

National Church Residences and Affiliates

**Special Purpose Financial Report
with Additional Information
June 30, 2007**

National Church Residences and Affiliates

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Independent Auditor's Report

To the Board of Trustees
National Church Residences and Affiliates

We have audited the accompanying special purpose balance sheet of National Church Residences and Affiliates ("NCR and Affiliates") as of June 30, 2007 and 2006 and the related special purpose statements of activities, changes in net assets, and cash flows for the years then ended. These special purpose financial statements are the responsibility of NCR and Affiliates' management. Our responsibility is to express an opinion on these special purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note I, the accompanying special purpose financial statements have been prepared for the purpose of complying with, and on the basis of, accounting practices specified by Section 5.10 of the master trust indenture between Fifth Third Bank and NCR and Affiliates and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements of NCR and Affiliates as of June 30, 2007 and 2006 and for the years then ended, present fairly, in all material respects, the information set forth therein on the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 2007 on our consideration of NCR and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

As discussed in Note II to the special purpose financial statements, NCR and Affiliates adopted the provisions of FASB No. 158, *Employers' Accounting for Defined Benefit Pension Plan and Other Postretirement Plans*, as of June 30, 2007.

This report is intended solely for the use of the board of trustees and management of NCR and Affiliates, NCR and Affiliates' lenders, and the bondholders, and is not intended to be and should not be used for any other purpose.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

September 4, 2007

National Church Residences and Affiliates

Special Purpose Balance Sheet

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,527,431	\$ 6,624,053
Investments (Note 2)	31,910,171	22,475,609
Restricted cash and investments (Note 2)	12,632	73,994
Other receivables:		
Related parties (Note 3)	5,256,658	5,326,598
Current portion of notes receivable from related parties (Note 3)	327,072	313,223
Other	172,755	351,326
Other current assets	52,140	632,222
Total current assets	42,258,859	35,797,025
Property and Equipment - Net (Note 4)	20,283,200	18,760,734
Other		
Designated and restricted cash and investments (Note 2)	9,030,791	7,062,426
Long-term receivables from related parties (Note 3)	10,928,950	9,813,864
Investment in related party organizations (Note 5)	2,474,870	50,230
Net unamortized bond issuance costs	341,158	367,109
Other noncurrent assets	821,913	840,171
Total assets	<u>\$ 86,139,741</u>	<u>\$ 72,691,559</u>

National Church Residences and Affiliates

Special Purpose Balance Sheet (Continued)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,227,876	\$ 2,106,826
Accrued interest	63,021	28,842
Deposits held	258,029	397,362
Accrued liabilities and other:		
Life-lease fees (Note 9)	906,238	924,599
Deferred developers fees	230,496	-
Debt (Note 7)	596,044	902,130
Other liabilities	57,528	57,543
	<hr/>	<hr/>
Total current liabilities	4,339,232	4,417,302
Long-term Debt - Net of current portion (Note 7)	20,228,568	17,452,430
Other Long-term Liabilities		
Refundable fees (Note 9)	7,395,274	6,366,519
Deferred compensation liability	456,246	348,510
Workers' compensation liability - Including reserves for related parties	140,740	156,388
Deferred revenue - Life lease fees - Net of current portion (Note 9)	9,893,705	9,858,465
Deferred revenue - Developer fees	313,500	313,500
Other long-term liabilities	459,070	415,855
Net Assets		
Unrestricted	39,065,805	29,969,591
Temporarily restricted	3,847,601	3,392,999
	<hr/>	<hr/>
Total net assets	42,913,406	33,362,590
	<hr/>	<hr/>
Total liabilities and net assets	\$ 86,139,741	\$ 72,691,559

National Church Residences and Affiliates

Special Purpose Statement of Activities

	Year Ended June 30	
	2007	2006
Operating Revenue		
Management fees	\$ 14,637,805	\$ 13,567,363
Service and administrative	2,517,180	2,305,369
Developer fees and other	9,046,747	2,851,149
Life-lease amortization revenue	1,232,202	1,322,901
Distributions received from unconsolidated subsidiaries	2,425,933	317,908
Rental revenue	472,462	910,630
Direct financing lease income	-	2,479
Total operating revenue	30,332,329	21,277,799
Operating Expenses		
Payroll and other employee-related expenses	12,299,806	10,521,139
Administrative	4,810,908	3,951,856
Depreciation and amortization	2,281,581	2,695,337
Operating and maintenance	1,048,599	980,477
Interest	837,834	835,315
Taxes and insurance	693,092	729,297
Travel	772,355	813,751
Advertising	551,421	558,079
Utilities	409,275	472,089
Service and ancillary	129,663	182,748
Total operating expenses	23,834,534	21,740,088
Operating Income (Loss)	6,497,795	(462,289)
Other Income (Expense)		
Net investment income (Note 2)	4,306,807	1,019,385
Contributions (Notes 3 and 5)	7,213,400	-
Loss on impairment of notes receivable - Related parties (Notes 3 and 5)	(7,536,998)	-
Loss on impairment of investment in related party organization (Note 5)	(2,153,297)	(414,583)
Minimum pension liability adjustment (Note 8)	-	762,952
Net assets released from restriction - Unrestricted	768,507	512,897
Total other income	2,598,419	1,880,651
Increase in Unrestricted Net Assets	\$ 9,096,214	\$ 1,418,362

National Church Residences and Affiliates

Special Purpose Statement of Changes in Net Assets

	Unrestricted	Temporarily Restricted	Total
Net Assets - July 1, 2005	\$ 28,551,229	\$ 3,031,446	\$ 31,582,675
Increase in unrestricted net assets	1,418,362	-	1,418,362
Restricted contributions	-	614,472	614,472
Investment income and other	-	259,978	259,978
Net assets released from restriction - Unrestricted	-	(512,897)	(512,897)
Increase in Net Assets	<u>1,418,362</u>	<u>361,553</u>	<u>1,779,915</u>
Net Assets - June 30, 2006	29,969,591	3,392,999	33,362,590
Increase in unrestricted net assets	9,096,214	-	9,096,214
Restricted contributions	-	723,571	723,571
Investment income and other	-	499,538	499,538
Net assets released from restriction - Unrestricted	-	(768,507)	(768,507)
Increase in Net Assets	<u>9,096,214</u>	<u>454,602</u>	<u>9,550,816</u>
Net Assets - June 30, 2007	<u>\$ 39,065,805</u>	<u>\$ 3,847,601</u>	<u>\$ 42,913,406</u>

National Church Residences and Affiliates

Special Purpose Statement of Cash Flows

	Year Ended	
	June 30, 2007	June 30, 2006
Cash Flows from Operating Activities		
Increase in net assets	\$ 9,550,816	\$ 1,779,915
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Realized and unrealized gain on investments	(3,625,168)	(187,161)
Life-lease amortization revenue	(1,232,202)	(1,322,901)
Depreciation and amortization	2,281,581	2,695,337
Loss on impairment of notes receivable - Related parties	7,536,998	-
Loss on impairment of investment in related parties	2,153,297	414,583
Gain on disposal of property and equipment	14,350	-
Contributions (noncash)	(7,213,400)	-
Changes in assets and liabilities which provided (used) cash:		
Other assets	598,340	(175,990)
Accounts payable and accrued expenses	155,229	(2,597,046)
Deposits held	(139,332)	(135,251)
Other liabilities	273,693	(55,768)
Workers' compensation liability	(15,648)	(69,289)
Deferred compensation liability	107,736	59,230
Net cash provided by operating activities	10,446,290	405,659
Cash Flows from Investing Activities		
Purchase and construction of property and equipment	(3,792,445)	(3,483,370)
Changes in receivables - Related parties	(1,324,974)	43,042
Purchase of marketable securities	(20,988,527)	(12,109,689)
Proceeds from marketable securities	15,300,085	10,249,398
Net increase in restricted cash and investments	(1,907,002)	(496,136)
Decrease in direct financing lease - Net	-	3,008,074
Purchase of investment in related party	(3,502,000)	-
Net cash used in investing activities	(16,214,863)	(2,788,681)
Cash Flows from Financing Activities		
Life-lease receipts and refunds	2,277,836	4,583,579
Proceeds from debt issuance	2,275,713	11,819,766
Debt issuance costs	-	(492,900)
Payments of debt	(881,598)	(11,947,136)
Net cash provided by financing activities	3,671,951	3,963,309
Net (Decrease) Increase in Cash and Cash Equivalents	(2,096,622)	1,580,287
Cash and Cash Equivalents - Beginning of year	6,624,053	5,043,766
Cash and Cash Equivalents - End of year	\$ 4,527,431	\$ 6,624,053
Supplemental Cash Flow Information		
Cash paid for interest	\$ 670,148	\$ 664,925
Noncash transfer of note payable to Bristol Court Apartments, LP	-	(1,393,766)
Noncash transfer of net book value of assets to Bristol Court Apartments, LP	-	1,630,413
Noncash contributions received in the form of property and notes receivable	7,213,400	-
Notes payable assumed in connection with Wingate Management purchase	(1,075,937)	-

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note I - Nature of Business and Significant Accounting Policies

Description of Organization - National Church Residences and Affiliates (NCR and Affiliates) are not-for-profit corporations whose purpose is to develop and manage housing and health care and to provide services to individuals with limited incomes. The Affiliates include NCR Foundation, NCR Health Care, NCR Affordable Housing Management and Services, Bristol Court Apartments, and Bristol Village Homes. All of the Affiliates were formed during the fiscal years ended June 30, 2006 and 2005. Bristol Court Apartments were sold in May 2006. The activities of the Affiliates were formally included and accounted for in National Church Residences (NCR) prior to being formed and separated into separate legal entities. NCR and Affiliates continue to be obligated under a 1999 master trust indenture with Fifth Third Bank.

NCR - NCR is the base of operations for NCR's development and housing management functions and the controlling member of 248 related party organizations. NCR has the authority to direct activities, management, and policies of the Affiliates through its board of directors. NCR also provides management and related services to the related party organizations classified below:

Entity Classification	Number of Entities
Not-for-profit subsidiaries owned, currently in operation	170
Not-for-profit subsidiaries owned, currently in development	5
Partnerships in operation (ownership interest ranging from .01 percent to 1 percent)	59
Partnerships in development (ownership interest ranging from .01 percent to 1 percent)	2
Healthcare facilities and agencies owned and in operation	10
NCR owned - Stafford Court	1
Bristol Village Homes	1
Total controlled entities	248
Managed for others	66
Total portfolio	314

NCR Foundation - NCR Foundation was formed for the benefit of NCR and includes the accounts of the John R. Glenn Foundation, Bristol Village Foundation, Traditions at Mill Run Foundation, Traditions at Bath Road Foundation, and Traditions at Chillicothe Foundation. The John R. Glenn Foundation supports the affordable housing development and operations of NCR. The other foundations provide charity care to residents of specific projects. All funds raised, except for funds required for the operation of the foundations, are distributed to and held primarily for the benefit of NCR.

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note I - Nature of Business and Significant Accounting Policies (Continued)

NCR Health Care - NCR Health Care is a management company located in the NCR Columbus, Ohio office which manages the operations of five healthcare entities and six home health agencies.

NCR Affordable Housing Management and Services - NCR Affordable Housing Management and Services is an organization that was set up to assume the management functions for NCR's housing portfolio once approval has been received from HUD.

Bristol Village Homes - Bristol Village Homes includes 399 independent houses located in Waverly, Ohio.

The significant accounting policies followed by NCR and Affiliates are described below:

Special Purpose Financial Statements - NCR and Affiliates are the sole obligors under the master trust indenture with Fifth Third Bank. Other corporations in which NCR is the sole member are not obligated under the master trust indenture; therefore, the financial statements do not include the accounts of the corporations in which NCR is the sole member, other than the Affiliates, as defined previously. The financial statements have been prepared for compliance with accounting practices specified in Section 5.10 of the master trust indenture between Fifth Third Bank and NCR and Affiliates and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America

The Reporting Entity - Basis of Presentation of the Financial Statements - The special purpose financial statements include the accounts of NCR, NCR Health Care, NCR Foundation, Bristol Court Apartments, NCR Affordable Housing Management and Services, and Bristol Village Homes and excludes the accounts of all other corporations in which NCR is the sole member or any related party organizations. Accordingly, the accompanying special purpose financial statements exclude any item of undistributed income or loss from the corporations in which NCR is the sole member and all related party organizations.

Related Party Organizations - The corporations in which NCR is the sole member, affiliated partnerships, and other organizations in which NCR has an ownership or member interest are referred to herein as "related party organizations."

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note I - Nature of Business and Significant Accounting Policies (Continued)

The unaudited combined financial information of related party organizations (not covered by the report of the independent auditor) is presented below based on each of the corporations' fiscal years ended in 2006 and 2005. This information excludes facilities managed for others.

	Unaudited	
	2006	2005
Total revenue	\$ 139,703,789	\$ 134,572,706
Total expenses - Before depreciation and amortization	<u>(123,706,758)</u>	<u>(119,568,047)</u>
Income - Before depreciation and amortization	15,997,031	15,004,659
Depreciation and amortization	<u>(28,060,244)</u>	<u>(25,016,123)</u>
Net loss	<u>\$ (12,063,213)</u>	<u>\$ (10,011,464)</u>
Current assets	\$ 64,475,733	\$ 51,497,258
Other assets	68,019,336	64,976,383
Property and equipment - Net of accumulated depreciation of \$258,086,310 and \$240,949,740 at fiscal year ended 2006 and 2005, respectively	603,558,113	562,886,044
Unamortized debt issuance costs	<u>8,287,898</u>	<u>6,907,695</u>
Total assets	<u>\$ 744,341,080</u>	<u>\$ 686,267,380</u>
Current liabilities	\$ 61,843,895	\$ 47,567,575
Long-term liabilities	648,552,837	624,307,775
Fund balances	<u>33,944,348</u>	<u>14,392,030</u>
Total liabilities and fund balances	<u>\$ 744,341,080</u>	<u>\$ 686,267,380</u>

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash and Cash Equivalents - NCR and Affiliates considers all highly liquid investments with an original maturity of three months or less to be cash equivalents (excluding restricted cash and investments).

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Designated and Restricted Cash and Investments - Designated and restricted cash and investments are stated at fair market value. Restricted cash and investments include primarily assets held by trustees for debt service and donor-restricted funds. Board-designated cash and investments are to be used to mitigate future financial obligations and operational asset replacement. Board-designated funds can be used for other uses upon decision by the board.

Investments in Debt Securities and Certain Equity Securities - Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses included in the special purpose statement of activities.

Receivables - Accounts receivable from residents and related parties are based on net charges. An allowance for uncollectible accounts is established by evaluating the accounts receivable aging and history of unpaid accounts. Uncollectible amounts are written off against the allowance for uncollectible accounts in the period they are deemed to be uncollectible.

Property and Equipment - Property and equipment are carried at cost or, if donated, at fair market value at the date of donation. Depreciation is provided at rates designed to amortize the carrying amount of an asset over its estimated useful life and is computed by the straight-line method. Maintenance, repairs, and renewals that do not involve any substantial betterments are charged to expense when incurred.

Land improvements	15-25 years
Building and building improvements	10-40 years
Furniture and equipment	5-10 years
Vehicles	3-5 years

Bond Issue Costs - Bond issue costs are deferred and amortized over the term of the related debt.

Workers' Compensation Self-insurance - NCR self-insures its workers' compensation liabilities and those of its related parties in the state of Ohio. NCR is self-insured for the first \$350,000 per incident. NCR receives deposits from its related parties to pay liabilities incurred.

Developer Fees - Revenue Recognition - Revenue from development activities is recognized over the development period when earned and paid, which includes the period necessary for the newly developed properties to achieve breakeven cash flow from rental operations. Further, developer fees are deferred to the extent of any estimated operating deficit guarantees related to the properties anticipated to be funded by NCR (see Note 9).

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the special purpose statement of activities as net assets released from restrictions. At June 30, 2007 and 2006, \$1,177,702 and \$1,058,540, respectively, was temporarily restricted by the John R. Glenn Foundation to support the affordable housing development and operations of NCR. The other foundations had \$2,669,899 and \$2,334,459 temporarily restricted at June 30, 2007 and 2006, respectively, to provide charity care to residents of specific projects. There are no permanently restricted net assets at June 30, 2007 and 2006.

Income Taxes - A provision for income taxes has not been included in the special purpose financial statements since NCR and Affiliates have received tax-exempt status as other than private foundations from the Internal Revenue Service under Section 501(c)(3).

Reclassifications - Certain prior year classifications have been changed to correspond with 2007 classifications.

Note 2 - Unrestricted, Designated, and Restricted Cash and Investments

Investments

The aggregate carrying amount of NCR and Affiliates investments by major type at June 30 is as follows:

	2007	2006
Cash equivalents	\$ 1,970,619	\$ 1,549,570
Certificates of deposit	758,800	989,458
Corporate bonds	1,409,212	3,454,328
Government securities	5,108,740	2,232,920
Equity securities	22,662,800	14,249,333
Total unrestricted investments	<u>\$ 31,910,171</u>	<u>\$ 22,475,609</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 2 - Unrestricted, Designated, and Restricted Cash and Investments (Continued)

Restricted Cash and Investments

The composition of designated and restricted cash and investments at June 30 is set forth in the following table:

	<u>2007</u>	<u>2006</u>
Funds held by trustees - Cash and cash equivalents	\$ 12,632	\$ 73,994
Donor-restricted - Funds held at foundations	3,847,601	3,392,999
Board-designated:		
Cash and cash equivalents	734,211	858,178
Certificates of deposit	296,943	79,304
Government securities	13,917	461,042
Corporate obligations	-	10,107
Equity securities	4,138,119	2,260,796
Total board-designated	<u>5,183,190</u>	<u>3,669,427</u>
Total designated and restricted cash and investments	9,043,423	7,136,420
Less current portion of designated and restricted cash and investments	<u>(12,632)</u>	<u>(73,994)</u>
Total designated and restricted cash and investments - Noncurrent	<u>\$ 9,030,791</u>	<u>\$ 7,062,426</u>

Donor-restricted funds are held by foundations administered by NCR and Affiliates.

Net Investment Income

The composition of the unrestricted investment income and loss for the years ended June 30 is as follows:

	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 681,639	\$ 832,224
Net realized gains	1,154,455	228,895
Changes in unrealized gains and losses	<u>2,470,713</u>	<u>(41,734)</u>
Net investment income	<u>\$ 4,306,807</u>	<u>\$ 1,019,385</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 3 - Related Party Transactions

In connection with its recurring operations, NCR and Affiliates have numerous transactions with related party organizations. Approximately 54 percent and 58 percent of NCR and Affiliates' revenues were earned from the related party transactions during the fiscal years ended June 30, 2007 and 2006, respectively.

NCR charges various fees for services provided to its operational related parties (management fees, bookkeeping fees, etc). It also periodically fronts construction and development costs on behalf of newly formed related parties until funds are available for reimbursement. Both of these types of charges are reflected in other receivables from related parties. Other receivables - related parties of \$5,256,658 and \$5,326,598 are net of allowance for doubtful accounts of approximately \$260,000 and \$0 at June 30, 2007 and 2006, respectively.

Through development of new tax credit entities, NCR will receive pass-through loans from various agencies in which funds loaned to NCR are then loaned into the designated entities. In addition, NCR can also advance funds to related parties in order to assist in operational shortfalls.

These types of loans are reflected in notes receivable from related parties summarized as follows:

	<u>2007</u>	<u>2006</u>
Pass-through loans	\$ 7,129,336	4,860,673
Operational support loans	1,495,202	969,177
Acquisition loans and other	4,172,003	5,238,928
Less allowance for doubtful accounts	<u>(1,540,519)</u>	<u>(941,691)</u>
Net receivables from related parties	11,256,022	10,127,087
Less current portion	<u>(327,072)</u>	<u>(313,223)</u>
Long-term receivables from related parties	<u>\$ 10,928,950</u>	<u>\$ 9,813,864</u>

In addition to the receivables referred to above at June 30, 2007 and 2006, certain related party organizations were indebted to NCR and Affiliates in the amount of approximately \$23,600,000 and \$7,900,000, respectively (excluding interest). A portion of these receivables are flow-through grants to related party organizations, which will be recorded as grant revenue when funds are received from the related party organizations.

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 3 - Related Party Transactions (Continued)

Another portion of these receivables are capital support notes in which NCR, as part of a refinancing or acquisition of related party organizations, acquired a note receivable. These notes typically represent the difference between the appraised value and the outstanding debt of the newly formed entity. Since these notes may not result in actual proceeds for NCR, they are either not recorded or were written down and included in loss on impairment of notes receivable - affiliates in the statement of activities.

Note 4 - Property and Equipment

Property and equipment are summarized at June 30 as follows:

	2007			
	Land and Land Improvements	Buildings	Other	Totals
Bristol Village	\$ 3,600,906	\$ 34,805,974	\$ 972,267	\$ 39,379,147
Office building	322,927	4,404,418	3,849,041	8,576,386
Stafford Court	27,717	306,706	70,621	405,044
Total	3,951,550	39,517,098	4,891,929	48,360,577
Less accumulated depreciation	<u>(1,086,029)</u>	<u>(22,896,884)</u>	<u>(4,094,464)</u>	<u>(28,077,377)</u>
Net property and equipment	<u>\$ 2,865,521</u>	<u>\$ 16,620,214</u>	<u>\$ 797,465</u>	<u>\$ 20,283,200</u>
	2006			
	Land and Land Improvements	Buildings	Other	Totals
Bristol Village	\$ 2,921,608	\$ 32,317,751	\$ 1,003,150	\$ 36,242,509
Office building	322,927	4,122,127	3,618,264	8,063,318
Stafford Court	27,717	306,706	65,027	399,450
Total	3,272,252	36,746,584	4,686,441	44,705,277
Less accumulated depreciation	<u>(895,622)</u>	<u>(21,110,919)</u>	<u>(3,938,002)</u>	<u>(25,944,543)</u>
Net property and equipment	<u>\$ 2,376,630</u>	<u>\$ 15,635,665</u>	<u>\$ 748,439</u>	<u>\$ 18,760,734</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 4 - Property and Equipment (Continued)

Depreciation expense totaled \$2,255,630 and \$2,174,137 for the years ended June 30, 2007 and 2006, respectively.

Note 5 - Wingate Transactions

In December 2006, NCR purchased four existing senior apartment buildings located in the state of Michigan and sold them into new tax-credit partnership entities. This transaction resulted in NCR recognizing contributions revenue of \$7,213,400, developer fee revenue of \$3,344,023, and developer expense of \$249,079 in the statement of activities for year ended June 30, 2007. NCR used a portion of the proceeds from these transactions to loan \$7,001,715 into tax-credit partnerships. For reasons discussed in Note 3, NCR has elected to write down the entire amount of these capital support notes, which is included in loss on impairment of notes receivable - related parties in the statement of activities.

In December 2006, NCR Affordable Housing Management and Services purchased 100 percent of the stock of Wingate Management, a for-profit management company that manages these four sites (mentioned above) as well as 18 other properties. Notes payable totaling \$1,075,937, payable to the previous owners of the Wingate Management stock, remain outstanding as of June 30, 2007. NCR Housing Management and Services recorded the investment in related parties at the purchase price of \$4,577,937, and later recorded a loss on impairment to adjust the value down of the investment recorded to \$2,424,640 (1.5 times its projected annual revenues) which resulted in a loss on impairment of investment in related party of \$2,153,297 for year ended June 30, 2007. NCR is accounting for this investment in Wingate Management under the equity method.

Note 6 - Lines of credit

NCR and Affiliates have three unsecured revolving lines of credit up to a maximum of \$1,000,000 each. These lines bear interest at the bank's prime rate (8.25 percent at June 30, 2007), with interest due monthly, and expire during 2008. There was no outstanding balance on any lines of credit at either June 30, 2007 or 2006.

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 7 - Long-term Debt

A summary of long-term debt at June 30, 2007 and 2006 follows:

	Facility	Interest Rate June 30, 2007	Maturity	Outstanding Balance 2007	Outstanding Balance 2006	
National Church Residences						
<i>Tax Exempt Bond</i>						
	County of Franklin	Central Office	Variable - 3.75%	2025	\$ 2,900,000	\$ 3,000,000
<i>Mortgage Notes</i>						
	Key Bank	Central Office	Prime - 8.25%	2010	1,108,508	1,169,808
	National City Bank	Stafford Court	7.3%	2012	612,673	633,125
	Christian City	Grove City, Florida	Variable	2007	-	300,000
<i>Pass-through Notes</i>						
	City of Columbus	Abbey Church Village	-	2016	1,481,563	1,525,800
	City of Columbus	Country Ridge Apts.	3.00 %	2038	1,492,123	1,457,564
	Ohio Housing Finance Agency	Country Ridge Apts.	3.00 %	2019	327,957	319,619
	Ohio Housing Finance Agency	Commons at Grant	2.00 %	2042	306,495	320,907
	Ohio Housing Finance Agency	Waggoner Senior Housing	2.00 %	2042	246,181	241,681
	Ohio Housing Finance Agency	Westerville Senior Housing	2.00 %	2034	264,581	268,817
	Ohio Housing Finance Agency	Kirby Manor	2.00 %	2047	470,170	450,000
	Ohio Housing Finance Agency	Chantry Place	2.00 %	2037	760,808	-
	Ohio Housing Finance Agency	Meadowview	2.00 %	2043	295,187	-
	Ohio Housing Finance Agency	Westerville II	2.00 %	2038	250,365	-
	Greater Buffalo Savings	Summitview	- %	2035	900,000	-
Bristol Village Homes						
<i>Tax Exempt Bond</i>						
	County of Pike	Bristol Village Homes	Variable - 3.75%	2025	8,090,000	8,425,000
<i>Mortgage Note</i>						
	U.S. Dept of HUD	Activity Center	5.25 %	N/A	242,064	242,239
NCR Affordable Housing Management and Services						
	Ravet Family Trust	Wingate Management	4.90 %	2016	775,937	-
	Ravet Family Trust	Wingate Management	4.90 %	2016	300,000	-
	Total debt				20,824,612	18,354,560
	Less current portion				(596,044)	(902,130)
	Long-term portion				<u>\$ 20,228,568</u>	<u>\$ 17,452,430</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 7 - Long-term Debt (Continued)

In conjunction with the County of Franklin and County of Pike Bonds, NCR and Affiliates have entered into remarketing agreements, which require the remarketing agents to utilize their efforts to remarket any such bonds that may be tendered for payment. If the proceeds of the remarketing agents are not sufficient to purchase the Series 1999 and 2005 Bonds tendered, the trustee is required to draw on irrevocable letters of credit to pay the necessary purchase price. The letters of credit total up to a maximum of \$11,972,051 and in the event the letters of credit are drawn upon, the amount must be repaid by the expiration date of the letters of credit, which is June 15, 2010 for both.

Provision of the County of Franklin and County of Pike Bonds require NCR and Affiliates to, among other things, comply with certain financial ratios, restrict additional encumbrances, and restrict the sale or acquisition of certain assets and merger with another entity.

Mortgages and notes payable are collateralized by the properties and lease revenues from the properties.

The pass-through notes outstanding balances included in the above table include unpaid interest.

Scheduled principal repayments on long-term debt are as follows:

Year Ending June 30	Amount
2008	\$ 596,044
2009	615,697
2010	635,723
2011	661,045
2012	686,679
Thereafter	<u>17,629,424</u>
Total	<u>\$ 20,824,612</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 8 - Retirement Plans

NCR and Affiliates and related party organizations have one multiple-employer defined benefit retirement plan and one multiple-employer defined contribution plan (the "Retirement Plans") for the employees of NCR and Affiliates and related party organizations who meet certain requirements as to age and length of service. NCR is the sponsor for these plans.

The defined contribution plan provides an annual contribution for the employees equal to 3 percent of eligible compensation plus an additional contribution up to 3 percent to match the employee contribution. Effective July 1, 2007, the defined contribution plan was amended to change the required employer contributions (including matching percentage) ranging from 3 to 5 percent depending on an employee's years of service. NCR and Affiliates' total contribution made to the defined contribution plan was approximately \$455,000 and \$429,000 for the fiscal years ended June 30, 2007 and 2006, respectively.

NCR and Affiliates' direct responsibility for the defined benefit retirement plan is approximately 26 percent and 29 percent for years ended June 30, 2007 and 2006. NCR and Affiliates' total contribution to the defined benefit retirement plan totaled \$310,658 and \$306,329 in fiscal 2007 and 2006, respectively. NCR and Affiliates make annual contributions to the Retirement Plans equal to the minimum annual contributions required by the applicable regulations.

The NCR defined benefit plan was frozen from July 1, 2003 through June 30, 2006 and then again effective June 30, 2007. During this time, participants did not earn any credited service for purposes of calculating participants' benefits under the plan. Effective July 1, 2006, NCR also changed the benefit formula from 1 percent times average monthly earnings to three-fourths of 1 percent times average monthly earnings and eliminated lump-sum distributions for benefits earned after July 1, 2006. NCR is obligated to continue to make contributions to the plan.

Obligations and Funded Status

	NCR and Affiliates Direct Responsibility		Total Plan	
	25.63% 2007	29.01% 2006	2007	2006
Projected benefit obligation	\$ 2,052,421	\$ 2,637,985	\$ 8,007,885	\$ 9,093,365
Fair value of plan assets at beginning of year	2,063,974	1,874,994	8,052,961	6,463,267
Funded status at end of year	\$ 11,553	\$ (762,991)	\$ 45,076	\$ (2,630,098)

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 8 - Retirement Plans (Continued)

Amounts recognized in the balance sheet consist of:

	NCR and Affiliates Direct Responsibility	
	25.63%	29.01%
	2007	2006
Other assets	\$ 11,553	\$ 589,800

The accumulated benefit obligation for NCR and Affiliates' direct responsibility of the defined benefit pension plan was \$2,052,421 and \$1,796,582 at June 30, 2007 and 2006, respectively. The accumulated benefit obligation for the total defined benefit pension plan was \$8,007,885, and \$6,192,974 at June 30, 2007 and 2006, respectively.

	NCR and Affiliates Direct Responsibility		Total Plan	
	25.63%	29.01%		
	2007	2006	2007	2006
Net periodic benefit cost, employer contributions, and benefits paid:				
Net periodic benefit cost	\$ 333,429	\$ 61,315	\$ 1,300,933	\$ 211,358
Employer contributions	310,658	306,329	1,213,034	1,055,943
Benefits paid	120,303	121,304	469,382	418,144

Assumptions

Weighted average assumptions used to determine benefit obligations at June 30:

	2007	2006
Discount rate	6.25 %	6.75 %
Rate of compensation increase	5.00	5.00

Weighted average assumptions used to determine net periodic benefit cost for years ended June 30;

	2007	2006
Discount rate	6.75 %	5.50 %
Expected long-term return on plan assets	8.00	8.00
Rate of compensation increase	5.00	5.00

The overall expected rate of return on plan assets represents a weighted average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements.

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 8 - Retirement Plans (Continued)

Plan Assets

The Company pension plan weighted average asset allocations at June 30, 2007 and 2006 by asset category are as follows:

	<u>2007</u>	<u>2006</u>
Asset category:		
Equity securities	61 %	58 %
Debt securities	30 %	35 %
Cash and cash equivalents	<u>9 %</u>	<u>7 %</u>
Total	<u>100 %</u>	<u>100 %</u>

The objective of the plan is to have long-term growth through the investment of equities and fixed income instruments, to provide prudent management in compliance with ERISA guidelines, and actuarial and contracted obligations.

Contributions

NCR and all related parties that participate in the total defined benefit plan, plan to contribute an estimated \$90,000 per month through December 2007. The contributions for the remainder of fiscal year 2007 have yet to be determined.

The following benefit payments, which reflect expected future service for NCR and Affiliates at a direct responsible percentage of 25.63 percent, as appropriate, are expected to be paid:

<u>Year Ending June 30</u>	<u>Pension Benefits</u>
2007	\$ 151,093
2008	147,310
2009	153,166
2010	146,475
2011	158,424
Years 2013 - 2017	730,901

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 9 - Deferred Revenues and Refundable Fees

NCR and Affiliates offer rental, traditional, and return of capital plans for Bristol Village residents. The rental plan requires monthly rental payments with no required up-front fees. Under the terms of the traditional plan, a portion of the life-lease is refundable upon termination of the lease contract within four years of the move-in date and re-occupancy of the residency unit. The return of capital plans provide between 50 percent and 94 percent (depending on the plan chosen) refundability of the life-lease fees upon termination of the lease contract and re-occupancy of the residency unit. The deferred revenue portion of the traditional and return of capital plans is recognized over the actuarially determined estimated life of the residents, the balance of which is recognized in the year the resident moves out.

Deferred revenues consist of the following at June 30:

	<u>2007</u>	<u>2006</u>
Traditional plan	\$ 10,378,375	\$ 10,270,369
Return of capital plan	<u>421,568</u>	<u>512,695</u>
Total deferred revenue from life-lease fees	10,799,943	10,783,064
Less current portion of life-lease fees	<u>(906,238)</u>	<u>(924,599)</u>
Long-term portion of life-lease fees	<u>\$ 9,893,705</u>	<u>\$ 9,858,465</u>

Based on the terms of the traditional and return of capital plans, NCR and Affiliates recorded a liability for the estimated repayment of the refundable life-lease fees in the amount of \$7,395,274 and \$6,366,519 at June 30, 2007 and 2006, respectively, which is included in long-term liabilities on the balance sheet. The total gross amount of contractual refund obligations under existing contracts was \$8,816,520 and \$8,661,381 at June 30, 2007 and 2006, respectively. In addition, monthly services and administrative fees received from residents are recognized as revenue on a monthly basis.

Note 10 - Program, Support Services, and Fund-raising Expenses

Total operating expense consisted of expenses relating to program, support services, and fund-raising expenses in the following amounts at June 30:

	<u>2007</u>	<u>2006</u>
Program services	\$ 22,313,209	\$ 20,249,294
Support services	1,390,447	1,343,445
Fund-raising	<u>130,878</u>	<u>147,349</u>
Total	<u>\$ 23,834,534</u>	<u>\$ 21,740,088</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 11 - Change in Accounting Principle - Adoption of FAS 158

During the year ended June 30, 2007, NCR and Affiliates adopted the provisions of FASB Statement No. 158 (FAS 158), *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, an amendment of FASB Statements No. 87, 88, 106, and 132(R). FAS 158 changes the accounting for defined benefit pension and postretirement plans by requiring that the full over- or underfunded status of a defined benefit plan be recognized as an asset or liability. For defined benefit pension plans, the funded status of the plan is the difference between the projected benefit obligation (PBO) and the fair value of plan assets. For all other postretirement benefit plans the funded status is the difference between the accumulated postretirement benefit obligation (ABO) and the fair value of plan assets.

The adoption of FAS 158 as of June 30, 2007 resulted in no changes to the balance sheet, net assets, or statement of activities due to an effective freezing of the defined benefit plan as more fully described in Note 8.

Note 12 - Fair Values of Financial Instruments

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

Short-term Financial Instruments - The fair values of short-term financial instruments, including cash and cash equivalents, accounts receivable and payable, and accrued liabilities approximate the carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

Investments - Investments are recorded at fair value in the accompanying financial statements. Fair value is determined based on quoted market prices.

Long-term Obligations - The fair value of long-term obligations approximates the carrying amounts in the accompanying financial statements. The carrying value of the debt approximates market based on current borrowing rates.

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 13 - Commitments and Contingencies

NCR has various commitments and contingencies related to its primary business activities. These commitments are as follows:

Construction Equity and Loan Guarantees - NCR has guaranteed various loans and equity of certain related party transactions. In the event of default by a related party, NCR could be obligated to repay the full amount outstanding. The maximum potential future payments of these loans at June 30 are as follows:

	2007	2006
Battery Park	\$ -	\$ 2,000,000
Bristol Court Apartments, LP	913,580	2,000,000
Chantry Place	2,000,000	4,000,000
Clara Park Commons	1,500,000	1,500,000
Commons at Grant	-	1,500,000
Cypress Sunrise	902,619	902,619
Heritage Place at Trails Edge	2,100,000	5,550,000
Kirby Manor	-	5,000,000
Madison Tower	2,944,733	-
McPherson Woods	306,000	306,000
Meadow View	1,946,287	-
Memorial Towers	4,700,000	4,700,000
Ravine at Central College	-	1,464,380
Ravine at Central College II	2,350,000	-
Rivercrest	-	1,783,226
Romulus	3,502,627	-
Santiago Fajardo Village	2,384,454	-
Solberg Tower	4,675,499	-
Summerfield Village	1,301,575	-
Vanderbilt	5,550,000	-
Villa Esperanza	2,639,722	-
Villa Providencia	1,958,931	-
Waggoner Family	-	1,500,000
Waggoner Senior Apartments	-	-
Wayne Tower	2,723,396	-
Wysong Plaza	1,494,691	1,494,691
Total	<u>\$ 45,894,114</u>	<u>\$ 33,700,916</u>

National Church Residences and Affiliates

Notes to Special Purpose Financial Statements June 30, 2007 and 2006

Note 13 - Commitments and Contingencies (Continued)

These loans and mortgages bear interest at variable rates, which range from 1.0 percent to 6.0 percent at June 30, 2007. The debt is secured by the assets held by the related party organizations, which consist principally of properties and facilities. The construction guarantees typically will expire at the end of a 30-month period. In the event NCR is required to make payments under these guarantees, NCR could seek to recover these amounts from the related party organizations; however, NCR does not hold specific recourse or collateral rights in connection with the guarantees.

Operating Deficit - NCR has made certain commitments related to numerous low-income tax credit housing projects developed by partnerships sponsored by NCR. To induce investor participation in the projects, NCR has extended operating deficit guarantees to the general partners in the partnerships. These guarantees can be drawn upon for specified purposes. Operating deficit guarantees totaled \$24,110,915 and \$13,874,087 at June 30, 2007 and 2006, respectively.

In the event NCR is required to make payments under these guarantees, NCR could seek to recover these amounts from the related party organizations; however, NCR does not hold specific recourse or collateral rights in connection with the guarantees. At June 30, 2007 and 2006, approximately \$1,784,000 and \$1,502,000, respectively, was cumulatively funded by NCR. Management believes that any additional funding of these operating deficit/completion guarantees will not be material, if required.

NCR entered into two additional guarantees subsequent to June 30, 2007 totaling \$13,597,000. The terms of these guarantees are the same as the guarantees described above.

In relation to these projects, NCR has made certain limited guarantees with assurance that the low-income tax credits will be available to the investors over the projected periods during which the credits are anticipated to be earned. As of June 30, 2007, NCR believes it has completed all matters necessary to assure that the credits will be available and anticipates that all future requirements will be met. Such matters consist principally of renting the housing units to qualified tenants and maintaining proper administrative records.

NCR is involved in litigation arising in the ordinary course of business. In the opinion of NCR's management and legal counsel, liabilities not covered by insurance resulting from such litigation are not expected to be material.

In May 2007, HUD performed a comprehensive review of NCR's management practices. Although the final results of HUD's review are not available yet, HUD may ask NCR to pay for various expenses booked at the site level that the review team did not consider to be eligible program expenses. As of the date of this report, this amount is not known and cannot be estimated by management.

Additional Information

To the Board of Trustees
National Church Residences and Affiliates

We have audited the special purpose financial statements of National Church Residences and Affiliates as of June 30, 2007 and 2006. Our audits were made for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying combining special purpose balance sheet and statement of activities information is presented for the purpose of additional analysis of the special purpose financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the special purpose financial statements. The combining information has been subjected to the procedures applied in the audits of the special purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

Plante & Moran, PLLC

September 4, 2007

National Church Residences and Affiliates

Combining Special Purpose Balance Sheet June 30, 2007

	National Church Residences	NCR Foundation	NCR Health Care	NCR Housing	Bristol Village Homes	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 3,664,651	\$ -	\$ 354,220	\$ -	\$ 508,560	\$ 4,527,431
Investments	9,572,170	20,129,573	-	-	2,208,428	31,910,171
Restricted cash and investments	-	-	-	-	12,632	12,632
Other receivables:						
Related parties	5,809,774	-	124,878	-	(677,994)	5,256,658
Current portion of notes receivable from related parties	327,072	-	-	-	-	327,072
Other	121,857	(147,161)	-	-	198,059	172,755
Other current assets	28,284	13,203	1,345	-	9,308	52,140
Total current assets	19,523,808	19,995,615	480,443	-	2,258,993	42,258,859
Property and Equipment - Net	3,902,118	-	72,040	-	16,309,042	20,283,200
Other						
Designated and restricted cash and investments	780,537	5,106,996	-	-	3,143,258	9,030,791
Long-term receivable from related parties	10,909,519	19,431	-	-	-	10,928,950
Investment in related party organizations	50,230	-	-	2,424,640	-	2,474,870
Net unamortized bond issuance costs	119,842	-	-	-	221,316	341,158
Other noncurrent assets	821,913	-	-	-	-	821,913
Total assets	<u>\$ 36,107,967</u>	<u>\$ 25,122,042</u>	<u>\$ 552,483</u>	<u>\$ 2,424,640</u>	<u>\$ 21,932,609</u>	<u>\$ 86,139,741</u>

National Church Residences and Affiliates

Combining Special Purpose Balance Sheet (Continued) June 30, 2007

	National Church Residences	NCR Foundation	NCR Health Care	NCR Housing	Bristol Village Homes	Total
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Accounts payable and accrued expenses	\$ 1,416,440	\$ -	\$ 125,897	\$ -	\$ 685,539	\$ 2,227,876
Accrued interest	11,070	-	-	26,360	25,591	63,021
Deposits held	156,131	-	-	-	101,898	258,029
Accrued liabilities and other:						
Life-lease fees	-	-	-	-	906,238	906,238
Accrued compensation and related liabilities	230,496	-	-	-	-	230,496
Debt	188,970	-	-	61,979	345,095	596,044
Other liabilities	-	57,528	-	-	-	57,528
Total current liabilities	2,003,107	57,528	125,897	88,339	2,064,361	4,339,232
Long-term Debt - Net of current portion	11,227,641	-	-	1,013,958	7,986,969	20,228,568
Other Long-term Liabilities						
Refundable fees	-	-	-	-	7,395,274	7,395,274
Deferred compensation liability	456,246	-	-	-	-	456,246
Workers' compensation liability-Including reserves for related parties	140,740	-	-	-	-	140,740
Deferred revenue - Life-lease fees - Net of current portion	-	-	-	-	9,893,705	9,893,705
Deferred revenue - Developer fees	313,500	-	-	-	-	313,500
Intercompany payables (receivables)	(4,002,000)	(2,875,455)	-	3,502,000	3,375,455	-
Other long-term liabilities	-	459,070	-	-	-	459,070
Net Assets (Deficit)						
Unrestricted	25,968,733	23,633,298	426,586	(2,179,657)	(8,783,155)	39,065,805
Temporarily restricted	-	3,847,601	-	-	-	3,847,601
Total net assets (deficit)	25,968,733	27,480,899	426,586	(2,179,657)	(8,783,155)	42,913,406
Total liabilities and net assets (deficit)	<u>\$ 36,107,967</u>	<u>\$ 25,122,042</u>	<u>\$ 552,483</u>	<u>\$ 2,424,640</u>	<u>\$ 21,932,609</u>	<u>\$ 86,139,741</u>

National Church Residences and Affiliates

Combining Statement of Activities Year Ended June 30, 2007

	National Church Residences	NCR Foundation	NCR Health Care	NCR Housing	Bristol Village Homes	Totals
Operating Revenue						
Management fees	\$ 11,474,328	\$ -	\$ 3,163,477	\$ -	\$ -	\$ 14,637,805
Service and administrative	-	-	-	-	2,517,180	2,517,180
Developer fees and other	8,961,870	-	-	-	84,877	9,046,747
Life-lease amortization revenue	-	-	-	-	1,232,202	1,232,202
Distributions received from unconsolidated subsidiaries	2,425,933	-	-	-	-	2,425,933
Rental revenue	249,289	-	-	-	223,173	472,462
Total operating revenue	23,111,420	-	3,163,477	-	4,057,432	30,332,329
Operating Expenses						
Payroll and other employee-related expenses	9,779,516	-	1,731,254	-	789,036	12,299,806
Administrative	3,385,429	692,949	348,446	-	384,084	4,810,908
Depreciation and amortization	405,875	1,025	35,402	-	1,839,279	2,281,581
Operating and maintenance	319,688	-	42,892	-	686,019	1,048,599
Interest	374,613	51,630	30	26,360	385,201	837,834
Taxes and insurance	107,515	-	5,560	-	580,017	693,092
Travel	649,246	-	91,828	-	31,281	772,355
Advertising	137,440	-	5,079	-	408,902	551,421
Utilities	75,377	-	-	-	333,898	409,275
Service and ancillary	14,355	-	-	-	115,308	129,663
(Income) expense from affiliates	(1,103,426)	232,500	772,231	-	98,695	-
Total operating expenses	14,145,628	978,104	3,032,722	26,360	5,651,720	23,834,534
Operating Income (Expense)	8,965,792	(978,104)	130,755	(26,360)	(1,594,288)	6,497,795
Other Income (Expense)						
Net investment income	1,067,858	2,420,218	-	-	818,731	4,306,807
Contributions	7,213,400	-	-	-	-	7,213,400
Loss on impairment of notes receivable - Related parties	(7,536,998)	-	-	-	-	(7,536,998)
Loss on impairment of investment in related party organization	-	-	-	(2,153,297)	-	(2,153,297)
Net assets released from restriction - Unrestricted	-	768,507	-	-	-	768,507
Total other income (expense)	744,260	3,188,725	-	(2,153,297)	818,731	2,598,419
Increase (Decrease) in Unrestricted Net Assets	\$ 9,710,052	\$ 2,210,621	\$ 130,755	\$ (2,179,657)	\$ (775,557)	\$ 9,096,214