

TUSCAN GARDENS

August 11th, 2017

Herbert J. Sims & Company, Inc.
7380 Sand Lake Road
Suite 405
Orlando, Florida 32819

Re: Tuscan Gardens Senior Living Community Project Revenue Bonds consisting of Series 2015A, Taxable Series 2015B, and Subordinate Series 2015C Revenue Bonds

Dear Sir or Madam:

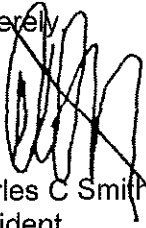
Pursuant to Section 3.24 (a) and (b) of the Master Trust Indenture, please find enclosed the unaudited financial statements, cash flow, days cash on hand and management's discussions and analysis, as well as the occupancy test for the period ending June 30, 2017.

In addition, pursuant to Section 3.24 (a) and (b) of the Master Trust Indenture, the Long-Term Debt Service Coverage Ratio covenant is not applicable until June 30, 2019.

In accordance with Section 3.24 (f) of the Master Trust Indenture, for the above referenced bond, the undersigned hereby represents as follows:

To the best of our knowledge, during the period ended June 30, 2017 and as of the date of this certificate, the Obligated Group is in compliance with all of the financial terms, provisions and conditions of the Master Trust Indenture, and Related Loan Agreement, and any Related Bond Indenture.

Sincerely,



Charles C. Smith, Jr.
President

Combined TUSCAN GARDENS OF VENETIA BAY MANAGEMENT COMPANY, LLC ("TGV BMC")
and TUSCAN GARDENS OF VENETIA BAY PROPERTIES, LLC ("TGV BP")
Summarized Financial Statements (Unaudited)

Balance Sheet

June 30, 2017

	TGV BMC	TGV BP	Combined
Cash - Seacoast	\$ 187,167	12,217	\$ 199,384
1005 · USBank- CTA 2015 SR INT (4000)		1,242,320	\$ 1,242,320
1010 · USBank-CTA 2015C INT (4001)		18,173	\$ 18,173
1015 · USBank- CTA 2015 PROJ FD (4002)		39,224	\$ 39,224
1025 · USBank-CTA 2015 SR CP INT(4004)		179,594	\$ 179,594
1030 · USBank-CTA 2015C CAP INT(4005)		2	\$ 2
1035 · USBank-CTA 2015 SR DSR FD(4008)		2,757,030	\$ 2,757,030
1045 · USBank-MTI OPER RES FD (2001)		313,270	\$ 313,270
1050 · USBank-MTI WORK CAP FUND (2002)		8	\$ 8
1055 · USBank-MTI ALLOCATION FD (2004)		319,263	\$ 319,263
1057 · USBank-MTI Ins & Tax Esc (2006)		66,136	\$ 66,136
1060 · USBank-CTA ADM Costs Acct (4009)		52,614	\$ 52,614
Total Cash	\$ 187,167	4,999,851	\$ 5,187,018
Other current assets	109,523	1,840,573	1,950,096
Fixed Assets	1,286,422	29,786,725	31,073,147
Other Assets	28,563	1,797,941	1,826,504
Total Assets	<u>\$ 1,611,675</u>	<u>\$ 38,425,090</u>	<u>\$ 40,036,765</u>
Inter-company	\$ 2,343,276	\$ (2,343,276)	\$ 0
Current Liabilities	2,458,491	768,281	\$ 3,226,772
Long-term Debt	250,864	36,250,303	36,501,167
Total Equity	<u>(3,440,956)</u>	<u>3,749,782</u>	<u>308,826</u>
Total Liab & Equity	<u>\$ 1,611,675</u>	<u>\$ 38,425,090</u>	<u>\$ 40,036,765</u>

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Summarized Financial Statements (Unaudited)

Statement of Operations and changes in Members' Equity

	<u>Quarter Ended June 30, 2017</u>					<u>YTD Ended June 30, 2017</u>				
	TGV BMC	TGV BP	Combined	Budget	Variance	TGV BMC	TGV BP	Combined	Budget	Variance
Assisted Living Revenue	629,408		629,408	\$ 725,210	(95,802)	1,042,980		1,042,980	1,196,759	(153,779)
Memory Care Revenue	148,119		148,119	\$ 557,775	(409,656)	254,267		254,267	810,551	(556,284)
Revenue	\$ 777,527	\$ -	\$ 777,527	\$ 1,282,985	\$ (505,458)	\$ 1,297,247	\$ -	\$ 1,297,247	\$ 2,007,310	(710,063)
Operating Expenses										
Wages and Benefits	(468,968)		(468,968)	(565,761)	96,793	(872,369)		(872,369)	(1,026,153)	153,784
General and Admin	(158,373)	(20,415)	(178,788)	(365,018)	186,230	(612,540)	(39,577)	(652,117)	(697,735)	45,618
Marketing	(252,626)		(252,626)	(52,350)	(200,276)	(252,626)		(252,626)	(147,225)	(105,401)
Food and Beverage	(47,153)		(47,153)	(73,092)	25,939	(83,932)		(83,932)	(119,773)	35,841
Rent	(636,030)	636,030	-	-	-	(1,272,060)	1,272,060	-	-	-
Operating Expenses	<u>(1,563,150)</u>	<u>615,615</u>	<u>(947,535)</u>	<u>(1,056,221)</u>	<u>108,686</u>	<u>(3,093,527)</u>	<u>1,232,483</u>	<u>(1,861,044)</u>	<u>(1,990,886)</u>	<u>129,842</u>
Net Operating Income	(785,623)	615,615	(170,008)	226,764	(396,772)	(1,796,280)	1,232,483	(563,797)	16,424	(580,221)
Other expenses	-	-	-	-	-	-	-	-	-	-
Reversal of YE Mkt value of bk accts		(33,509)	(33,509)		33,509		(33,509)	(33,509)		33,509
Allocation Payment		386,264	386,264		(386,264)		386,264	386,264		(386,264)
Amort of Bond Discounts		6,989	6,989		(6,989)		13,678	13,678		(13,678)
Interest	-	601,484	601,484	636,030	34,546	-	1,242,600	1,242,600	1,272,060	29,460
Deprec & Amort	48,836	330,703	379,539	-	(379,539)	96,630	330,703	427,333	-	(427,333)
Net Income	<u>\$ (834,459)</u>	<u>\$ (676,316)</u>	<u>(1,510,775)</u>	<u>\$ (409,266)</u>	<u>\$ (1,101,509)</u>	<u>\$ (1,892,910)</u>	<u>\$ (707,253)</u>	<u>(2,600,163)</u>	<u>\$ (1,255,636)</u>	<u>\$ (1,344,527)</u>
Members Equity Beginning 3/31/17	\$ (2,606,497)	\$ 4,217,091	\$ 1,610,594							
Contributions	-	50,000	50,000							
Reclass of Allocation funding to prepaid	-	159,007	159,007							
Members Equity 6/30/17	<u>\$ (3,440,956)</u>	<u>\$ 3,749,782</u>	<u>\$ 308,826</u>							

Combined TUSCAN GARDENS OF VENETIA BAY MANAGEMENT COMPANY, LLC ("TGV BMC")
and TUSCAN GARDENS OF VENETIA BAY PROPERTIES, LLC ("TGV BP")
Summarized Financial Statements (Unaudited)

Statement of Cash Flow

Quarter Ended June 30, 2017

	<u>TGV BMC</u>	<u>TGV BP</u>	<u>Combined</u>
Cash flow from Operating Activities			
Net Income (Loss)	(834,459)	(676,316)	(1,510,775)
Depreciation expense	48,836	330,703	379,539
(Increase) in accounts receivable	14,172	(636,030)	(621,858)
Increase (Dec) in accounts payable	641,078	4,310	645,388
Increase in accrued expenses	48,626		48,626
Other	217,117	(641,130)	(424,013)
Net cash (used) in Operating Activities	135,370	(1,618,463)	(1,483,093)
Cash flow from Investing Activities	0	50,000	(67,970)
Cash flow from Financing Activities	0		(3,418)
Net Increase(decrease) in Cash	135,370	(1,568,463)	(371,975)
Cash at beginning of Quarter	51,797	6,568,316	6,620,113
Cash at end of Quarter	187,167	4,999,853	5,187,020

YTD Ended June 30, 2017

	<u>TGV BMC</u>	<u>TGV BP</u>	<u>Combined</u>
Cash flow from Operating Activities			
Net Income (Loss)	(1,892,910)	(707,253)	(2,600,163)
Depreciation expense	96,630	330,703	427,333
(Increase) in accounts receivable	100,180	(1,272,060)	(1,171,880)
Increase (Dec) in accounts payable	1,421,497	4,310	1,425,807
Increase in accrued expenses	166,672	0	166,672
Other	190,967	(222,416)	(31,449)
Net cash (used) in Operating Activities	83,036	(1,866,716)	(1,783,680)
Cash flow from Investing Activities	(67,970)	50,000	(17,970)
Cash flow from Financing Activities	0	(3,418)	(3,418)
Net Increase(decrease) in Cash	15,066	(1,820,134)	(1,805,068)
Cash at beginning of Year	172,101	6,819,987	6,992,088
Cash at end of Quarter	187,167	4,999,853	5,187,020

Tuscan Gardens of Venetia Bay
Occupancy Testwork
06/30/17 - Quarter 2 of Agreement

AHCA License Receipt Date	10/24/2016
First Resident Date	11/4/2016

Occupancy Qtr:	Date	Unit Percentage Occupancy Requirement	Required Unit Census	Actual Unit Census	Covenant Test Met (Yes/No)
2	6/30/2017	37%	50	53	Yes

Census at 06/30/17

AL - First Persons	43
MC - First Persons	10
	<u>53</u>

Total Units

AL	78
MC	58
	<u>136</u>

Combined TUSCAN GARDENS OF VENETIA BAY MANAGEMENT COMPANY, LLC ("TGVBMC")
and TUSCAN GARDENS OF VENETIA BAY PROPERTIES, LLC ("TGVBP")

Operating Expense - Days Cash on Hand

Operating Expense - Days Cash on Hand

	<u>As of June 30, 2017</u>		
	<u>TGVBMC</u>	<u>TGVBP</u>	<u>Combined</u>
Cash and Cash Equivalents	187,167	12,217	199,384
Operating Reserve Fund		313,270	313,270
Repair and Replacement Fund		0	0
Available Reserves	187,167	325,487	512,654
Operating Expenses	4,209,809	64,992	4,274,801
Daily cash operating expenses	16,068	248	16,316
Days Cash on Hand			31
Meets Requirements:			YES

Notes:

Operating expenses are equal to expenses less allocation payment, depreciation and amortization expense.
Daily cash operating expenses are based on 262 days (10/12/16 to 6/30/17)

	<u>TGVBMC</u>	<u>TGVBP</u>	<u>Combined</u>	<u># of Days</u>
10/12/16-12/31/16	1,116,282	25,414	1,141,696	81
1/1/17-6/30/17	3,093,527	39,578	3,133,105	181
Total	4,209,809	64,992	4,274,801	262

Combined TUSCAN GARDENS OF VENETIA BAY MANAGEMENT COMPANY, LLC ("TGV BMC")
and TUSCAN GARDENS OF VENETIA BAY PROPERTIES, LLC ("TGV BP")

Management Discussion and Analysis

And Occupancy Test

Quarter Ended June 30, 2017

Tuscan Gardens of Venetia Bay Properties, LLC (the Company) was organized in June 2014 and is a Florida limited liability company. The Company is the Obligated Group Agent under (and as defined in) the Master Trust Indenture dated as of May 1, 2015 (the Master Indenture) by and among the Members of the Obligated Group (as defined in the Master Indenture) and U.S. Bank National Association, as Master Trustee (the Master Trustee). The Company and its affiliate, Tuscan Gardens of Venetia Bay Management Company, LLC (TGV Management), are the Members of the Obligated Group.

The Master Indenture was entered into for the purpose of providing the issuance of obligations by Members of the Obligated Group (Project Obligations) for acquiring, constructing, developing, furnishing and equipping a congregate senior living community, composed of 136 units, which includes 78 assisted living units comprising 90 beds and 58 memory care units, and related common areas on property located at 841 Venetia Bay Boulevard, in the City of Venice, Florida in Sarasota County, Florida (the Project).

Construction of the Project began in May 2015. The Project's building received its Certificate of Occupancy and was considered completed on October 12, 2016. The first resident moved into the building on November 3, 2016.

Revenue for the second quarter of 2017 is less than budget due to a slow fill up rate in the memory care portion of the community. The budget was based 52 units in assisted living and 32 units in memory care for a total of 84 units. The actual units filled in assisted living was 43 and 10 units filled in memory care.. In addition to the first person residents in each unit there were 10 second residents in assisted living portion for a total resident count of 63.

Wages and Benefits were below budget due to the actual occupancy less than budget. As more residents move in the appropriate staff level will be maintained.

The revenue for the first 6 months of the year was less than budget due to occupancy for the 1st and 2nd quarter below budget.

Wages and benefits were lower than budget due to the correlation between occupancy and the number of employees.

Marketing expenses are higher than budget due to referral fees paid to referral agencies. Referral fees was not a budgeted item.

Our loan covenant test for the second quarter of 2017 required 50 units to be occupied, and we have actually rented 53 units as of June 30, 2017, therefore we are in compliance with the Occupancy test.

Occupancy Qtr:	Date	Unit Percentage Occupancy Requirement	Required Unit Census	Actual Unit Census	Covenant Test Met (Yes/No)
2	6/30/17	37%	50	53	Yes

**Census at
06/30/17**

AL - First Persons	43
MC - First Persons	<u>10</u>
	<u>53</u>

Total Units

AL	78
MC	<u>58</u>
	<u>136</u>