenses:										
General and administrative	-	-	408	2,197	2,183	2,287	2,228	2,306	2,386	2,469
Food service	-	-	-	1,281	2,102	2,348	2,436	2,491	2,551	2,621
Housekeeping	-	-	-	386	586	631	711	780	826	875
Building and grounds maintenance	-	-	-	688	773	807	912	952	989	1,106
Utilities and property taxes	-	-	-	1,967	2,036	2,107	2,181	2,257	2,336	2,418
Health care	-	-	-	341	776	1,171	1,682	2,252	3,036	3,691
Interest	-	-	-	5,886	3,481	2,106	2,106	2,106	2,061	1,834
Subordinate debt interest	-	-	-	107	110	113	-	-	-	-
Land lease	-	-	-	-	216	224	231	239	248	257
Management fees	-	-	-	265	347	383	415	451	495	537
Depreciation and amortization	-	-	-	2,517	4,136	4,185	4,125	4,067	4,102	4,139
Total expenses	-	-	408	15,635	16,746	16,362	17,027	17,901	19,030	19,947
Net income (loss)	-	-	(408)	(9,653)	(2,667)	827	1,735	1,592	1,322	1,287
Contribution from the Foundation	-	-	-	-	-	-	-	-	-	-
Change in net assets (deficit)	-	-	(408)	(9,653)	(2,667)	827	1,735	1,592	1,322	1,287
Net assets (deficit), beginning of year	4,000	4,000	4,000	3,592	(6,061)	(8,728)	(7,901)	(6,166)	(4,574)	(3,252)
Net assets (deficit), ending of year	$ 4,000	$ 4,000	$ 3,592	$ (6,061)	$ (8,728)	$ (7,901)	$ (6,166)	$ (4,574)	$ (3,252)	$ (1,965)

See Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountant's Examination Report

Fountaingate Gardens

Projected Statements of Cash Flows
For the Years Ending June 30,
(In Thousands of Dollars)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash flows from operating activities:										
Change in unrestricted net assets (deficit)	$ -	$ -	$ (408)	$ (9,653)	$ (2,667)	$ 827	$ 1,735	$ 1,592	$ 1,322	$ 1,287
Adjustments to reconcile change in net assets (deficit)										
to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	1,994	3,302	3,328	3,357	3,389	3,424	3,460
Amortization of deferred financing costs	-	-	-	175	254	277	187	98	98	98
Amortization of deferred marketing costs	-	-	-	348	581	581	581	581	581	581
Amortization of earned entrance fees	-	-	-	(1,375)	(3,589)	(4,661)	(4,990)	(5,077)	(5,197)	(5,343)
Entrance fees received (turnover units), non-refundable	-	-	-	383	1,189	2,278	3,052	3,661	4,435	5,176
Change in accounts receivable, prepaid expenses and other assets	-	-	-	(183)	(73)	(35)	(24)	(25)	(27)	(27)
Change in accounts payable and accrued expenses	-	-	-	598	59	70	73	75	72	48
Net cash provided by (used in) operating activities	-	-	(408)	(7,713)	(944)	2,665	3,971	4,294	4,708	5,280
Cash flows from investing activities:										
Purchase of property and equipment	(5,145)	(12,858)	(90,240)	(2,452)	(293)	(323)	(355)	(366)	(390)	(429)
(Increase) decrease in Pre-finance Project Account	(2,636)	2,636	-	-	-	-	-	-	-	-
(Increase) decrease in Project Account	-	(68,884)	66,081	2,803	-	-	-	-	-	-
(Increase) decrease in Funded Interest Account	-	(7,411)	5,231	2,180	-	-	-	-	-	-
(Increase) decrease in Debt Service Reserve Fund	-	(5,781)	-	-	2,500	625	-	-	-	-
(Increase) decrease in Operating Reserve Fund	-	-	-	(1,784)	(467)	(232)	(179)	(230)	(281)	(273)
Deferred marketing costs	(1,119)	(1,310)	(1,503)	(125)	-	-	-	-	-	-
Net cash provided by (used in) investing activities	(8,900)	(93,608)	(20,431)	622	1,740	70	(534)	(596)	(671)	(702)
Cash flows from financing activities:										
Initial entrance fees	-	-	-	66,968	36,378	12,901	-	-	-	-
Entrance fees received from resident turnover, refundable	-	-	-	466	1,447	2,554	3,714	4,772	5,397	6,132
Entrance fees refunded	-	-	-	(577)	(1,585)	(2,380)	(2,923)	(3,360)	(3,741)	(4,261)
Proceeds from issuance of Subordinate Debt	3,150	103	106	107	169	-	-	-	-	-
Proceeds from issuance of Bond Anticipation Notes	5,750	-	-	-	-	-	-	-	-	-
Proceeds from issuance of Series 2018A Bonds	-	62,500	-	-	-	-	-	-	-	-
Proceeds from issuance of Series 2018B Bonds	-	32,400	-	-	-	-	-	-	-	-
Proceeds from draws on Series 2018C Bonds	-	8,012	20,733	663	-	-	-	-	-	-
Deferred financing costs	-	(3,657)	-	-	-	-	-	-	-	-
Payments on the Subordinate Debt	-	-	-	-	-	(4,563)	-	-	-	-
Principal payments on Bond Anticipation Notes	-	(5,750)	-	-	-	-	-	-	-	-
Principal payments on Series 2018A Bonds	-	-	-	(20,000)	(42,500)	-	-	-	-	-
Principal payments on Series 2018B Bonds	-	-	-	-	-	-	-	(448)	(477)	(6,508)
Principal payments on Series 2018C Bonds	-	-	-	(29,408)	-	-	-	-	-	-
Net cash provided by (used in) financing activities	8,900	93,608	20,839	18,219	(6,091)	8,512	791	964	1,179	(4,637)
Net increase (decrease) in cash and cash equivalents	$ -	$ -	$ -	$ 11,128	$ (5,295)	$ 11,247	$ 4,228	$ 4,662	$ 5,216	$ (59)
Beginning balance of cash and cash equivalents	-	-	-	-	11,128	5,833	17,080	21,308	25,970	31,186
Ending balance of cash and cash equivalents	$ -	$ -	$ -	$ 11,128	$ 5,833	$ 17,080	$ 21,308	$ 25,970	$ 31,186	$ 31,127

See Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountant's Examination Report

Fountaingate Gardens

Projected Statements of Financial Position
For the Years Ending June 30,
(In Thousands of Dollars)

Assets	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Current assets:										
Cash and cash equivalents	$ -	$ -	$ -	$ 11,128	$ 5,833	$ 17,080	$ 21,308	$ 25,970	$ 31,186	$ 31,127
Accounts receivable, net	-	-	-	64	125	149	161	171	183	197
Prepaid expense and other current	-	-	-	119	131	142	154	169	184	197
Total current assets	-	-	-	11,311	6,089	17,371	21,623	26,310	31,553	31,521
Assets limited as to use:										
Pre-finance Project Account	2,636	-	-	-	-	-	-	-	-	-
Project Account	-	68,884	2,803	-	-	-	-	-	-	-
Funded Interest Account	-	7,411	2,180	-	-	-	-	-	-	-
Debt Service Reserve Fund	-	5,781	5,781	5,781	3,281	2,656	2,656	2,656	2,656	2,656
Operating Reserve Fund	-	-	-	1,784	2,251	2,483	2,662	2,892	3,173	3,446
Total assets limited as to use	2,636	82,076	10,764	7,565	5,532	5,139	5,318	5,548	5,829	6,102
Property and equipment	7,455	20,310	110,551	113,002	113,295	113,618	113,973	114,339	114,729	115,158
less accumulated depreciation	-	-	-	(1,994)	(5,292)	(8,619)	(11,976)	(15,366)	(18,788)	(22,246)
Net property and equipment	7,455	20,310	110,551	111,008	108,003	104,999	101,997	98,973	95,941	92,912
Other assets										
Deferred marketing costs, net	3,737	5,047	6,550	6,327	5,746	5,165	4,584	4,003	3,422	2,841
Total assets	$ 13,828	$ 107,433	$ 127,865	$ 136,211	$ 125,370	$ 132,674	$ 133,522	$ 134,834	$ 136,745	$ 133,376

See Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountant's Examination Report

Fountaingate Gardens

Projected Statements of Financial Position (continued)
For the Years Ending June 30,
(In Thousands of Dollars)

Liabilities and Net Assets (Deficit)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Current liabilities:										
Accounts payable	$ -	$ -	$ -	$ 514	$ 569	$ 634	$ 703	$ 774	$ 839	$ 881
Accrued expenses	-	-	-	84	88	93	97	101	108	114
Current maturities of long-term debt- Subordinate Debt	-	-	-	-	4,563	-	-	-	-	-
Current maturities of long-term debt- Bond Anticipation Notes	5,750	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt-Series 2018A Bonds	-	-	20,000	42,500	-	-	-	-	-	-
Current maturities of long-term debt-Series 2018B Bonds	-	-	-	-	-	-	448	477	6,508	542
Current maturities of long-term debt-Series 2018C Bonds	-	-	28,745	-	-	-	-	-	-	-
Total current liabilities	5,750	-	48,745	43,098	5,220	727	1,248	1,352	7,455	1,537
Long term debt-Subordinate Debt, net of current maturities	4,078	4,181	4,287	4,394	-	-	-	-	-	-
Long term debt-Series 2018A Bonds, net of current maturities	-	62,500	42,500	-	-	-	-	-	-	-
Long term debt-Series 2018B Bonds, net of current maturities	-	32,400	32,400	32,400	32,400	32,400	31,952	31,475	24,967	24,425
Long term debt-Series 2018C Bonds, net of current maturities	-	8,012	-	-	-	-	-	-	-	-
Deferred financing costs	-	(3,660)	(3,659)	(3,485)	(3,230)	(2,951)	(2,765)	(2,668)	(2,571)	(2,476)
Deferred revenue from entrance fees, net of amortization	-	-	-	28,877	41,961	43,907	40,261	37,024	34,077	31,347
Refundable entrance fees	-	-	-	36,988	57,747	66,492	68,992	72,225	76,069	80,508
Total liabilities	9,828	103,433	124,273	142,272	134,098	140,575	139,688	139,408	139,997	135,341
Net assets (deficit):										
Unrestricted	4,000	4,000	3,592	(6,061)	(8,728)	(7,901)	(6,166)	(4,574)	(3,252)	(1,965)
Temporarily restricted	-	-	-	-	-	-	-	-	-	-
Permanently restricted	-	-	-	-	-	-	-	-	-	-
Net assets (deficit)	4,000	4,000	3,592	(6,061)	(8,728)	(7,901)	(6,166)	(4,574)	(3,252)	(1,965)
Total liabilities and net assets (deficit)	$ 13,828	$ 107,433	$ 127,865	$ 136,211	$ 125,370	$ 132,674	$ 133,522	$ 134,834	$ 136,745	$ 133,376

Fountaingate Gardens

Projected Financial Ratios
For the Years Ending June 30,
(In Thousands of Dollars, Except for Ratios)

Long-Term Debt Service Coverage Ratio	**2023**	**2024**	**2025**	**2026**
Change in unrestricted net assets (deficit)	$ 1,735	$ 1,592	$ 1,322	$ 1,287
Deduct:				
Entrance fee amortization	(4,990)	(5,077)	(5,197)	(5,343)
Entrance fees refunded	(2,923)	(3,360)	(3,741)	(4,261)
Add:				
Interest expense	2,106	2,106	2,061	1,834
Depreciation and amortization	4,125	4,067	4,102	4,139
Entrance fees received	6,766	8,433	9,832	11,308
Income Available for Debt Service	$ 6,819	$ 7,761	$ 8,379	$ 8,964
Maximum Annual Debt Service [(a)]	$ 2,554	$ 2,554	$ 2,554	$ 2,554
Maximum Annual Debt Service Coverage Ratio	2.67x	3.04x	3.28x	3.51x

Days Cash on Hand	**2023**	**2024**	**2025**	**2026**
Cash and cash equivalents	$ 21,308	$ 25,970	$ 31,186	$ 31,127
Operating Reserve	2,662	2,892	3,173	3,446
Cash on hand	$ 23,970	$ 28,862	$ 34,359	$ 34,573
Total expenses	17,027	17,901	19,030	19,947
Less:				
Depreciation and amortization	(4,125)	(4,067)	(4,102)	(4,139)
Total expenses less depreciation and amortization	12,902	13,834	14,928	15,808
Daily operating expenses [(b)]	35	38	41	43
Days cash on hand	678	762	840	798

(a) The Maximum Annual Debt Service is equal to the greatest debt service requirement in the then current or any future fiscal year.
(b) Daily operating expenses are equal to total operating expenses less depreciation and amortization divided by 365 days.

See Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountant's Examination Report

Basis of Presentation

The accompanying financial projection presents, to the best knowledge and belief of Management of Gurwin Independent Housing, Inc. (the "Corporation"), the projected results of activities, cash flows and financial position as of and for each of the ten years ending June 30, 2026, of Fountaingate Gardens (the "Community" or the "Project"). The Community is expected to include 102 independent living apartments and 74 independent living terrace units (collectively defined as the "Independent Living Units" or "Living Accommodations"), and associated common spaces to be constructed on the Gurwin Campus in Commack, New York. Accordingly, the accompanying financial projection reflects the judgment of Management as of January 31, 2017, the date of this projection, based on present circumstances and the expected course of action during the projection period. The assumptions disclosed herein are those that Management believes are significant to the projection. Management recognizes that there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying financial projection was undertaken to satisfy Certificate of Authority ("COA") Application Requirement and is for the internal use of the Corporation and the New York State Department of Health's Office of Health Systems Management/Division of Health Facility Planning/Bureau of Nursing Home Licensure & Certification as specified users of this report ("Specified Users") and should not be used for any other purpose.

A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation. Management has prepared its financial projection assuming the following hypothetical assumptions (collectively referred to as the "Hypothetical Assumptions"):

- Construction, development, marketing and other related costs occur in the assumed timeline and at assumed costs;
- The Corporation obtains financing at rates and terms similar to those in the financial projections;
- Residents select the entrance fee refundability and contract mix assumed; and
- The Project is successfully marketed and that adequate demand for services exists to support the assumed occupancy of the Project.

Background

Gurwin Independent Housing, Inc. ("Gurwin" or the "Corporation"), The Gurwin Jewish Healthcare Foundation (the "Foundation"), The Rosalind and Joseph Gurwin Jewish Geriatric Center of Long Island, Inc. d/b/a Gurwin Jewish Nursing and Rehabilitation Center (the "Center"), a 460-bed nursing home, and the Long Island Housing Development Fund Corporation d/b/a Gurwin Jewish-Fay J. Lindner Residences ("GJ-FJLR"), an assisted living community, have a twenty-five year history of providing quality care and services to the senior citizens of central Long Island, New York.

Recently, the Foundation purchased land purchased contiguous to the existing assisted living community and plans have been formulated to expand the Gurwin Campus to include independent living apartments and other amenities at Fountaingate Gardens (the "Community"). The Community is a New York not-for-profit corporation established in January 2015. The Board of Directors of Gurwin Independent Housing, Inc. will have fiduciary responsibility for the Community.

Description of the Community

Based on preliminary market and financial analyses performed, Management has developed plans to build 176 independent living units, consisting of 102 one-bedroom and two-bedroom apartments and 74 terrace units in separate buildings on 10 plus acres on the Gurwin Campus. Amenities of the Community include a community center that will feature dining venues, an art studio, an indoor swimming pool, fitness and exercise area, salon/day spa, game room, library and multi-purpose room.

Fountaingate Gardens will utilize a Priority Reservation Process to identify prospective residents of the Community. Utilizing a combination of direct mail, telemarketing, advertising, and public relations, the marketing and sales professionals at Fountaingate Gardens will reach out to local senior citizens to provide information about the Community and to invite them to attend one of a series of information sessions that will be scheduled at either the marketing and sales office or local restaurants or other meeting venues.

The following table summarizes the types of Independent Living Units, approximate square footage, monthly service fees ("Monthly Service Fee") and entrance fees ("Entrance Fee") proposed for the Community.

Table 1
Proposed Independent Living Unit Configuration

Independent Living Unit Type	Number of Units	Square Footage	Monthly Fee	80% Refund Entrance Fee (1)	50% Refund Entrance Fee (1)
Apartments Units:					
One Bedroom					
1 Bedroom Average	8	824	$3,450	$565,000	$424,000
1 Bedroom Average	16	828	3,450	570,000	428,000
1 Bedroom Den	14	954	3,880	648,000	486,000
1 Bedroom Den	8	1,040	4,230	718,000	539,000
1 Bedroom Den	8	1,170	4,540	797,000	598,000
Two Bedroom					
2 Bedroom	16	1,057	4,230	707,000	530,000
2 Bedroom	8	1,126	4,500	744,000	558,000
2 Bedroom Den	16	1,280	4,880	824,000	618,000
2 Bedroom Den	8	1,350	5,080	852,000	639,000
Apartment Totals/Avg	**102**	**1,060**	**$4,213**	**$706,824**	**$530,235**
Terrace Units					
One Bedroom					
Terrace Bedroom	11	984	$4,140	$723,000	$542,000
Terrace Bedroom Den	8	1,064	4,330	771,000	578,000
Two Bedroom					
Terrace 2 Bedroom	11	1,225	4,920	841,000	631,000
Terrace 2 Bedroom	22	1,349	5,330	928,000	696,000
Terrace 2 Bedroom	11	1,403	5,370	961,000	721,000
Terrace 2 Bedroom Den	11	1,555	5,630	973,000	730,000
Terrace Units Totals/Avg	**74**	**1,284**	**$5,035**	**$879,216**	**$659,459**
Total/Avg	**176**	**1,154**	**$4,558**	**$779,307**	**$584,568**
Second Person Fee (3)			**$850**	**$26,000**	**$20,000**
Life Care Fee (2)			**$930**	**$65,000**	**$65,000**

Source: Management and Eventus Strategic Partners

(1) Both Entrance Fee types will include sixty lifetime days of skilled nursing and priority access to assisted living services, should they be needed, in the Center or GJ-FJLR.
(2) Residents of the Community will have the option of paying an additional Life Care Fee to provide for unlimited assisted living and/or skilled nursing days at no increase in cost above the Monthly Fee for the Resident's Living Accommodation (the "Life Care Option").
(3) The Second Person Entrance Fee does not apply when the Second Person purchases the Life Care Option. However, both Second Person Monthly Fees apply to the Life Care Option.

Timeline

The following table illustrates the anticipated timeline for financing, construction completion and fill-up of the Community.

Table 2
Development Timeline

File Article 46	May 2016
Approval from LCC – Begin 10% deposits	July 2016
Construction commences on the Community	January 2018
Independent Living Units available for occupancy	July 2019
Independent Living Units achieve stabilized occupancy of 94%	June 2023

Significant Agreements

Development of the Project

The Corporation initiated development activities for the Project with the engagement of Eventus Strategic Partners (the "Developer"). The Developer specializes in providing planning, development and marketing, management, and strategic consulting services related to all areas critical to the senior living business. The Developer is also assisting the Corporation with development planning and local approvals, including zoning and State Environmental Quality Review Act review and approval, as well as site plan reviews and approvals.

Management of the Community

The Corporation intends to enter into a Management Agreement with the Center to provide management services to the Community. The Management Agreement shall have a term of five years, commencing on the date on which the Corporation receives the Certificate of Occupancy for the first residential building at the Community. The Management Fee is payable monthly at 4.0 percent of total monthly operating expenses, exclusive of interest, depreciation and amortization.

Transfer Agreement

The Corporation will enter into an Agreement for Skilled Nursing Services (the "Transfer Agreement") with the Center to provide for skilled nursing care to Fountaingate Gardens' residents. Under the Transfer Agreement, the Center agrees to provide the first available room at the appropriate level of care to the resident.

If the resident is a Life Care Option Resident or is eligible for up to sixty (60) days of skilled nursing care at the Center, the Center will bill Medicare or the Supplemental Coverage carrier directly for such services at the then prevailing rate for same. If there are no deductibles or co-insurance or co-payments due in connection with such services, the Center will retain the payment as payment in full for services rendered and will not bill either Fountaingate Gardens or the resident for same. If there are deductibles or co-insurance/co-payments required by Medicare or the Supplemental Coverage or if services are not covered by Medicare or Supplemental Coverage and are to be paid by the resident in connection with such services, the Center will bill Fountaingate Gardens for same, but will not exceed the agreed upon daily rate payable between Fountaingate Gardens and the Center.

If the resident is not a Life Care Option Resident or has exhausted his or her available days of skilled nursing care at the Center, and the resident requires services which are covered by Medicare or Supplemental Coverage insurance, the Center will bill Medicare or the Supplemental Coverage carrier directly for such services at the then prevailing rate for same. Any deductibles or co-insurance/co-payments required by Medicare or the Supplemental Coverage will be billed by the Center to and are payable by the resident. If the services required by a resident are not covered by Medicare or Supplemental Coverage, the Center will bill the resident for the services at the Center's then current private pay daily rate.

Summary of Financing

Management has assumed the following sources and uses of funds in preparing the financial projection based upon information provided by Management and Eventus Strategic Partners.

Table 3
Sources and Uses of Funds – Project Summary
(In Thousands)

Sources of Funds:	
Series 2018A: Short-term Tax Exempt Bonds (1)(2)	$ 62,500
Series 2018B: Long term Tax Exempt Bonds (1)(2)	32,400
Series 2018C: Direct Purchase Tax Exempt Bonds (1)(2)	29,408
Bond Anticipation Notes (2)	5,750
Interest Income (2)(3)	1,124
Subordinate Debt (2)	4,000
Equity Contribution(2)	4,000
Total Sources of Funds	**$ 139,182**
Uses of Funds:	
Construction (4)	$ 74,551
Furnishings and Equipment (5)	2,072
Design and Engineering (6)	5,420
Marketing Budget (7)	6,676
Fee Permits and Development Costs (8)	5,983
Project Contingency (9)	7,042
Escalation (10)	8,534
Total Project Costs	110,278
Legal and Financing(11)	3,357
Pre-opening Costs(12)	650
Loan Commitment Fee(13)	300
Funded Interest(14)	11,058
Seed Money Interest(15)	1,043
Debt Service Reserve Fund(16)	5,781
Repayment of Bond Anticipation Notes(17)	5,750
Working Capital(18)	965
Total Uses of Funds	**$ 139,182**

Sources: Management and Eventus Strategic Partners.

Notes:

(1) Collectively referred to as the Series 2018 Bonds.

(2) The expected proceeds from the sale of the Series 2018 Bonds, a portion of entrance fees, execution of a land lease, an equity contribution from the Foundation in 2015 and 2016, Bond Anticipation Notes issued in 2017, the issuance of Subordinate Debt in 2016, and interest earnings on trustee held funds are to be used for the following:

  (a) To pay all costs for construction, planning, designing and equipping the Project;
  (b) To fund a Debt Service Reserve Fund related to the Series 2018A and 2018B Bonds;
  (c) To fund interest on all of the Series 2018 Bonds for approximately 23 months; and
  (d) To fund the initial Operating Reserve Fund.

(3) Interest in the amount of $1,124,000, is estimated to be earned on the Construction Fund, the Funded Interest Fund, and the 2018 Bonds Debt Service Reserve Fund at 3.0 percent, and is based upon information provided by Eventus Strategic Partners.

(4) Construction costs and other costs related to the construction of the Community are assumed to approximate $74,551,000, based upon estimates provided by Management.

(5) Estimated furniture and equipment related costs for the Community are assumed to approximate $2,072,000.

(6) Design and engineering costs are assumed to approximate $5,420,000 and include costs associated with architect, civic engineering, and interior design fees, based upon estimates provided by the respective firm(s)

(7) Marketing costs related to the Community are estimated to total $6,676,000, and include direct marketing and advertising costs, salaries and benefits, fees to Love & Company for marketing sales consulting services and other promotion materials.

(8) Development coordination fee and other fees, permits, insurance, and legal will total approximately $5,983,000.

(9) Management has included a project contingency of $7,042,000, as part of the overall Community related costs.

(10) Management has included an estimate escalation costs of $8,534,000, as part of the overall Community related costs based on information provided by the Contractor and other sources.

(11) Legal and financing fees related to the Series 2018 Bonds are assumed to approximate $3,357,000, and include Underwriter’s fees, actuarial and accounting fees, legal fees, and other issuance costs.

(12) Management has estimated pre-opening costs of $650,000 to include initial staffing and supplies.

(13) The Loan Commitment Fee is estimated at $300,000 and is included with (11) as a cost of issuance of long-term debt.

(14) Funded interest and interest on the Series 2018C Bonds are estimated at $10,026,000 and $1,032,000, respectively, to be used to fund interest on the Series 2018 Bonds for approximately 23 months from the date of issuance of the Series 2018 Bonds.

(15) Seed Money Interest is estimated to be $1,043,000 based on the borrowings estimated interest rates and length of time funds are outstanding.

(16) The deposit to the Debt Service Reserve Fund for the Series 2018 Bonds is assumed to approximate $5,781,000.

(17) The repayment of Bond Anticipation Note of approximately $5,750,000 is anticipated to occur upon issuance of the 2018 Bonds.

(18) Working Capital is estimated at $965,000 and is based on estimated operating costs during initial occupancy.

Description of Residency Agreements

Residency Agreements

To be accepted for admission to the Community prospective resident must be at least 62 years of age (or if a couple, one spouse is at least 62 years of age) at the time residency is established and exhibit an ability to live independently and meet their financial obligations as residents of the selected type of Living Accommodation.

The residency agreement ("Residency Agreement") is a contract under which the Community is obligated, upon payment by the resident of an Entrance Fee and ongoing payments of the Monthly Service Fee to the Community, to provide certain services for life to the resident. Under the Residency Agreements, payment of the Entrance Fee and Monthly Service Fee entitles all residents of the Community ("Residents") to receive the following services and amenities:

- Security and 24-hour emergency call systems;
- Thirty meals per month;
- Bi-weekly light housekeeping;
- Access to the courtesy clinic for routine services;
- Maintenance of both the Living Accommodation and the grounds and equipment;
- Sewer, water, electricity, heat and air conditioning and trash removal;
- One underground parking space (a Second Person will received access to a parking space in a surface lot);
- Property taxes (or payment in-lieu of taxes) and property and casualty insurance on the building and grounds;
- Scheduled local transportation;
- Planned social, educational, cultural and recreational activities;
- Additional storage space;
- Use of the community areas, private dining and meeting rooms, lounges, lobbies, library, social and recreational rooms, and other common activity facilities; and
- Sixty lifetime days of skilled nursing care at the Center, as needed; and
- Priority access to assisted living accommodations at GJ-FJLR and skilled nursing care at the Center.

Additional services are available to residents for an extra charge including, but are not limited to: additional meals, cost of telephone and premium television, beautician and barber services, a convenience store, and other concierge services.

Under the Residency Agreement, the resident can also select a "Life Care Option," subject to certain qualification criteria. The Life Care Option includes the above services; however, under these agreements, the resident is entitled to unlimited access, when medically necessary, to skilled nursing and assisted living care at the Center or GJ-FJLR without any increase in the then current monthly fee. The Life Care Option requires each qualifying resident to pay an additional Life Care Entrance Fee and the Monthly Service Fee. When the Residency Agreement is terminated, the Residency Entrance Fee is refunded to the resident without interest, less a 4.0 percent administrative fee and less 2.0 percent for each month that the resident occupied the Living Accommodation, which reduction is capped at 50% or 80% of the Entrance Fee depending on which type of refundable option was selected by the resident. Payment of the refund shall be made within thirty (30) days after a new resident pays the then applicable Entrance Fee for the Living Accommodation, but in no event later than one (1) year after the Agreement is terminated. The additional Life Care Entrance Fee amortizes over four years until fully amortized and is non-refundable. If two Residents occupy a Living Accommodation and one of them is permanently transferred to the Center or another health care facility, the resident not transferred may remain in the Living Accommodation and will be charged the Monthly Service Fee he or she would have been charged had both residents remained in their Living Accommodation. Neither resident will receive a refund of any portion of the respective Entrance Fees at the time of transfer.

To reserve a Living Accommodation, a prospective resident is required to place a deposit equal to 10 percent of the Entrance Fee (the “Entrance Fee Deposit”) upon execution of a Residency Agreement. The deposit is refundable until such time the unit is occupied. The remaining 90 percent of the Entrance Fee and the Life Care Option Entrance Fee, if applicable, is due on or before the occupancy date (the “Occupancy Date”) of the Living Accommodation, but in no event later than sixty days following the date at which the Living Accommodation is available for occupancy, unless this time is extended in writing by the Community. A non-refundable $250 application fee is payable upon the execution of a Residency Agreement. If the resident fails to begin paying the monthly fee within 60 days of the date the Living Accommodation is available for occupancy, the Community will terminate the Residency Agreement and refund the resident’s entrance fee deposit, with any interest earned while the deposit was in escrow, within thirty days of the receipt of the applicable entrance fee deposit from a new resident for the Living Accommodation, but in no instance more than one year.

Second Person Entrance Fee

The Corporation shall provide a refund of the second person Residency Entrance Fee paid by a resident without interest, less a 4.0 percent administrative fee and less 2.0 percent for each month that the resident occupied the Living Accommodation. Payment of the refund shall be made within thirty (30) days after a new resident pays the then applicable Entrance Fee for the Living Accommodation, but in no event later than one (1) year after the Agreement is terminated. When two residents contractually share a Living Accommodation, any refund of the Entrance Fee will only be paid at termination of the contract.

The second person Life Care Option Entrance Fee supplements the second person Residency Entrance Fee and is amortized at 2.0 percent per month over four years until fully amortized and is non-refundable.

Entrance Fee Options

The Entrance Fee options, related amortization schedules and refunds upon termination of the Residency Agreement are summarized as follows:

Table 4
Projected Utilization of Residency Agreement Options

Entrance Fee Option	Amortization Schedule
80% Residency Refund Plan	The 80% Residency Refund Plan, after a 4.0 percent administrative fee, amortizes at 2.0 percent per month for each month of occupancy for the first 8 months. After the 8th month, the refund is fixed at 80 percent.
50% Residency Refund Plan	The 50% Residency Refund Plan, after a 4.0 percent administrative fee, amortizes at 2.0 percent per month for each month of occupancy for the first 23 months. After the 23rd month, the refund is fixed at 50 percent.
Life Care Option	Amortizes at 2.0 percent per month for each month of occupancy until fully amortized and non-refundable.

Entrance fees are not received from escrow until the Community's opening and are assumed either to fund working capital or to pay down construction loans.

The following table summarizes Management's assumption for the utilization of the Residency Agreement options by first generation Residents of the Independent Living Units in 2023.

Table 5
Projected Utilization of Residency Agreement Options

First Generation Residents	Management's Projection Assumption	
Plan Type(1)	**Number**	**Percent of Total**
80% Refundable	41	25 percent
50% Refundable	124	75 percent
Total	**165**	**100 percent**

Source: Management and Eventus Strategic Partners
(1) 50 percent of First Generation Residents are assumed to select the Life Care Option.

Termination Prior to Occupancy

The resident may rescind the Residency Agreement without penalty by written notice to the Corporation within seven days of executing the Residency Agreement. The Corporation shall refund the portion of the Entrance Fee paid within three (3) days receipt of written notice.

After the expiration of seven days from the date of execution of the Residency Agreement, the resident may terminate the Agreement without penalty based on the terms in the signed Residency Agreement.

Termination After Occupancy

After the resident has assumed residency in the Community, the resident may terminate this Residency Agreement for any reason by giving the Corporation thirty (30) days written notice. The Resident shall pay the monthly service fee up to and including the date of termination. The effective date of termination shall be the thirty-first (31^{st}) day after written notice is given.

If the resident terminates occupancy within the first 90 days, the Corporation shall provide a refund of the Entrance Fee paid by resident without interest to the resident or the resident's legally designated representative, less any costs specifically incurred in preparing the resident's Living Accommodation for residency, as requested by the resident, less unpaid monthly service fees and other charges set forth on the monthly service fee statement, and costs incurred as a result of damage to the Living Accommodation. Payment of the refund shall be made thirty (30) days after the new resident pays the then applicable Entrance Fee for the Living Accommodation, but in no event later than one (1) year after the resident terminates residency. When two residents contractually share a Living Accommodation, any refund of the Entrance Fee will only be paid at termination of the Residency Agreement.

The resident's Living Accommodation is declared vacant if the resident has been transferred to the Center or GJ-FJLR or another healthcare facility. At that time, the resident will be charged with the current appropriate monthly service fee the Resident would pay for the Living Accommodation vacated. No refund of either 50 percent or 80 percent of the original Entrance Fee (depending on the signed Residency Agreement) will be made to the resident as a result of the permanent transfer. The refund will be made upon Termination of the Agreement. The Residency Agreement also describes what should happen in the event of other changes in accommodations, such as transfers between Living Accommodations and the like.

If two residents occupy a Living Accommodation and one of them is permanently transferred to the Center or GJ-FJLR, the remaining resident may continue to live in the Living Accommodation and will continue to be responsible for payment of the monthly fee. Neither resident will receive a refund of any portion of the Entrance Fee at time of transfer.

Summary of Significant Accounting Policies

(a) Basis of Accounting
The Community plans to maintain its accounting and financial records according to the accrual basis of accounting.

(b) Deferred Costs
The marketing costs incurred by the Community in connection with acquiring initial Resident contracts are capitalized and amortized on a straight-line basis over a period approximating the average life expectancy of the initial residents.

Costs associated with the issuance of the related financing are assumed to be capitalized and amortized over the life of the debt using the effective interest method. Management has implemented ASU No. 2015-03 "Interest—Imputation of Interest" and simplified the presentation of debt issuance costs. Under ASU No. 2015-03, the unamortized debt issuance costs are netted against the related debt on the balance sheet and amortization is included in interest expense on the projected statement of operations.

(c) Property, Equipment and Depreciation Expense
Property and equipment are recorded at cost. Depreciation expense is calculated on the straight-line method over the estimated useful lives of depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

(d) Assets Limited as to Use
Assets limited as to use are assumed to be carried at fair value, which, is assumed to approximate historical cost. Management assumes no material changes in fair values that result in material net realized or unrealized gains or losses during the projection period.

(e) Investment Income
Investment income, other than that capitalized as part of Community costs, is reported as operating revenue unless restricted by donor or law. Management has not projected any unrealized gains or losses on investments.

(f) Costs of Borrowing
Net interest cost incurred on borrowed funds related to the Community during the period of construction is capitalized as a component of the cost of acquiring those assets.

(g) Deferred Revenue from Entrance Fees
The amortizing (non-refundable) portion of Entrance Fees received are recorded as deferred revenue and are recognized as operating income using the straight-line method over the estimated remaining life expectancy of the residents in the Independent Living Units.

(h) Refundable Entrance Fees
Refundable Entrance Fees received are deferred and the refundable portion of the Entrance Fee is maintained as a liability, reflecting the Community's future obligation for repayment.

(i) Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid securities with an original maturity of three months or less when purchased.

(j) Taxes
Management has included a provision for property taxes for the Community based upon Management's experience.

Summary of Revenue and Entrance Fee Assumptions

Monthly Service Fee and Other Revenue

Monthly service fee revenue is based upon charges for services provided to residents of the Community and upon the assumed occupancy and the monthly service fee of the respective units. Management assumes the monthly service fees are to increase 3.5 percent beginning January 1, 2021 and annually thereafter.

Other revenue is generated from additional resident meals and snacks, guest meals, guest apartment rentals, barber and beauty fees, and other miscellaneous sources. Additionally, it includes nursing ancillary revenue related to therapies, medical supplies, and other billable ancillary services. These revenues are assumed to increase 3.0 percent annually during the construction and pre-opening period and 3.5 percent annually thereafter. The Community is assumed to achieve and maintain a 93.7 percent occupancy level in June 2022 and remain at that level throughout the projection period.

The following table summarizes the assumed occupancy of the Living Accommodations.

Table 6
Utilization of the Living Accommodations

Years ended June 30,	Average Units Occupied	Average Units Available	Average Occupancy
Projected:			
2020(1)	50.8	176.0	28.8%
2021	129.1	176.0	73.3%
2022	156.0	176.0	88.7%
2023 and thereafter	165.0	176.0	93.7%

Source: Management and Eventus Strategic Partners

(1) The Living Accommodations are to be available for occupancy in July 2019 and fill to a 93.7 percent occupancy level over a 36-month period at an average of approximately 4.6 units per month.

Residents are assumed to begin moving into the Community in July 2019. The following table summarizes the assumed move-in pattern for the Living Accommodations.

Table 7
The Community's Monthly Move-in Pattern (Net of Move-Outs)

Fiscal Year	Net Move-Ins Total	Cumulative Total	Cumulative Percentage (1)
FY 2020			
July	8.8	8.8	5.0%
August	8.8	17.6	10.0%
September	8.8	26.4	15.0%
October	8.8	35.2	20.0%
November	8.8	44.0	25.0%
December	8.8	52.8	30.0%
January	8.8	61.6	35.0%
February	8.8	70.4	40.0%
March	5.3	75.7	43.0%
April	5.3	81.0	46.0%
May	7.0	88.0	50.0%
June	7.0	95.0	54.0%
FY 2021			
July	7.0	102.0	58.0%
August	7.0	109.0	62.0%
September	7.0	116.0	66.0%
October	7.0	123.0	70.0%
November	7.0	130.0	74.0%
December	7.0	137.0	78.0%
January	1.6	138.6	78.8%
February	1.6	140.2	79.7%
March	1.6	141.8	80.6%
April	1.6	143.4	81.5%
May	1.6	145.0	82.4%
June	1.6	146.6	83.3%
FY 2022			
July	1.6	148.2	84.2%
August	1.6	149.8	85.1%
September	1.6	151.4	86.0%
October	1.6	153.0	86.9%
November	1.6	154.6	87.8%
December	1.6	156.2	88.8%
January	1.6	157.8	89.7%
February	1.6	159.4	90.6%
March	1.6	161.0	91.5%
April	1.6	162.6	92.4%
May	1.6	164.2	93.3%
June	0.8	165.0	93.7%
Total	**165.0**		**93.7%**

Source: Management and Eventus Strategic Partners

(1) Cumulative occupancy based on 176 Living Accommodations.

See Independent Accountant's Examination Report

Assumed Independent Living Turnover

The assumed number of Independent Living Units becoming available due to resident turnover, the double occupancy rate, the number of annual resident Entrance Fee refunds, and the movement of the Community's residents due to death, withdrawal or transfer are provided by A.V. Powell & Associates (the "Actuary").

The double occupancy percentage for Residents in the Independent Living Units is assumed to approximate 53.0 percent in fiscal year 2021 and to decline to approximately 37.0 percent in fiscal year 2024.

The following table presents the assumed initial and attrition Entrance Fees received and the total Entrance Fee refunds.

Table 8
Initial and Turnover Entrance Fee Receipts and Total Entrance Fee Refunds
(In thousands)

For the Years Ending June 30,	2020	2021	2022	2023	2024	2025	2026
Number of Entrance Fees Received (Initial)	95.0	51.7	18.3	-	-	-	-
Entrance Fees Received (Initial)	$ 66,968	$ 36,378	$ 12,901	$ -	$ -	$ -	$ -
Number of Entrance Fees Received (Attrition)	1.2	3.8	6.7	9.1	10.8	12.2	13.6
Entrance Fees Received (Attrition)	$ 849	$ 2,636	$ 4,832	$ 6,766	$ 8,433	$ 9,832	$ 11,308
Entrance Fees Refunded	($577)	($1,585)	($2,380)	($2,923)	($3,360)	($3,741)	($4,261)
Entrance Fees Received, Net of Refunds	**$ 67,240**	**$ 37,429**	**$ 15,353**	**$ 3,843**	**$ 5,073**	**$ 6,091**	**$ 7,047**

Source: Management and the Actuary

Nursing and Assisted Living Service Fees

Nursing service and assisted living service fees are based upon the terms of the Transfer Agreement, number of transfers provided by the Actuary, and the monthly rates of $5,428 for Single Person Life Care Option and $1,471 for Second Person Life Care Option transfers increased for inflation of 3.5 percent per year.

Investment Income

Management assumes an assumed average annual rate of return of 3.0 percent annually on the Corporation's cash and certain assets limited as to use accounts. The Project Account is assumed to earn an average annual rate of return of 1.0 percent annually.

Summary of Expenses Assumptions

Operating expenses are estimated based upon the historical experience of Management. Staff salaries and wages are based on its historical experience and prevailing local salary and wage rates. Salary and wage costs are assumed to increase 3.0 percent annually during the construction and pre-opening period and 3.5 percent annually thereafter. The cost of employee fringe benefits, consisting primarily of payroll taxes, health insurance and other costs are assumed to approximate 24.0 percent of salaries and wages throughout the projection period. The following table summarizes the staffing levels during the projection period for all departments.

Table 9
Schedule of Staffing Levels (FTEs-Full Time Equivalents) –
Fiscal Year 2023 (At Stabilization)

Department	Total
Administration	10.0
Housekeeping	7.9
Facilities	7.3
Dining	22.5
Healthcare	1.7
Total FTEs	49.4

Source: Management and Eventus Strategic Partners

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses. The cost of these non-salary operating expenses is assumed to increase 3.0 percent annually during the construction and pre-opening period and 3.5 percent annually thereafter.

Healthcare Expenses

Healthcare expenses include salary and wages for a Medical Director at the Community, as well as the expenses incurred based on the assumptions described in the Transfer Agreement. The other expenses related to assisted living and skilled care are based on census assumptions provided by the Actuary and assumed 2014 rates of $168 assisted living rate per day and a $443 skilled services rate per day increased for inflation of 3.5 percent per year to $202 and $532 per day, respectively in FY 2020.

Land Lease

The Corporation intends to enter into a land lease with Gurwin Jewish Healthcare Foundation at $18,000 per month beginning July 2020 and increasing 3.5 percent annually for the remainder of the projection period.

Assets Limited as to Use

Assets limited as to use is comprised of the following funds:

Pre-finance Project Account - The Pre-finance Project Account to be gross funded at closing from a portion of the Series 2018 Bond proceeds, to be used to pay for construction and related costs for the Community.

Project Account - The Project Account to be gross funded at closing from a portion of the Series 2018 Bond proceeds, to be used to pay for construction and related costs for the Community.

Funded Interest Account - The Funded Interest Account from the Series 2018 Bond proceeds to be used to fund 23 months of interest related to the Series 2018 Bonds.

Debt Service Reserve Fund - The Debt Service Reserve Fund is assumed to be funded with proceeds to be received from the closing of the Series 2018A and Series 2018B Bonds. The debt service reserve funds associated with each series of bonds are assumed to be released and available to pay debt service in the year that the respective series of bonds are repaid in full.

Operating Reserve Fund - The Operating Reserve Fund is 90 days operating expenses (less interest, depreciation and amortization) and is to be initially funded with approximately $1.7 million of initial Entrance Fees received. The Operating Reserve Fund is to be available to: make up deficiencies, if any, in the Construction Fund, pay Community operating, marketing and pre-opening expenses; and pay debt service on the outstanding indebtedness, to the extent that other moneys are not available.

Property and Equipment and Depreciation Expense

Management estimates that the Community is assumed to incur routine capital additions during the projection period that will be capitalized as property and equipment. Depreciation expense is computed based on the straight-line method for buildings and equipment over the estimated average useful lives of the related assets.

The Community's property and equipment costs, net of accumulated depreciation, during the projection period are summarized in the table below.

Table 10
Schedule of Property and Equipment
(In Thousands)

Years Ending June 30,	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning balance	$ 2,310	$ 7,455	$ 20,310	$ 110,551	$ 113,002	$ 113,295	$ 113,618	$ 113,973	$ 114,339	$ 114,729
Project costs	4,726	9,744	83,045	1,775	-	-	-	-	-	-
Capitalized interest	419	3,111	5,481	-	-	-	-	-	-	-
Capital additions	-	-	1,715	676	293	323	355	366	390	429
Ending balance	7,455	20,310	110,551	113,002	113,295	113,618	113,973	114,339	114,729	115,158
Accumulated depreciation	-	-	-	(1,994)	(5,292)	(8,619)	(11,976)	(15,366)	(18,788)	(22,246)
Property and equipment, net	**$ 7,455**	**$ 20,310**	**$ 110,551**	**$ 111,008**	**$ 108,003**	**$ 104,999**	**$ 101,997**	**$ 98,973**	**$ 95,941**	**$ 92,912**

Source: Management and Eventus Strategic Partners

Long-Term Debt and Interest Expense

The Corporation has assumed the following structure and general terms to finance the Community's construction. In 2017, the Corporation assumes to issue approximately $4.0 million in Subordinate Debt and $5.7 million in Bond Anticipation Notes ("BANs") to fund initial costs related to the development and construction of the Community and to reimburse the Corporation for certain pre-development costs. The BANs are assumed to be repaid in FY 2018, and the Subordinate Debt is assumed to be repaid in FY 2022.

In addition, three series of tax-exempt bonds expected to be issued in 2018, collectively referred to as the Series 2018 Bonds, are described as follows:

- $62,500,000 of non-rated tax exempt bonds (the "Series 2018A Bonds") with an average interest rate of 5.0 percent. The Series 2018A Bonds are projected to have a stated final maturity of January 1, 2029, and are anticipated to be redeemed in full at par by June 30, 2021, upon approximately 83 percent occupancy of the Independent Living Units;
- $32,400,000 of non-rated tax exempt bonds (the "Series 2018B Bonds") consisting of maturities to January 1, 2049, with an average interest rate of 6.5 percent, and;
- $29,408,000 of tax exempt direct purchase bank revenue bonds (the "Series 2018C Bonds"), to be advanced on a draw-down basis, consisting of term maturities to December 31, 2023 at an average interest rate of 4.5 percent. The Series 2018C Bonds, including accrued interest, are expected to be redeemed in FY 2020.

The following table presents the projected annual debt service during the projection period and thereafter.

Table 11
Schedule of Annual Debt Service
(In Thousands)

	2016 Notes		Series 2018 Bonds		
Year Ending June 30,	Principal Payment	Interest Payment	Principal Payment	Interest Payment	Total Debt Service
2017	$ -	$ 419	$ -	$ -	$ 419
2018	5,750	396	-	2,616	8,762
2019	-	-	-	5,231	5,231
2020	-	-	48,379	6,260	54,639
2021	-	-	42,500	3,481	45,981
2022	4,000	563	-	2,106	6,669
2023	-	-	-	2,106	2,106
2024	-	-	448	2,091	2,539
2025	-	-	477	2,061	2,538
2026	-	-	6,508	1,834	8,342

Source: Management and Eventus Strategic Partners

(1) The 2016 Notes include the Subordinate and the BANs.

The Corporation is solely responsible for the payment of debt service on the Series 2018A, 2018B, and 2018C Bonds. None of other entities on the Gurwin Campus or affiliated organizations are liable for payment of interest, principal, and premium on any of the Series 2018 Bonds.

Current Assets and Current Liabilities

Operating expenses exclude amortization, depreciation, other non-cash expenses and interest expense. Operating revenues include monthly service fees. Working capital components have been estimated based on industry standards and Management's historical experience as follows:

Table 12
Working Capital – Days on Hand

Accounts receivable	10	days of operating revenues
Prepaid expenses and other assets	15	days of operating expenses
Accounts payable and accrued expenses	20	days of operating expenses

Source: Management and Eventus Strategic Partners