



FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)

QUARTERLY REPORT AND UNAUDITED FINANCIAL STATEMENTS

JUNE 30, 2017

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OFFICER'S CERTIFICATE OF THE OBLIGATED GROUP REPRESENTATIVE

The Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of August 11, 2017 for the second quarter ended June 30, 2017.

I, Chief Financial Officer of the Obligors, hereby certify that all financial statements of the Obligors provided to the Master Trustee have been prepared in accordance with GAAP (subject to year-end adjustments).

FRIENDSHIP RETIREMENT CORPORATION

A handwritten signature in black ink, appearing to read "Ben Jarmul", is written over a light blue horizontal line.

Name: Ben Jarmul

Title: Chief Financial Officer

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations - Three-Months Ended June 30, 2017 - Compared to Budget

Revenues: Total unrestricted revenues for the three-months ended June 30, 2017 were \$7,092,203 down \$676,227 or 9% as compared to budget. The single biggest contributor for the unfavorable variance was due to net patient services for skilled nursing care of \$4,503,982, down \$768,732 or 15% as compared to budget. A lower than expected census during the summer months, which was experienced not only by our facility, but also other local skilled nursing facilities including hospitals. The average census for Providence Place for the three-months ended June 30, 2017 was 89% as compared to a budgeted census of 92%.

Expenses: Operating expenses for the three-months ended June 30, 2017 were \$7,396,637, down \$429,112 or 5% as compared to budget. The single biggest contributor for the favorable variance was due to salaries and benefits of \$4,521,406, down \$246,970 or 5% as compared to budget. The lower than expected census as previously noted resulted in decreased staffing; however, the decrease staffing did not keep pace with the decrease in revenues.

Results of Operations - Six-Months Ended June 30, 2017 - Compared to Budget

Revenues: Total unrestricted revenues for the six-months ended June 30, 2017 were \$14,219,398 down \$1,058,250 or 7% as compared to budget. The single biggest contributor for the unfavorable variance was due to net patient services for skilled nursing care of \$9,221,455, down \$1,168,387 or 11% as compared to budget. The average census for Providence Place for the six-months ended June 30, 2017 was 90% as compared to a budgeted census of 92%.

Expenses: Operating expenses for the six-months ended June 30, 2017 were \$14,851,663, down \$617,346 or 4% as compared to budget. The single biggest contributor for the favorable variance was due to salaries and benefits of \$9,026,973, down \$358,182 or 4% as compared to budget.

Refundable Entrance Fee Contracts - Liability and Refunds

Approximately 90 current residents have refundable entrance fee contracts. The total liability of refundable entrance fee contracts was \$3,451,066 as of June 30, 2017. Refunds of refundable entrance fees were \$560,315 for the six-months ended June 30, 2017.

Facilities Update and Bond Capital Project Fund

During the six-months ended June 30, 2017, the ongoing remodeling of independent living units, remodeling of the projects activity center and corporate area (second phase which freed up five Casitas for rental), the paving of parking lots throughout the campus, and the replacement of two cooling towers were completed.

Independent living units are being remodeled on a current basis as residents terminate their contracts. To date, 151 units out of 227 units for the Casitas have been renovated and 72 units out of 96 units for Crossings have been renovated.

Projects outstanding as of June 30, 2017 include Primrose Lane at Providence Place (completed in early August 2017) and the Villa's basement, which will house the new wellness center and activity room.

Draws collected from the bond capital project fund for the six-months ended June 30, 2017 were \$219,977, which leaves a balance of \$471,801 as of June 30, 2017.

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED BALANCE SHEET
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
<u>Current Assets:</u>		
Unrestricted Cash and Cash Equivalents	\$ 7,104,352	\$ 2,400,652
Unrestricted Investments	1,243,886	5,228,178
Restricted Cash and Investments	3,778,296	-
Accounts Receivable, net	1,573,769	1,402,767
Inventories	51,864	61,649
Due from Affiliates	63,748	-
Prepaid Expenses and Other	306,410	330,022
Total Current Assets	<u>14,122,325</u>	<u>9,423,268</u>
Assets Whose Use is Limited	2,276,591	5,712,324
Other Assets	174,064	174,064
Property and Equipment, net	24,866,637	22,359,136
Deferred Financing Costs, net	747,148	404,748
Total Assets	<u><u>\$ 42,186,765</u></u>	<u><u>\$ 38,073,540</u></u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u>		
Current Maturities of Long-Term Debt	\$ 240,000	\$ 82,442
Accrued Bond Interest Payable	82,564	-
Line of Credit	600,000	1,900,000
Accounts Payable	822,954	1,179,569
Accrued Expenses	935,008	868,371
Current Portion of Refundable Entrance Fees	630,000	788,000
Security Deposits	182,570	195,691
Total Current Liabilities	<u>3,493,096</u>	<u>5,032,652</u>
Long-Term Debt, less Current Maturities	20,160,000	12,092,722
Premium on Bonds Payable, net	259,635	-
Capital Lease Obligation	53,107	65,961
Refundable Entrance Fees	2,821,066	3,844,199
Deferred Revenue from Entrance Fees	1,534,129	1,904,787
Total Liabilities	<u>28,321,033</u>	<u>22,940,321</u>
<u>Net Assets:</u>		
Unrestricted:		
Undesignated	9,631,234	11,689,724
Board-Designated	456,202	419,767
Total Unrestricted Net Assets	<u>10,087,436</u>	<u>12,109,491</u>
Temporarily Restricted	1,188,472	876,874
Permanently Restricted	2,589,824	2,146,854
Total Net Assets	<u>13,865,732</u>	<u>15,133,219</u>
Total Liabilities and Net Assets	<u><u>\$ 42,186,765</u></u>	<u><u>\$ 38,073,540</u></u>

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
THREE-MONTHS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var
Unrestricted Revenues, Gains and Other Support:								
Net Patient Services	\$ 4,503,982	\$ 5,272,714	\$ (768,732)	-15%	\$ 4,577,776	\$ 4,755,483	\$ (177,707)	-4%
Earned Entrance Fees	95,108	86,700	8,408	10%	74,694	93,450	(18,756)	-20%
Monthly Service Fees	253,626	254,501	(875)	0%	247,447	251,219	(3,772)	-2%
Apartment Rental	1,200,278	1,214,742	(14,464)	-1%	1,063,069	1,304,409	(241,340)	-19%
HUD Subsidy and Rents	217,382	214,703	2,680	1%	208,983	187,416	21,567	12%
Dining Services Revenue	328,581	344,611	(16,030)	-5%	237,935	58,200	179,735	309%
Glencroft at Home	53,708	30,000	23,708	79%	-	-	-	0%
Contributions	18,423	18,840	(417)	-2%	41,758	42,000	(242)	-1%
Investment Income	24,897	4,717	20,180	428%	15,728	-	15,728	0%
Management Fees	6,480	-	6,480	0%	6,434	-	6,434	0%
Other Revenues	256,248	222,776	33,472	15%	180,356	121,063	59,293	49%
Net Assets Released From Restrictions Used for Operations	133,490	104,127	29,363	28%	204,611	-	204,611	0%
Total Unrestricted Revenues, Gains and Other Support	7,092,203	7,768,430	(676,227)	-9%	6,858,792	6,813,240	45,552	0%
Expenses:								
Salaries and Benefits	4,521,406	4,768,376	(246,970)	-5%	4,041,641	4,023,587	18,054	0%
Purchased Professional Services	74,786	220,343	(145,557)	-66%	220,840	277,291	(56,451)	-20%
Purchased Property Services	350,775	423,613	(72,838)	-17%	388,222	344,476	43,746	13%
Other Purchased Services	807,733	738,326	69,408	9%	597,847	569,304	28,543	5%
Management Fees	-	18,072	(18,072)	-100%	-	17,562	(17,562)	-100%
Supplies	724,688	727,509	(2,821)	0%	614,755	680,839	(66,083)	-10%
Interest	262,671	262,377	294	0%	137,213	132,876	4,337	3%
Depreciation and Amortization	648,579	661,134	(12,555)	-2%	605,098	570,578	34,519	6%
Provision for Bad Debts	6,000	6,000	-	0%	-	-	-	0%
Total Expenses	7,396,637	7,825,749	(429,112)	-5%	6,605,615	6,616,512	(10,898)	0%
Operating Income (Loss)	(304,434)	(57,319)	(247,115)	-3%	253,177	196,728	56,450	29%
Unrealized Gains (Losses) on Investments	18,200	1,250	16,950	1356%	18,673	-	18,673	0%
Other Non-Operating Gains (Losses)	11,504	-	11,504	0%	-	-	-	0%
Total	29,704	1,250	28,454	0%	18,673	-	18,673	0%
Net Income (Loss)	\$ (274,730)	\$ (56,069)	\$ (218,661)	390%	\$ 271,850	\$ 196,728	\$ 75,123	38%

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
SIX-MONTHS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Actual	Budget	\$ Var	% Var	Actual	Budget	\$ Var	% Var
Unrestricted Revenues, Gains and Other Support:								
Net Patient Services	\$ 9,221,455	\$ 10,389,842	\$ (1,168,387)	-11%	\$ 9,159,543	\$ 9,436,080	\$ (276,537)	-3%
Earned Entrance Fees	159,718	173,400	(13,682)	-8%	187,129	186,900	229	0%
Monthly Service Fees	514,810	515,543	(733)	0%	509,122	517,811	(8,689)	-2%
Apartment Rental	2,323,703	2,381,933	(58,230)	-2%	1,941,512	2,458,607	(517,095)	-21%
HUD Subsidy and Rents	425,351	429,405	(4,054)	-1%	413,592	374,832	38,760	10%
Dining Services Revenue	641,800	672,494	(30,694)	-5%	509,383	117,360	392,023	334%
Glencroft at Home	73,032	33,000	40,032	121%	-	-	-	0%
Contributions	57,038	37,680	19,358	51%	64,716	84,000	(19,284)	-23%
Investment Income	53,885	9,434	44,451	471%	11,337	-	11,337	0%
Management Fees	12,960	-	12,960	0%	12,960	12,816	144	0%
Other Revenues	499,543	437,966	61,577	14%	529,611	234,420	295,191	126%
Net Assets Released From Restrictions Used for Operations	236,103	196,952	39,151	20%	204,611	-	204,611	0%
Total Unrestricted Revenues, Gains and Other Support	14,219,398	15,277,648	(1,058,250)	-7%	13,543,516	13,422,826	120,690	0%
Expenses:								
Salaries and Benefits	9,026,973	9,385,154	(358,182)	-4%	6,811,021	6,720,751	90,270	1%
Purchased Professional Services	291,403	440,686	(149,283)	-34%	1,268,517	1,264,840	3,677	0%
Purchased Property Services	711,402	820,463	(109,062)	-13%	-	-	-	0%
Other Purchased Services	1,542,613	1,483,249	59,364	4%	466,695	513,637	(46,942)	-9%
Management Fees	-	36,144	(36,144)	-100%	-	-	-	0%
Supplies	1,454,020	1,450,583	3,437	0%	3,284,837	3,149,599	135,238	4%
Interest	522,954	524,611	(1,657)	0%	270,631	264,364	6,267	2%
Depreciation and Amortization	1,290,298	1,316,118	(25,820)	-2%	1,194,048	1,141,157	52,891	5%
Provision for Bad Debts	12,000	12,000	-	0%	-	-	-	0%
Total Expenses	14,851,663	15,469,009	(617,346)	-4%	13,295,749	13,054,348	241,401	0%
Operating Income (Loss)	(632,265)	(191,360)	(440,904)	-3%	247,767	368,478	(120,711)	-33%
Unrealized Gains (Losses) on Investments	60,670	2,500	58,170	2327%	71,651	-	71,651	0%
Other Non-Operating Gains (Losses)	11,504	-	11,504	0%	73	-	73	0%
Total	72,173	2,500	69,673	0%	71,724	-	71,724	0%
Net Income (Loss)	\$ (560,091)	\$ (188,860)	\$ (371,231)	197%	\$ 319,491	\$ 368,478	\$ (48,987)	-13%

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
SIX-MONTHS ENDED JUNE 30, 2017 AND 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Operating Income (Loss)	\$ (632,265)	\$ 247,767
Unrealized Gains (Losses) on Investments	60,670	71,651
Other Non-Operating Gains (Losses)	11,504	73
Change in Unrestricted Net Assets	<u>(560,091)</u>	<u>319,491</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	117,851	104,246
Investment Income	91,651	57,700
Net Unrealized Gains (Losses) on Investments	147,699	24,393
Net Assets Released from Restrictions Used for Operations	(236,103)	(204,611)
Change in Temporarily Restricted Net Assets	<u>121,098</u>	<u>(18,272)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	440,404	2,550
Change in Permanently Restricted Net Assets	<u>440,404</u>	<u>2,550</u>
CHANGE IN NET ASSETS	1,411	303,769
Net Assets - Beginning of Period	<u>13,864,321</u>	<u>14,829,450</u>
NET ASSETS - END OF PERIOD	<u><u>\$ 13,865,732</u></u>	<u><u>\$ 15,133,219</u></u>

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
SIX-MONTHS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,411	\$ 303,769
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Restricted Contributions and Investment Income	(649,906)	(164,496)
Depreciation and Amortization	1,290,298	1,194,048
Provision for Bad Debts	12,000	-
Amortization of Bond Premium	(3,808)	-
Earned Entrance Fees	(159,718)	(187,129)
Unrealized (Gains) Losses on Investments	(60,670)	(71,651)
Realized (Gains) Losses on Investments	-	(48,394)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	215,967	164,648
Inventories	15,918	(10,493)
Prepaid Expenses and Other	(178,365)	(202,752)
Increase (Decrease) in:		
Accounts Payable	(461,708)	(86,596)
Accrued Expenses	(113,775)	(194,419)
Accrued Bond Interest Payable	82,564	8,654
Due from/to Affiliates	(541)	-
Net Cash (Used) Provided by Operating Activities	<u>(10,333)</u>	<u>705,189</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Assets Limited as to Use	2,458,935	236,484
Purchase of Property and Equipment	(2,273,540)	(1,397,908)
Purchase of Investments	(243,037)	(262,492)
Purchase of Assets Limited as to Use	-	(444,133)
Sales of Investments	-	365,235
Net Cash Used by Investing Activities	<u>(57,643)</u>	<u>(1,502,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of Refundable Entrance Fees	(560,315)	(495,796)
Repayment of Capital Lease Obligation	(5,966)	(4,547)
Draws (Repayments) of Line of Credit	-	688,482
Proceeds from Nonrefundable Entrance Fees	-	82,800
Repayment of Long-Term Debt	-	(39,418)
Proceeds from Restricted Contributions	558,255	106,796
Net Cash (Used) Provided by Financing Activities	<u>(8,026)</u>	<u>338,317</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(76,001)	(459,308)
Cash and Cash Equivalents - Beginning of Period	<u>7,180,353</u>	<u>2,859,960</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 7,104,352</u>	<u>\$ 2,400,652</u>

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
Occupancy and Select Payor Mix Data

Comparative Utilization for Levels of Care

Unit Type	Year Ended December 31,					Six-Months Ended	
	2015		2016		Occupied (%)	2017	
	Units (#)	Occupied (#)	Occupied (%)	Occupied (#)		Occupied (#)	Occupied (%)
Casitas	227	161	71%	198	87%	208	92%
Crossings	96	76	79%	83	86%	92	96%
Villas	68	63	93%	67	99%	67	99%
Towers IL	79	79	100%	78	99%	69	87%
<u>Independent Living</u>	470	379	81%	426	91%	436	93%
Manor I	20	20	100%	20	100%	19	95%
Manor II	31	30	97%	29	94%	30	97%
Sarah's Place	24	21	88%	23	96%	21	88%
Towers AL	24	23	96%	23	96%	23	96%
<u>Assisted Living/Memory Care</u>	99	94	95%	95	96%	93	94%
<u>Skilled</u>	183	163	89%	165	90%	165	90%
Total	752	636	85%	686	91%	694	92%

Skilled Nursing Payor Mix

	Year Ended		Six-Months
	December 31,		Ended
	2015	2016	June 30, 2017
Private Pay	8%	8%	10%
Medicare	5%	4%	3%
Medicaid	79%	77%	78%
Insurance	8%	11%	9%
	100%	100%	100%

CONTINUING DISCLOSURE AND COVENANT COMPLIANCE CERTIFICATE (Quarterly)

The Industrial Development Authority of the City of Glendale, Arizona

\$20,460,000

Revenue and Refunding Bonds

(Glencroft Retirement Community Project)

Tax-Exempt Series 2016

To: Ziegler
Bondholders with \geq \$500,000 or upon request
EMMA

Re: Fiscal Period Ended

06/30/17

A. Financial Ratio Calculations

Debt Service Coverage Ratio

(calculated and reported each quarter but only required to comply as of last quarter of fiscal year)

(a) Income Available for Debt Service

Excess of Revenue over Expenses of the Corporation	\$ (560,091)
PLUS Interest Expense	\$ 522,954
PLUS Depreciation and Amortization	\$ 1,290,298
PLUS Provision for Bad Debts	\$ 12,000
LESS Gain/(Loss) on Extraordinary Disposition of Capital Assets	\$ -
LESS Unrealized Gains/(Losses) on Investment*	\$ (60,670)
LESS Gains/Losses from the Extinguishment of Indebtedness*	\$ -
LESS Gains/Losses from the Disposition of Capital Assets*	\$ -
LESS Change in Valuation of Hedging Instrument*	\$ -
LESS Extraordinary or Non-Recurring Gains/Losses*	\$ -
LESS Other Non-Cash Income*	\$ -
PLUS Entrance Fees (Excluding Initial Entrance Fees)	\$ -
LESS Entrance Fees Refunded to Residents*	\$ (560,315)
LESS Amortized Entrance Fees*	\$ (159,718)

(a) Income Available for Debt Service	\$ 484,458
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(b) Annual Debt Service

\$ 642,954

(a) / (b) Debt Service Coverage Ratio	0.75x
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Minimum Required Debt Service Coverage Ratio	1.20x
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Over (under) required ratio	-0.45
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* All "Less" amounts should be entered as a negative number

Liquidity Covenant (1)

(calculated and reported each quarter, but only required to comply as of second and last quarters of fiscal year)

(a) Cash and Liquid Investments of the Corporation

Cash and Cash Equivalents	\$	7,104,352
Liquid Investment Balances (includes Board Restricted Funds)	\$	1,243,886
(a) Cash and Liquid Investments of the Corporation	\$	8,348,238

(b) Daily Expenses

Total Operating Expenses (1)	\$	13,549,365
Number of Days in the Fiscal Year		181
(b) Daily Expense	\$	74,858
Days Cash on Hand (a)/(b)		112
Days Cash on Hand Requirement		100
Over (under) required covenant		12

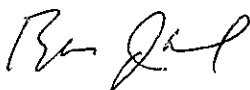
(1) Total Operating Expenses excludes depreciation, amortization, and any other non-cash expenses.

B. Attachments

- (1) Financial statements as described in Appendix F, Section 4(b) of the 2016 Official Statement.
- (2) Occupancy levels of all of the facilities operated by the Obligated Group by level of care as of the end of each such quarter and certified by an officer of the Obligated Group.
- (3) Officer's Certificate of the Obligated Group Representative stating that the Obligated is in compliance with all of the terms, provisions and conditions of the Master Indenture or specifying all such defaults and nature thereof.
- (4) Prior to the end of the Fiscal Year, a budget for the succeeding Fiscal Year.
- (5)
- (6)

C. Statement of Corporation Representative

I hereby certify that the enclosed financial statements are true and were prepared in accordance with GAAP (subject to year-end adjustments).



[Signed by Chief Financial Officer of Glencroft Retirement Community]

[Due Date: No later than 45 days after the end of every fiscal quarter, with the exception of 60 days after the completion of the fiscal quarter ending December 31]

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATING BALANCE SHEET
JUNE 30, 2017

	Friendship Retirement	Glencroft Towers	Sarah's Place	Friendship Foundation	Eliminations	Total
ASSETS						
Current Assets:						
Unrestricted Cash and Cash Equivalents	\$ 5,547,941	\$ 684,805	\$ 356,141	\$ 515,465	\$ -	\$ 7,104,352
Unrestricted Investments	1,243,886	-	-	-	-	1,243,886
Restricted Cash and Investments	-	-	-	3,778,296	-	3,778,296
Accounts Receivable, net	1,505,820	62,037	5,912	-	-	1,573,769
Inventories	34,084	17,780	-	-	-	51,864
Due from Affiliates	335,632	(216,680)	(49,081)	(6,123)	-	63,748
Prepaid Expenses and Other	254,946	35,511	8,729	7,224	-	306,410
Total Current Assets	8,922,309	583,453	321,701	4,294,862	-	14,122,325
Assets Whose Use is Limited	1,486,028	486,256	304,057	250	-	2,276,591
Unrestricted Investments	174,064	-	-	-	-	174,064
Property and Equipment, net	16,295,000	5,030,071	3,995,471	-	(453,905)	24,866,637
Deferred Financing Costs, net	486,230	124,894	136,024	-	-	747,148
Total Assets	\$ 27,363,631	\$ 6,224,674	\$ 4,757,253	\$ 4,295,112	\$ (453,905)	\$ 42,186,765
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Current Maturities of Long-Term Debt	\$ 156,240	\$ 40,080	\$ 43,680	\$ -	\$ -	\$ 240,000
Accrued Bond Interest Payable	53,363	13,973	15,228	-	-	82,564
Line of Credit	600,000	-	-	-	-	600,000
Accounts Payable	800,699	18,196	4,059	-	-	822,954
Accrued Expenses	801,156	99,989	33,863	-	-	935,008
Current Portion of Refundable Entrance Fees	630,000	-	-	-	-	630,000
Security Deposits	119,238	30,332	33,000	-	-	182,570
Total Current Liabilities	3,160,696	202,570	129,830	-	-	3,493,096
Long-Term Debt, less Current Maturities	13,119,700	3,369,900	3,670,400	-	-	20,160,000
Premium on Bonds Payable, Net	168,246	43,725	47,664	-	-	259,635
Capital Lease Obligation	53,107	-	-	-	-	53,107
Refundable Entrance Fees	2,821,066	-	-	-	-	2,821,066
Deferred Revenue from Entrance Fees	1,534,129	-	-	-	-	1,534,129
Total Liabilities	20,856,944	3,616,195	3,847,894	-	-	28,321,033
Net Assets:						
Unrestricted:						
Undesignated	6,506,687	2,608,479	909,359	60,614	(453,905)	9,631,234
Board-Designated	-	-	-	456,202	-	456,202
Total Unrestricted Net Assets	6,506,687	2,608,479	909,359	516,816	(453,905)	10,087,436
Temporarily Restricted	-	-	-	1,188,472	-	1,188,472
Permanently Restricted	-	-	-	2,589,824	-	2,589,824
Total Net Assets	6,506,687	2,608,479	909,359	4,295,112	(453,905)	13,865,732
Total Liabilities and Net Assets	\$ 27,363,631	\$ 6,224,674	\$ 4,757,253	\$ 4,295,112	\$ (453,905)	\$ 42,186,765

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
THREE-MONTHS ENDED JUNE 30, 2017

	Friendship Retirement	Glencroft Towers	Sarah's Place	Friendship Foundation	Eliminations	Total	Budget	\$ Var	% Var
Unrestricted Revenues, Gains and Other Support:									
Net Patient Services	\$ 4,190,078	\$ 155,461	\$ 311,247	\$ -	\$ (152,803)	\$ 4,503,982	\$ 5,272,714	\$ (768,732)	-15%
Earned Entrance Fees	95,108	-	-	-	-	95,108	86,700	8,408	10%
Monthly Service Fees	253,626	-	-	-	-	253,626	254,501	(875)	0%
Apartment Rental	1,115,316	86,201	(1,239)	-	-	1,200,278	1,214,742	(14,464)	-1%
HUD Subsidy & Rents	-	217,382	-	-	-	217,382	214,703	2,680	1%
Dining Services Revenue	156,126	172,455	-	-	-	328,581	344,611	(16,030)	-5%
Glencroft at Home	53,708	-	-	-	-	53,708	30,000	23,708	79%
Contributions	16,049	-	-	2,374	-	18,423	18,840	(417)	-2%
Investment Income	22,239	1,228	1,139	291	-	24,897	4,717	20,180	428%
Management Fees	27,408	-	-	-	(20,928)	6,480	-	6,480	0%
Other Revenues	244,428	9,892	3,503	-	(1,575)	256,248	222,776	33,472	15%
Net Assets Released From Restrictions Used for Operations	-	-	-	133,490	-	133,490	104,127	29,363	28%
Total Unrestricted Revenues, Gains and Other Support	6,174,086	642,619	314,650	136,155	(175,306)	7,092,203	7,768,430	(676,227)	-9%
Expenses:									
Salaries & Benefits	4,096,194	216,116	209,096	-	-	4,521,406	4,768,376	(246,970)	-5%
Purchased Professional Services	69,891	4,028	2,442	-	(1,575)	74,786	220,343	(145,557)	-66%
Purchased Property Services	300,294	40,706	9,774	-	-	350,775	423,613	(72,838)	-17%
Other Purchased Services	694,935	196,782	15,543	53,277	(152,803)	807,733	738,326	69,408	9%
Management Fees	-	14,832	3,096	3,000	(20,928)	-	18,072	(18,072)	-100%
Supplies	581,527	96,438	29,083	17,640	-	724,688	727,509	(2,821)	0%
Interest	173,419	42,708	46,544	-	-	262,671	262,377	294	0%
Depreciation and Amortization	532,431	87,069	29,079	-	-	648,579	661,134	(12,555)	-2%
Provision for Bad Debts	6,000	-	-	-	-	6,000	6,000	-	0%
Total Expenses	6,454,691	698,679	344,656	73,916	(175,306)	7,396,637	7,825,749	(429,112)	-5%
Operating Income (Loss)	(280,605)	(56,061)	(30,007)	62,238	-	(304,434)	(57,319)	(247,115)	431%
Unrealized Gains (Losses) on Investments	18,200	-	-	-	-	18,200	1,250	16,950	1356%
Other Non-Operating Gains (Losses)	41	-	11,463	-	-	11,504	-	11,504	0%
Total	18,242	-	11,463	-	-	29,704	1,250	28,454	2276%
Net Income (Loss)	\$ (262,364)	\$ (56,061)	\$ (18,544)	\$ 62,238	\$ -	\$ (274,730)	\$ (56,069)	\$ (218,661)	390%

FRIENDSHIP RETIREMENT CORPORATION AND AFFILIATES (OBLIGATED GROUP)
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
SIX-MONTHS ENDED JUNE 30, 2017

	Friendship Retirement	Glencroft Towers	Sarah's Place	Friendship Foundation	Eliminations	Total	Budget	\$ Var	% Var
Unrestricted Revenues, Gains and Other Support:									
Net Patient Services	\$ 8,579,687	\$ 312,213	\$ 640,093	\$ -	\$ (310,538)	\$ 9,221,455	\$ 10,389,842	\$ (1,168,387)	-11%
Earned Entrance Fees	159,718	-	-	-	-	159,718	173,400	(13,682)	-8%
Monthly Service Fees	514,810	-	-	-	-	514,810	515,543	(733)	0%
Apartment Rental	2,153,799	173,697	(3,794)	-	-	2,323,703	2,381,933	(58,230)	-2%
HUD Subsidy & Rents	-	425,351	-	-	-	425,351	429,405	(4,054)	-1%
Dining Services Revenue	299,504	342,296	-	-	-	641,800	672,494	(30,694)	-5%
Glencroft at Home	73,032	-	-	-	-	73,032	33,000	40,032	121%
Contributions	40,567	-	-	16,471	-	57,038	37,680	19,358	51%
Investment Income	48,845	2,432	2,202	406	-	53,885	9,434	44,451	471%
Management Fees	58,737	-	-	-	(45,777)	12,960	-	12,960	0%
Other Revenues	474,915	19,116	8,662	-	(3,150)	499,543	437,966	61,577	14%
Net Assets Released From Restrictions Used for	-	-	-	236,103	-	236,103	196,952	39,151	20%
Total Unrestricted Revenues, Gains and Other :	12,403,615	1,275,106	647,162	252,980	(359,465)	14,219,398	15,277,648	(1,058,250)	-7%
Expenses:									
Salaries & Benefits	8,170,764	434,397	421,811	-	-	9,026,973	9,385,154	(358,182)	-4%
Purchased Professional Services	279,034	8,114	4,905	2,500	(3,150)	291,403	440,686	(149,283)	-34%
Purchased Property Services	613,345	79,092	18,965	-	-	711,402	820,463	(109,062)	-13%
Other Purchased Services	1,326,089	387,875	26,102	113,086	(310,538)	1,542,613	1,483,249	59,364	4%
Management Fees	-	29,760	6,235	9,782	(45,777)	-	36,144	(36,144)	-100%
Supplies	1,188,727	179,378	55,887	30,027	-	1,454,020	1,450,583	3,437	0%
Interest	344,450	85,416	93,088	-	-	522,954	524,611	(1,657)	0%
Depreciation and Amortization	1,057,025	174,637	58,636	-	-	1,290,298	1,316,118	(25,820)	-2%
Provision for Bad Debts	12,000	-	-	-	-	12,000	12,000	-	0%
Total Expenses	12,991,434	1,378,669	685,630	155,395	(359,465)	14,851,663	15,469,009	(617,346)	-4%
Operating Income (Loss)	(587,819)	(103,563)	(38,467)	97,584	-	(632,265)	(191,360)	(440,904)	230%
Unrealized Gains (Losses) on Investments	60,670	-	-	-	-	60,670	2,500	58,170	2327%
Other Non-Operating Gains (Losses)	41	-	11,463	-	-	11,504	-	11,504	0%
Total	60,711	-	11,463	-	-	72,173	2,500	69,673	2787%
Net Income (Loss)	\$ (527,108)	\$ (103,563)	\$ (27,005)	\$ 97,584	\$ -	\$ (560,091)	\$ (188,860)	\$ (371,231)	197%