WILKERSON GUTHMANN
CPAs and Business Consultants

February 15, 2017

To the Member of
Tallahassee NHHI, LLC
Bloomington, Minnesota

We have audited the financial statements of Tallahassee NHHI, LLC (the Company) for the period November 12, 2015 (inception) to September 30, 2016, and have issued our report thereon dated February 15, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Consideration of Internal Controls

In planning and performing our audit of the financial statements of the Company as of September 30, 2016 and for the period November 12, 2015 (inception) to September 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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One of the circumstances described in the standard as constituting a material weakness is when a company that does not have the internal resources and/or expertise to ensure that there is full and complete presentation of the financial statements and related note disclosures relies on its outside auditors to prepare its financial statements and related note disclosures in accordance with generally accepted accounting principles.

While we recognize this circumstance as a material weakness based on the auditing standard, we also recognize that many organizations choose not to allocate resources to this very specialized activity. It is the role of the Board together with management to determine whether the Company is willing to accept the degree of risk that financial reports could be misstated due to this circumstance.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

- Management's estimate of the amortization periods of the original issue discount and debt issuance costs are based on the expected maturities dates of the bonds.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Attached is a list of adjusting journal entries necessary to present the financial statements in accordance with accounting principles generally accept in the United Stated of America as part of our nonattest services agreement we have communicated in our letter to you dated November 2, 2016.

Also attached is a schedule that summarizes uncorrected misstatement of the financial statements. Management has determined that the effect of the uncorrected misstatement is immaterial to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 15, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the member and management of Tallahassee NHHI, LLC and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Wilkerson, Guthmann & Johnson, Ltd.

Tallahassee NHHI, LLC

Financial Statements
and Independent Auditor's Report

For the Period November 12, 2015 (Inception) to September 30, 2016

Tallahassee NHHI, LLC

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For the Period November 12, 2015 (Inception) to September 30, 2016

Independent Auditor's Report

To the Member of
Tallahassee NHHI, LLC
Bloomington, Minnesota

We have audited the accompanying financial statements of Tallahassee NHHI, LLC, (a Florida Limited Liability Company) which comprise the balance sheet as of September 30, 2016, and the related statements of operations, member's equity, and cash flows for the period November 12, 2015 (inception) to September 30, 2016, 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Tallahassee NHHI, LLC, as of September 30, 2016, and the results of its operations and its cash flows for the period November 12, 2015 (inception) to September 30, 2016 in accordance with accounting principles generally accepted in the United States of America.

Wilkerson, Guthmann & Johnson, Ltd.

Saint Paul, Minnesota
February 15, 2017

Tallahassee NHHI, LLC

Balance Sheet

September 30,		2016
ASSETS		
Current		
Cash	$	28,763
Property and Equipment		
Land		2,200,000
Construction in Progress		23,855,551
Property and Equipment		26,055,551
Other		
Restricted Deposits and Funded Reserves		12,236,779
Total Assets	**$**	**38,321,093**
LIABILITIES AND MEMBER'S EQUITY		
Current		
Current Maturities of Bonds Payable	$	250,000
Accounts Payable		1,583,472
Advance from Affiliate		3,000
Accrued Interest Payable		781,625
Total Current Liabilities		2,618,097
Long-Term		
Bonds Payable, Net of Current Maturities		30,474,528
Deferred Developer Fee		1,849,500
Total Long-Term Liabilities		32,324,028
Total Liabilities		34,942,125
Member's Equity		3,378,968
Total Liabilities and Member's Equity	**$**	**38,321,093**

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

Tallahassee NHHI, LLC

Statement of Operations

For the Period November 12, 2015 (Inception) to September 30, 2016

Revenues		
Rental Revenue	$	-
Operating Expenses		
Payroll		147,030
Advertising		53,803
Management		544,479
Supplies		3,894
Technology		30,128
Vehicle		14,801
Total Expenses		794,135
Net Loss	**$**	**(794,135)**

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

Statement of Member's Equity

For the Period November 12, 2015 (Inception) to September 30, 2016

Balance, November 12, 2015 (Inception)	$	-
Member Contributions		4,173,103
Net Loss		(794,135)
Balance, September 30, 2016	**$**	**3,378,968**

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

For the Period November 12, 2015 (Inception) to September 30, 2016

Cash Flows from Operating Activities		
Net Loss	$	(794,135)
Adjustments to Reconcile Net Loss to Net Cash		
Provided by Operating Activities:		
Accounts Payable		106,183
Net Cash Provided by Operating Activities		(687,952)
Cash Flows from Investing Activties		
Purchase of Property and Equipment		(21,682,223)
Deposits to Series 2015A Capitalized Interest Account, Net		(2,180,015)
Deposits to Series 2015B Capitalized Interest Account, Net		(156,732)
Deposits to Bond Fund, Net		(1,310)
Deposits to Construction Fund, Net		(4,200,128)
Deposits to Debt Service Reserve Fund, Net		(2,588,479)
Deposits to Operating Reserve Fund, Net		(3,093,481)
Deposit to Issuer Fee Account, Net		(16,634)
Net Cash Used in Investing Activities		(33,919,002)
Cash Flow from Financing Activities		
Proceeds from Issuance of Bonds		32,868,767
Payment of Bond Issuance Costs		(2,409,153)
Advance from Related Party		3,000
Member Contributions		4,173,103
Net Cash Provided by Financing Activities		34,635,717
Net Change in Cash		28,763
Cash, November 12, 2015 (Inception)		-
Cash, September 30, 2016	**$**	**28,763**

Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for:		
Interest on Series 2015 Bonds	$	1,120,329
Noncash Investing and Financing Activities:		
Amortization of Original Issue Discount Capitalized as Construction in Progress	$	3,467
Accrued Developer Fee Capitalized as Construction in Progress		1,849,500

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

1. Organization

Tallahassee NHHI, LLC (the Company) is a Florida Limited Liability Company whose planned principal operations are operation of a 107-unit senior assisted living housing community and a 44-unit memory care facility located in Tallahassee, Florida (together, the Project).

The Company acquired the land and building in December 2015 and is extensively remodeling the existing building to meet the needs of the assisted living community. The Company is also constructing the memory care facility on a portion of the land acquired.

The Company is in the development stage and its activities are subject to significant risks and uncertainties. The Company is dependent on obtaining occupancy and collecting rents and service fees to meet its financial commitments.

2. Summary of Significant Accounting Policies

Cash Equivalents

Restricted deposits and funded reserves and tenant security deposits are not considered cash equivalents.

Property and Equipment

Property and equipment are carried at cost. No property or equipment was in service as of September 30, 2016. The Company capitalizes interest costs incurred during the construction period.

Expenditures for replacements, maintenance, and repairs which do not improve or extend the life of the respective assets, are expensed as incurred.

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

Bond Issuance Costs and Original Issue Discounts

Costs incurred in connection with the issuance of new bonds payable are generally capitalized and amounts paid in connection with the modification of existing debt are generally expensed as incurred. Capitalizable bond issuance costs paid to third parties and original issue discounts paid to creditors, net of amortization, are offset against the associated current and long-term debt on the Balance Sheet.

2. Summary of Significant Accounting Policies (continued)

Bond Issuance Costs and Original Issue Discounts (continued)

Amortization expense on capitalized bond issuance costs and original issue discounts related to loans with fixed payment terms is calculated using the effective interest method over the term of the associated loans. Amortization is treated as additional interest expense and accordingly, is capitalized during the development phase of the Project and expensed when development phase of the Project is complete. If debt is extinguished prior to the maturity date, any remaining associated debt issuance costs or original issue discounts are expensed to interest expense. Bond issuance cost amortization of $261,447 and original issue discount amortization of $3,467 were capitalized into the construction in progress during the period ending September 30, 2016.

Revenue Recognition

Revenue is recorded when services are rendered and consists of fees for basic housing, support services, and other assisted living care costs. Rental agreements are generally for a one-year term. Revenue from fees charged to tenants such as late fees, damages, maintenance fees, laundry facility income, and forfeited security deposits are recorded when earned.

Income Taxes

The Company is not a taxpaying entity; therefore, no provision for income taxes has been recorded in the financial statements. All tax effects of the Company are passed through to the member to be reported on its separate income tax return. Federal and state tax authorities generally have the right to examine the current and prior three years of income tax returns. The Company is not currently under examination by any taxing jurisdiction.

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through February 15, 2017, which is the date the financial statements were available to be released.

3. Restricted Deposits and Funded Reserves

In accordance with terms of the bonds the Company is required to make monthly and periodic deposits into and payments from bond reserve funds. The reserve funds are invested in money market funds and are held by the Trustee. The cost of the money market funds approximates their fair value. Balances in the restricted deposits and funded reserves consist of the following at September 30, 2016:

Series 2015A Capitalized Interest Account	$ 2,180,015
Series 2015B Capitalized Interest Account	156,732
Bond Fund	1,310
Construction Fund	4,200,128
Debt Service Reserve Fund	2,588,479
Operating Reserve Fund	3,093,481
Issuer Fee Account	16,634
	$ 12,236,779

Series 2015A and 2015B Capitalized Interest Accounts

Proceeds of $3,506,705 from the bond issuance were deposited into the Capitalized Interest Accounts to the extent required to pay interest on the bonds for the first 18 months of operation.

Issuance Cost Fund

The Issuance Cost Fund was established to pay all issuance costs incurred in connection with the Series 2015 bonds. Once all costs were paid prior to September 30, 2016, the fund was closed.

Bond Fund

The Bond Fund is established to serve as a sinking fund from which to pay the principal, premium, and interest on the Series 2015 bonds.

Construction Fund

Proceeds from the bond issuance were deposited into the Construction Fund for the purpose of acquisition of the existing land and building and remodeling of the project. Amounts remaining in the Construction Fund on the completion date after all constructions costs are paid and the development phase is complete will be transferred to the Bond Fund and used for redemption or to pay interest on the Series 2015 bonds.

3. Restricted Deposits and Funded Reserves (continued)

Debt Service Reserve Fund

A Debt Service Reserve Fund was funded with $2,586,762 in bond proceeds to cover the maximum amount of annual debt service on the Series 2015 bonds. Amounts are only available for payment of principal and interest on the Series 2015 bonds when other money is not available. Earnings on the fund are to remain in the fund and used for payment of principal and interest on the Series 2015 bonds if available.

Operating Reserve Fund

Proceeds from the bond issuance and reimbursements for costs of the Project previously incurred by the borrower will be used to pay costs of the Project, operating expenses, the principal of the Series 2015B bonds payable December 1, 2016 and 2017, and the principal of premium, if any, and interest on the series 2015 bonds to the extent there are any insufficient moneys in the Bond Fund on any interest payment date.

Issuer Fee Account

The Issuer Fee Account a designated account within the Administration Fund from which the annual issuer's fee is paid.

Surplus Fund

The Surplus Fund is held in trust for the payment of the bonds and all such other obligations after which, the amounts held may be distributed to the Company. The Surplus Fund is funded by certain amounts provided from a to be established Revenue Fund as specified in the trust agreement.

4. Land Use Restriction Agreement

The Project will be a "qualified residential rental project" within the meaning of the Section 142(d) of the Internal Revenue Code of 1986, as amended. The operations of the Project will be governed by a Land Use Restriction Agreement dated as of December 1, 2015 by and among the Company, the Issuer (Capital Trust Agency) and the Trustee (U.S. Bank National Association). Pursuant to the Land Use Restriction Agreement, the Company will agree to rent at least 20 percent of the units at the Project to residents whose incomes do not exceed 50 percent of the area median income, as adjusted for family size, as determined by the United States Department of Housing and Urban Development ("HUD"). The restriction is expected to remain in place for at least 15 years from the date at least 50% of such units are first occupied.

5. Long-Term Debt

Long-term debt consists of the following as of September 30, 2016:

Series 2015A tax-exempt fixed rate bonds with maturity dates ranging from December 2035 to December 2050 bearing interest at rates ranging from 6.75% to 7.125%. The bonds are secured by a mortgage, assignment of leases and rents, and a security agreement. The bonds are subject to certain covenants as identified in the agreements.	$ 31,210,000
Series 2015B taxable fixed rate bonds with maturity dates ranging from December 2021 to December 2022 bearing interest at rates ranging from 8.125% to 8.75%. The bonds are secured by a mortgage, assignment of leases and rents, and a security agreement. The bonds are subject to certain covenants as identified in the agreements.	2,025,000
Total Principal Payments Due	33,235,000
Original Issue Discount and Debt Issuance Cost	(2,510,472)
Total Outstanding	30,724,528
Current Portion	(250,000)
Long-Term Portion	$ 30,474,528

Future maturities are as follows for the years ending September 30:

2017	$ 250,000
2018	240,000
2019	260,000
2020	285,000
2021	305,000
Thereafter	31,895,000
	$ 33,235,000

6. Deferred Developer Fee

The Company entered into an agreement with Tapestry Senior Housing Development, LLC (the Developer), to provide project development and management services pre-construction, during construction, and after the Project is completed. The Company will pay a deferred developer fee of $1,849,500 from the Surplus Fund as defined in the Trust agreement (Note 3). The fee is subordinated to the bonds payable.

The Developer amended its agreement in December 2016 to only accept payment of the developer fee upon sale of the Project or the refinance of the bonds payable. The Developer subsequently assigned the Developer's rights to the agreement to United Equities, LLC, an affiliated entity with common management.

7. Related Party Transactions

The Company has a management agreement with Tallahassee Tapestry Senior Housing Management (Tapestry), a related party through common ownership, which provides for management of the Project (Note 9). Tapestry is also reimbursed for other management expenses. Tapestry was paid $399,538 for services during the period ended September 30, 2016. Accounts payable due to Tapestry was $43,359 at September 30, 2016.

8. Management Agreement

The Company has an agreement with Tapestry, a related party, for the management of the project. The term of the Management Agreement shall commence on the date of issuance of the Certificate of Occupancy and continue for a period of 120 months. Terms of the agreement include:

- Base Management Fee: 5% of the gross revenues of the Project.
- Development Services and Startup Fee: $100,000 for development and startup expenses, and establishing specific in-house systems.
- Pre-Occupancy Period Reimbursements: Administration fee equal to 10% of reimbursable items.
- Initial Occupancy Period Fee and Reimbursements: Administration fee equal to 10% of reimbursable items and 5% of gross revenues until the Project achieves 75% occupancy at which the fee will be limited to the Base Management Fee.

Management fees are subordinate to the debt service payments of the Series 2015 bonds and other operating expense of the Project. There is not a waiver of such fee.

9. Subsequent Events

The Project was completed and received its final certificate of occupancy on November 16, 2016.

The Project began leasing units in December 2016.