



***PLYMOUTH HOUSING GROUP  
AND SUBSIDIARIES***

Consolidated Financial Statements with  
Independent Auditors' Report

December 31, 2006

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***Independent Auditors' Report***

***Board of Trustees  
Plymouth Housing Group and Subsidiaries  
Seattle, Washington***

We have audited the accompanying consolidated statement of financial position of Plymouth Housing Group and Subsidiaries (collectively, the Organization) as of December 31, 2006, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Organization adopted the provisions of Emerging Issues Task Force Issue 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights."

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 11, 2007, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 considered in assessing the results of our audits.

The accompanying supplemental schedules on pages 19 and 20 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

  
Clark Nuber P.S.  
Certified Public Accountants  
April 11, 2007

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Consolidated Statement of Financial Position**  
**December 31, 2006**

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**Assets**

**Current Assets:**

Cash and cash equivalents	\$ 1,120,029
Cash restricted for Shelter Plus Care program	346,561
Accounts receivable, net	251,081
Grants and pledges receivable	338,880
Tenant security deposits and other current assets	219,325

**Total Current Assets** **2,275,876**

Cash and pledges restricted for capital campaign	2,171,894
Property and equipment, net	69,058,024
Board designated and restricted reserves	2,798,299
Deferred financing fees, net	718,022

**Total Assets** **\$ 77,022,115**

**Liabilities and Net Assets**

**Current Liabilities:**

Accounts payable and accrued expenses	\$ 977,289
Advance for Shelter Plus Care program	343,543
Tenant deposits and prepaid rent	140,642
Current portion of long-term debt	1,101,384

**Total Current Liabilities** **2,562,858**

Long-term debt, less current portion	38,157,845
Deferred interest on long-term debt	1,393,671
Forgivable long-term debt	2,743,646

**Total Liabilities** **44,858,020**

Minority interest in consolidated subsidiaries 16,484,972

**Net Assets:**

Unrestricted:	
Undesignated	12,221,231
Board designated	268,000

Total unrestricted	12,489,231
Temporarily restricted	3,189,892

**Total Net Assets** **15,679,123**

**Total Liabilities and Net Assets** **\$ 77,022,115**

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

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2006**

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total 2006</i>
<b>Operating Activities</b>			
<b>Support and Revenue:</b>			
Rental income - residential	\$ 4,591,518	\$ -	\$ 4,591,518
Rental income - commercial	776,231		776,231
Grants	1,180,850		1,180,850
Contributions	302,018		302,018
Developer fees	780,150		780,150
Investment income	158,759		158,759
Plymouth Café sales	179,828		179,828
Other	447,116		447,116
Net assets released from restrictions	110,107	(110,107)	
<b>Total Support and Revenue</b>	<b>8,526,577</b>	<b>(110,107)</b>	<b>8,416,470</b>
<b>Expenses:</b>			
Program services -			
Housing management	9,683,466		9,683,466
Housing development	189,251		189,251
	9,872,717		9,872,717
Management and general	780,608		780,608
Resource development	246,407		246,407
Plymouth Café expenses	367,593		367,593
<b>Total Expenses</b>	<b>11,267,325</b>		<b>11,267,325</b>
<b>Change in Net Assets from Operating Activities</b>	<b>(2,740,748)</b>	<b>(110,107)</b>	<b>(2,850,855)</b>
<b>Non-Operating Activities</b>			
Capital campaign contributions and grants		1,786,731	1,786,731
Capital campaign expenses	(178,231)		(178,231)
Net assets released from restrictions	3,101,206	(3,101,206)	
<b>Change in Net Assets from Non-Operating Activities</b>	<b>2,922,975</b>	<b>(1,314,475)</b>	<b>1,608,500</b>
<b>Total Change in Net Assets before Minority Interest</b>	<b>182,227</b>	<b>(1,424,582)</b>	<b>(1,242,355)</b>
Minority interest in net losses of subsidiaries	2,729,362		2,729,362
<b>Total Change in Net Assets</b>	<b>2,911,589</b>	<b>(1,424,582)</b>	<b>1,487,007</b>
Beginning of year net assets	9,577,642	4,614,474	14,192,116
<b>End of Year Net Assets</b>	<b>\$ 12,489,231</b>	<b>\$ 3,189,892</b>	<b>\$ 15,679,123</b>

The accompanying notes are an integral part of the financial statements

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2006**

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 1,487,007
Adjustments to reconcile change in net assets to cash used by operating activities:	
Minority interest in net losses of subsidiaries	(2,729,362)
Depreciation and amortization	2,476,408
Non-cash contribution for the forgiveness of debt	(8,447)
Contributions and grants restricted for capital campaign capital expenditures	(1,608,500)
Gain on sale of transferable development rights	(303,128)
Net realized and unrealized gains on investments and reserves	(58,778)
Changes in operating assets and liabilities:	
Shelter Plus Care related asset and liability	70,322
Accounts receivable	(5,953)
Grants and pledges receivable	(151,054)
Prepaid expenses and tenant security deposits	5,268
Accounts payable, accrued expenses, and interest	(378,578)
Tenant deposits and prepaid rent liability	2,027
	<hr/>
<b>Cash Used by Operating Activities</b>	<b>(1,202,768)</b>
<b>Cash Flows from Investing Activities:</b>	
Net change in board designated and restricted reserves	1,022,291
Net change in restricted debt proceeds	4,590,306
Proceeds from sale of transferable development rights	520,728
Cash set aside for capital campaign	(1,867,354)
Purchases of property and equipment	(9,355,225)
	<hr/>
<b>Cash Used by Investing Activities</b>	<b>(5,089,254)</b>
<b>Cash Flows from Financing Activities:</b>	
Proceeds from contributions and grants restricted to capital campaign capital expenditures	2,965,153
Proceeds from long-term debt	3,926,899
Repayment of long-term debt	(7,961,992)
Payment of financing fees	(196,552)
Capital contributions from minority owners	7,887,312
	<hr/>
<b>Cash Provided by Financing Activities</b>	<b>6,620,820</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>328,798</b>
Cash and cash equivalents, beginning of year	791,231
	<hr/>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,120,029</b>
	<hr/>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Cash paid during the year for interest	\$ 130,868
<b>Supplemental Disclosure of Non-Cash Investing and Financing Transactions:</b>	
Non-cash contribution for the forgiveness of debt	\$ 8,447

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

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 1 - Nature of the Organization***

Plymouth Housing Group (PHG) is a Washington nonprofit organization. PHG works to eliminate homelessness and stabilize homeless and very low-income people in housing by preserving, developing and operating safe, decent, affordable housing, and by providing opportunities for homeless and very low-income people to improve their lives. PHG carries out this mission through a supportive housing services model which includes community building activities with residents, on-site social services staff, computer labs and strategic partnerships with local mental health, medical, drug and alcohol treatment programs that support residents. PHG also operates a tenant supply closet stocked with household goods for residents.

Since 1980, PHG has completed the purchase/lease and rehabilitation of twelve buildings. Four of these buildings are wholly owned by PHG (the Gatewood, Scargo, Haddon Hall and the William Tell); eight are owned by related entities created by PHG to meet requirements of funding from the U.S. Department of Housing & Urban Development (HUD) or Low Income Housing Tax Credit requirements. These buildings provide 806 homes to low-income people living in Seattle. PHG typically provides financial packaging, construction supervision and property management services for each property developed. One building is under construction as of December 31, 2006 and will provide an additional 95 units of housing.

#### ***Note 2 - Summary of Significant Accounting Policies***

**Principles of Consolidation** - In 2006, PHG adopted the provisions of Emerging Issues Task Force Issue 04-5 (EITF 04-5) "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights." As required by EITF 04-5, PHG has consolidated all limited partnerships and limited liability companies in which PHG is the general partner or managing member starting in 2006. Before adopting EITF 04-5, PHG accounted for these limited partnerships and limited liability companies using the equity method of accounting for investments. PHG has applied this change in reporting entity by retroactively restating opening balances for 2006, which has resulted in a \$45.9 million increase to total assets, \$34.6 million to total liabilities and \$11.3 million to minority interest in consolidated subsidiaries, and no change in total net assets as of January 1, 2006. This change in reporting entity had no impact on reported total change in net assets for 2006.

These financial statements consolidate the statements of Plymouth Housing Group, Ponderosa Apartments, Open Door Ventures, Pacific Hotel Limited Partnership, Colwell Building Limited Partnership, Lewiston Hotel Limited Partnership, First & Denny Limited Partnership, St. Charles Hotel LLC, Plymouth Café LLC, Second & Stewart LLC, and Third & Blanchard LLC (collectively, the Organization). Inter-organization balances and transactions have been eliminated in the combination.

Ponderosa Apartments (the Ponderosa) was formed as a 501(c)(3) nonprofit corporation under the laws of the State of Washington on April 7, 1993. It was organized as a community-based organization for the purpose of developing and operating the Ponderosa Apartments, a 23-unit apartment building in Seattle, Washington. A board of directors governs the Ponderosa, the members of which are elected by PHG's board of trustees.

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 2 - Continued***

Open Door Ventures (ODV) was formed as a 501(c)(3) nonprofit corporation under the laws of the State of Washington on August 27, 1993. It was organized as a community-based organization for the purpose of developing and operating the Cal Anderson House, a 24-unit apartment building for AIDS disabled persons located in Seattle, Washington. Cal Anderson House is operated under Section 811 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) and is also subject to a Section 8 Housing Assistance Payments agreement with HUD. A board of directors governs ODV, the members of which are elected by PHG's board of trustees.

Plymouth Café LLC is a wholly owned for-profit subsidiary of PHG. Plymouth Café LLC was formed under the laws of the State of Washington on January 26, 2004 to own and operate the Plymouth Café, a restaurant, in the St. Charles building in Seattle, Washington.

Pacific Hotel Limited Partnership (the Pacific) was formed as a limited partnership under the laws of the State of Washington on September 3, 1993. The partnership agreement was amended and restated on October 21, 1994. PHG serves as the general partner with 1% ownership. The National Equity Fund 1993 Limited Partnership is the limited partner with 99% ownership. The partnership was organized for the purpose of developing and operating 112 units of low-income housing in a building known as the Pacific Hotel located in Seattle, Washington, and placed in service on October 16, 1995. This partnership is reported as a consolidated subsidiary of PHG due to the control PHG has over the partnership as the partnership's general partner.

Colwell Building Limited Partnership (the Colwell) was formed as a limited partnership under the laws of the State of Washington on August 31, 1998. PHG serves as the general partner with .01% ownership. National Equity Fund 1997 Limited Partnership is the limited partner with 99.99% ownership. The partnership was organized for the purpose of developing and operating 126 units of low-income housing in a building known as the David Colwell Building located in Seattle, Washington, and placed in service on May 8, 2000. This partnership is reported as a consolidated subsidiary of PHG due to the control PHG has over the partnership as the partnership's general partner.

Lewiston Hotel Limited Partnership (the Lewiston) was formed as a limited partnership under the laws of the State of Washington on November 2, 1999. The partnership agreement was amended and restated on December 15, 2000. PHG serves as the general partner with .01% ownership and the limited partners are WAMU Affordable Housing Fund Limited Partnership, with 49.995% ownership and Key Community Development Corporation, with 49.995% ownership. The partnership was organized for the purpose of developing and operating 50 units of low-income housing in a building known as the Lewiston Hotel located in Seattle, Washington, and placed in service on December 20, 2001. This partnership is reported as a consolidated subsidiary of PHG due to the control PHG has over the partnership as the partnership's general partner.

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 2 - Continued***

First & Denny Limited Partnership (Plymouth Place) was formed as a limited partnership under the laws of the State of Washington on March 14, 2001. The partnership agreement was amended and restated on December 14, 2001. PHG serves as the general partner with .01% ownership. NEF Assignment Corporation is the limited partner with 99.99% ownership. The partnership was organized for the purpose of developing and operating 73 units of low-income housing in a building known as Plymouth Place located in Seattle, Washington, and placed in service on January 31, 2003. This partnership is reported as a consolidated subsidiary of PHG due to the control PHG has over the partnership as the partnership's general partner.

St. Charles Hotel LLC (the St. Charles) was formed under the laws of the State of Washington on April 15, 2002. The LLC operating agreement was amended and restated on March 20, 2003. PHG serves as the managing member with .01% ownership. NEF Assignment Corporation is the investor member with 99.99% ownership. The LLC was organized for the purpose of developing and operating 64 units of low-income housing in a building known as the St. Charles Hotel located in Seattle, Washington, and placed in service on May 21, 2004. This LLC is reported as a consolidated subsidiary of PHG due to the control PHG has over the LLC as the LLC's managing member.

Second & Stewart LLC (Plymouth on Stewart) was formed as a Washington limited liability company on April 18, 2002. The LLC operating agreement was amended and restated on November 8, 2004. PHG serves as the managing member with .01% ownership. NEF Assignment Corporation is the investor member with 99.99%. The LLC was organized for the purpose of developing and operating 87 units of low-income housing in a building known as Plymouth on Stewart located in Seattle, Washington. The project was completed and placed in service on April 20, 2006. This LLC is reported as a consolidated subsidiary of PHG due to the control PHG has over the LLC as the LLC's managing member.

Third & Blanchard LLC was formed as a limited liability company under the laws of the State of Washington on June 23, 2005. The LLC operating agreement was amended and restated on August 31, 2006. PHG serves as the managing member with .01% ownership. NEF Assignment Corporation is the investor member with 99.99% ownership. The purpose of the LLC is to acquire and construct 95 residential units in Seattle, Washington. The project operates under the name of the Langdon & Anne Simons Senior Apartments (LASSA). LASSA was under construction at December 31, 2006 and is expected to open in early 2008. As the managing member of the LLC, PHG obtained financing to purchase and construct the building, including an award of low-income housing tax credits. On September 1, 2006, PHG assigned all agreements to the LLC. This LLC is reported as a consolidated subsidiary of PHG due to the control PHG has over the LLC as the LLC's managing member.

Minority interest presented in the consolidated financial statements is comprised of the ownership interest of the tax credit investors related to the seven partnerships and LLCs described above.

**Basis of Presentation** - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 2 - Continued***

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. See Note 11 for the composition of temporarily restricted net assets as of December 31, 2006.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes. As of December 31, 2006, the Organization had no permanently restricted net assets.

**Cash and Cash Equivalents** - For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less, except for those held in its investment and reserves portfolios, to be cash and cash equivalents. Management anticipates no material effect to the Organization's financial position as a result of cash held in a bank in excess of the available federal deposit insurance.

**Receivables** - Trade accounts, grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balance outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**Restricted Reserves** - Certain loan covenants require the Organization to maintain reserves for building replacement. Such reserves are held in the form of cash, money market funds, corporate and government bonds and equity investments. All investments are carried at fair market value. At December 31, 2006, restricted reserve accounts were pledged as collateral for certain loans.

**Property and Equipment** - Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Improvements are capitalized while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation has been provided for furnishings and equipment on the straight-line basis over five to fifteen years. Depreciation has been provided for buildings on the straight-line basis over lives of twenty-five to forty years. Leasehold improvements have been amortized over the shorter of the asset useful life or lease term.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2006.

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 2 - Continued***

**Deferred Financing Fees** - The costs incurred to obtain financing of the Organization's projects have been capitalized and are being amortized using the straight-line basis over the lives of the related financing ranging from 10 to 50 years.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Donated Property and Equipment** - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Restricted and Unrestricted Revenue and Support** - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**Accounting for Shelter Plus Care Program** - PHG serves as an administrator for funds from HUD under the direction of King County for the Shelter Plus Care Program. PHG retains an administration fee that is recorded in the financial statements. All other funds received (totaling \$3,757,071 for the year ended December 31, 2006) are forwarded to the landlords and are not reflected as revenue or expense in these financial statements as PHG is merely an agent for those funds.

**Federal Income Tax** - Plymouth Housing Group, Ponderosa Apartments, and Open Door Ventures have been notified by the Internal Revenue Service that they are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Income from the Plymouth Café and commercial leasing activities not directly related to PHG's tax-exempt purpose is subject to taxation as unrelated business income. At December 31, 2006, the Plymouth Café had net operating losses for which a deferred tax benefit has not been reported, as the Café is not likely to have taxable net income in the near future. Taxes paid on unrelated business income were not significant for 2006. The Pacific Hotel Limited Partnership, Colwell Building Limited Partnership, Lewiston Hotel Limited Partnership, First & Denny Limited Partnership, St. Charles Hotel LLC, Plymouth Café LLC, Second & Stewart LLC and Third & Blanchard LLC have no provision or benefit for income taxes included in these financial statements since taxable income or loss passes through to, and is reportable by, each partner or member individually.

## **PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements For the Year Ended December 31, 2006**

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#### **Note 2 - Continued**

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles 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.

#### **Note 3 - Capital Campaign**

During 2004, the Organization launched a \$52 million capital campaign to fund the purchase and renovation of construction of the St. Charles, Plymouth on Stewart, Haddon Hall, and the Langdon & Anne Simons Senior Apartments, other capital projects and social services. The St. Charles was completed during 2004; Plymouth on Stewart and Haddon Hall were completed during 2006, and the Langdon & Anne Simons Senior Apartments were under construction as of December 31, 2006.

\$40 million of the \$52 million campaign goal is to come from public sources in the form of governmental loans and tax credit equity investments. \$12 million of the campaign goal is to come from private sources in the form of contributions, private loans, and sales of transferable development rights and view easements.

Included in capital campaign contribution revenue for 2006 is \$187,025 of net revenue (net of \$143,698 of direct expenses) raised at a special luncheon event.

The Organization had the following pledges receivable and cash restricted for the capital campaign at December 31, 2006:

Pledges receivable, due in less than one year	\$ 170,502
Cash	<u>2,001,392</u>
	<b><u>\$ 2,171,894</u></b>

A conditional matching grant of \$500,000 was awarded to the Organization during 2006. The revenue will be recorded and funds will be received when the matching conditions are met, which is anticipated to occur by June 30, 2007.

#### **Note 4 - Board Designated and Restricted Reserves**

The Organization has operating and replacement reserves for the various properties and for general operations. All reserves are carried at fair market value and consisted of the following at December 31, 2006:

Cash and money market funds	\$ 1,917,411
Government bonds	159,272
Equity securities	<u>721,616</u>
	<b><u>\$ 2,798,299</u></b>

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2006**

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**Note 4 - Continued**

Investment income consisted of the following at December 31, 2006:

Interest and dividends	\$ 99,981
Realized and unrealized gains	<u>58,778</u>
	<b><u>\$ 158,759</u></b>

**Note 5 - Property and Equipment**

Property and equipment consisted of the following at December 31, 2006:

Land	\$ 7,783,375
Buildings and improvements	64,821,844
Furnishings and equipment	2,924,535
Construction-in-progress (Note 8)	<u>8,466,880</u>
	83,996,634
Accumulated depreciation	<u>(14,938,610)</u>
	<b><u>\$ 69,058,024</u></b>

**Note 6 - Long-Term Debt and Forgivable Long-Term Debt**

Long-term debt and forgivable long-term debt consisted of the following at December 31, 2006:

**Plymouth Housing Group:**

Note payable to a private foundation, secured by PHG's operating and replacement reserves; interest at 2%; semi-annual interest payments due; matures January 2007

\$ 250,000

Margin loan on investment portfolio, variable interest based on Prime, 8.5% at 12/31/06, monthly payments of interest required; no expiration date, balance includes \$43,566 of accrued interest added to the loan balance

525,040

Note payable to Plymouth Congregational Church, secured by one of PHG's reserve accounts; interest at 3%; monthly payments of principal and interest; matures June 2014

217,658

**Scargo Building:**

Rental rehabilitation loan payable to City of Seattle, secured by deed of trust, interest at 1% per year accrues until maturity, March 3, 2028; interest will be forgiven in increments from 2009 to 2028 provided the property continues to be used for low-income housing

227,417

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2006**

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**Note 6 - Continued**

Community development block grant loan payable to City of Seattle for Scargo building office space; zero percent interest; principal is forgiven March 31, 2013 if all loan terms are met, otherwise principal and contingent interest will be payable at maturity	246,840
Note payable to Banner Bank, secured by deed of trust; interest at 7.25% per year; payable in monthly installments of \$4,742 until maturity on September 1, 2018	449,205
<b>William Tell Building:</b> Development and rental rehabilitation loan payable to City of Seattle; secured by deed of trust; interest at 1% per year until December 2006 ; then forgiven over the next 20 years; loan matures November 2026 but can be extended 61 years at which time the principal balance will be forgiven if in compliance with loan terms	95,314
<b>Gatewood Building:</b> Note payable to the City of Seattle; secured by deed of trust; interest at 1% per year until March 2006; payment of interest deferred to maturity in March 2016 or at termination of the ground lease, whichever is earlier	775,447
<b>Haddon Hall:</b> Note payable to the City of Seattle; secured by deed of trust; interest at 1% per year until January 2017, at which time interest is forgiven until the maturity date, January 2036	1,119,781
Note payable to Bank of America; secured by deed of trust; interest at 9.5%; monthly payments of \$4,625; matures June 2017	498,830
Note payable to the State of Washington; secured by deed of trust; interest at 1% per year; payments of \$25,513 due annually; matures December 2047	837,700
<b>Ponderosa Apartments:</b> Note payable to Prudential Huntoon; secured by deed of trust; monthly payments of \$1,333 including interest at 6.0% per year due until maturity at October 2009	41,567
<b>Open Door Ventures:</b> Non-interest bearing note payable to HUD; secured by a deed of trust; forgiven in 2035 provided compliance with terms and conditions of the loan agreement; otherwise, outstanding balance and accrued interest of 6.75% per year is due immediately	1,477,000

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2006**

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**Note 6 - Continued**

Note payable to the City of Seattle; secured by a deed of trust; interest at 1% per year through September 2014; then forgiven over the next twenty years at 5% per year; the note requires the property be used for low-income rental housing or the outstanding balance due immediately, otherwise, the note due in 2034	623,725
Note payable to Washington State Department of Community Trade and Economic Development; secured by a deed of trust; non-interest bearing; matures July 2044	250,000
Note payable to City of Seattle; unsecured; non-interest bearing; forgiven over ten year period starting in 2005 provided that the project complies with terms and conditions of the loan agreement	67,580
<b>Pacific Hotel:</b>	
Note payable to Washington Mutual Savings Bank; interest at 6.25% per year; monthly installments of \$5,055 through November 1, 2009; secured by a deed of trust	161,349
Note payable to City of Seattle; secured by a deed of trust; interest at 1% per year through April 2014; then forgiven over the next twenty years at 5% per year; note requires the property be used for low-income rental housing or the outstanding balance is due immediately, otherwise, the note matures April 1, 2034; payment of principal may be extended for up to seven five-year periods after maturity, if borrower has remained in continuous compliance with all terms and conditions of the loan documents	2,933,736
Note payable to State of Washington; original note \$1,000,000; Interest at 1%, compounded monthly; annual installments of principal and interest in the amount of \$25,423; based on 50-year amortization beginning December 1, 1996 and continuing through November 1, 2045; secured by a deed of trust	820,743
<b>Colwell:</b>	
Note payable to Seattle Housing Authority; secured by a deed of trust; interest at 1% per year; note to be forgiven January 2041 provided the project complies with terms and conditions of the loan agreement; otherwise, the outstanding balance and accrued interest of 1% per year will be due in full	856,912

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 6 - Continued***

Note payable to Washington Mutual Savings Bank, original amount \$4,200,000, from proceeds of Series A bonds issued by Seattle Housing Authority; interest at 6.474% per year; principal and interest payable monthly based on a 28-year amortization; secured by a deed of trust	3,037,951
Note payable to the City of Seattle; original amount \$2,411,291; 1% simple interest per year accrues the first 20 years; note matures December 2038; secured by a deed of trust	2,099,942
<b>Lewiston:</b>	
Note payable to City of Seattle; interest at 6.62% paid semi-annually, varying principal amounts paid annually on August 1; matures September 1, 2020; secured by a deed of trust	905,834
Note payable to the State of Washington; interest rate 0.5%; payment of principal and interest deferred until maturity, July 31, 2051; secured by a deed of trust	650,000
Note payable to the City of Seattle; interest at 1% per year; if the Partnership complies with terms of the loan agreement, interest will be forgiven at 5% per year beginning November 22, 2022 provided that the Partnership does not violate the terms of the note; payment of principal and interest deferred until maturity November 22, 2039; secured by a deed of trust	1,081,410
<b>Plymouth Place:</b>	
Note payable to the City of Seattle; 1% simple interest; annual payments due beginning July 1, 2004 equal to fifty percent of net cash flow as defined in the partnership agreement; matures December 14, 2051; secured by a deed of trust	2,545,617
Note payable to the State of Washington, original amount \$2,000,000, subordinated to the City of Seattle note. Interest at zero percent. Loan deferred for fifty years; matures November 30, 2052	2,000,000
Note payable to Washington Mutual, original amount \$300,000, subordinated to the City of Seattle note; due in monthly payments of \$2,258, including interest at 8.27% per year; matures December 1, 2032	289,205
<b>St. Charles:</b>	
Note payable to the City of Seattle; interest at 1% per year; annual payments due beginning July 1, 2006 equal to fifty percent of net cash flow as defined in the LLC operating agreement; matures December 14, 2051; secured by a deed of trust	1,727,870

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2006**

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**Note 6 - Continued**

Note payable to the State of Washington; interest at zero percent; loan deferred for forty years; matures May 31, 2044; secured by a deed of trust	1,391,324
<b>Plymouth on Stewart:</b>	
Note payable to King County, secured by a deed of trust; interest accrues at 4% per year; payments of principal and interest from available net cash flow commencing January 2005; balance due at maturity in January 2055	600,000
Note payable to City of Seattle annual payments of 50% of net cash flow of the preceding calendar year; interest at 1% per year on unpaid principal; secured by a deed of trust; due December 31, 2055	3,750,000
Note payable to State of Washington Department of Community, Trade and Economic Development; interest at 0%, secured by a deed of trust; principal due December 31, 2055	2,000,000
<b>Third and Blanchard:</b>	
Note payable to the City of Seattle; 1% simple interest; total principal available for borrowing \$4,678,631; annual payments due beginning June 30, 2009 equal to 41% of net cash flow as defined in the LLC operating agreement; matures July 10, 2055; may be extended an additional 25 years; secured by a deed of trust	4,628,631
Note payable to the City of Seattle; secured by a deed of trust; 1% simple interest; annual payments due beginning June 30, 2009 equal to 41% of net cash flow as defined in the LLC operating agreement; matures July 10, 2055; may be extended for an additional 25 years	821,369
Note payable to State of Washington Department of Community, Trade and Economic Development; total principal available \$2,000,000 interest at 0%; secured by a deed of trust; principal due July 31, 2058	1,924,192

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2006**

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**Note 6 - Continued**

Construction note payable to Key Bank, secured by deed of trust; interest at 6.81%; principal and interest due November 1, 2008	<u>73,686</u>
Total debt	42,002,875
Less: forgivable long-term debt	(2,743,646)
Less: current portion of long-term debt	<u>(1,101,384)</u>
<b>Non-Current Portion of Long-Term Debt</b>	<b><u>\$ 38,157,845</u></b>

Future principal maturities of long-term debt (excluding forgivable long-term debt) are as follows:

2007	\$ 1,101,384
2008	267,004
2009	276,131
2010	218,865
2011	229,116
Thereafter	<u>37,166,729</u>
<b>Total Long-term Debt</b>	<b><u>\$ 39,259,229</u></b>

The maturities presented above for years 2007 through 2011 include estimated maturities under the City of Seattle notes described above. Payments of principal under some of the City of Seattle notes are based on net cash flow, as defined in the loan agreement, and may differ from those presented above.

Interest has not been imputed on any of the above mortgages that carry below-market rates as they are payable to governmental entities and carry legal restrictions. The restrictions require the Organization to use the property for low-income housing, as defined by the mortgages' regulatory agreements. Certain mortgages provide for the deferral of interest payments. Deferred interest on long-term and forgivable debt totaled \$1,393,671 at December 31, 2006.

**Note 7 - Lease Commitments**

**Real Estate Leases** - PHG has entered into a ground lease at the Gatewood building, which expires in the year 2016. Rent escalates annually by the Consumer Price Index (CPI). Rent expense for 2006 was \$160,155. The minimum future rental commitment under the above operating lease is as follows:

2007	\$ 162,690
2008	168,384
2009	174,277
2010	180,377
2011	186,690
Thereafter	<u>869,861</u>
	<b><u>\$ 1,742,279</u></b>

## ***PLYMOUTH HOUSING GROUP AND SUBSIDIARIES***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2006***

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#### ***Note 7 - Continued***

**Commercial Leases** - The Gatewood, Scargo, Haddon Hall, Colwell, Lewiston, Plymouth Place, St. Charles, and Plymouth on Stewart properties have commercial tenants with non-cancelable operating leases. The future minimum rental income to be received by PHG under these leases is as follows:

2007	\$ 666,810
2008	568,349
2009	444,059
2010	266,712
2011	202,272
Thereafter	<u>912,257</u>
	<b><u>\$ 3,060,459</u></b>

#### ***Note 8 - Project Development Commitments***

**Third & Blanchard Construction** - PHG formed Third & Blanchard LLC in order to purchase property and construct the Langdon & Anne Simons Senior Apartments. Construction began in 2006. The total estimated cost of the property purchase and development is \$23 million of which \$8.47 million had been incurred and capitalized as construction-in-progress at December 31, 2006.

#### ***Note 9 - Other Commitments and Contingencies***

The Gatewood, Scargo, Haddon Hall, Ponderosa, Cal Anderson, Pacific, Colwell, Lewiston, Plymouth Place, St. Charles, and Plymouth on Stewart buildings receive rent subsidy payments through a variety of programs, including Section 8 programs funded through HUD, City of Seattle Housing Levy Operating & Maintenance Trust Fund, and the State of Washington Operations and Maintenance Fund.

The operations of the buildings are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

The Organization receives a substantial amount of its support from local, state and federal governmental agencies. For the year ended December 31, 2006, support from governmental agencies totaled 55% of total operating revenues. Amounts received are subject to audit and adjustments by the grantor agency. Any disallowed cost, including amounts already collected, may constitute a liability for the Organization. The amounts, if any, of expenditures that may be disallowed by the grantor are recorded at the time that such amounts can be reasonably determined, normally upon notification by the governmental agency. During the years ended December 31, 2006, no adjustments were made.

## **PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements For the Year Ended December 31, 2006**

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#### **Note 10 - Pension Plan**

PHG maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code, which covers all employees with at least one year of service. PHG contributes a minimum of five percent of employees' base compensation. Employees may make elective contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Plan expense for 2006 was \$124,757.

#### **Note 11 - Temporarily Restricted Net Assets**

Net assets were temporarily restricted for the following purposes at December 31, 2006:

Capital Campaign (Note 3)	\$ 2,171,894
City of Seattle grant	980,998
State of Washington grant	<u>37,000</u>
	<b><u>\$ 3,189,892</u></b>

**City of Seattle Grant** - In 1991 PHG received a contingently refundable grant from the City of Seattle in the amount of \$2,652,689 for the rehabilitation of the Gatewood building. The grant is secured by a deed of trust and security agreement on the Gatewood building along with an assignment of leases and rents. The grant is repayable only if the project is profitable above the level of the City's original loan balance of \$775,446 plus one percent simple interest over the 25-year term of the grant and loan agreement. Management believes that no refund to the City will be required. Thus the grant has been recorded as temporarily restricted net assets and is being released from restriction ratably over the 25-year term of the grant and loan agreement, which will end in 2016.

**State of Washington Grant** - In 1991 PHG received a repayable grant from the State of Washington Housing Trust Fund Program in the amount of \$100,000 for the rehabilitation of the Gatewood building. This grant is subject to the same terms as the City of Seattle's contingently refundable grant, above, with the exception that, at the end of the lease term, if there are funds available, the State of Washington will be repaid after the City's contingently refundable grant. The grant has also been recorded as temporarily restricted net assets and is being released from restriction ratably over the 25-year term of the grant and loan agreement, which will end in 2016.

***SUPPLEMENTAL SCHEDULES***

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Consolidating Statement of Financial Position  
December 31, 2006**

	<i>Plymouth Housing Group</i>	<i>Open Door Ventures</i>	<i>Ponderosa Apartments</i>	<i>Plymouth Café LLC</i>	<i>Colwell Building LP</i>	<i>Lewiston Hotel LP</i>	<i>Pacific Hotel LP</i>	<i>First &amp; Denny LP</i>	<i>St. Charles Hotel LLC</i>	<i>Second &amp; Stewart LLC</i>	<i>Third &amp; Blanchard LLC</i>	<i>Eliminations</i>	<i>Consolidated Total</i>
<b>Assets</b>													
<b>Current Assets:</b>													
Cash and cash equivalents	\$ 859,519	\$ 25,068	\$ 3,424	\$ 14,400	\$ 15,412	\$ 85,294	\$ 30,241	\$ 25,339	\$ 6,441	\$ 47,843	\$ 7,048	\$ -	\$ 1,120,029
Cash restricted for Shelter Plus Care program	346,561												346,561
Accounts receivable, net	107,699	277	802	7,137	16,071	67,024	28,268	6,365	12,588	4,850			251,081
Grants and operating pledges receivable	318,656						20,224						338,880
Intercompany receivables	1,882,547											(1,882,547)	
Tenant security deposits and other current assets	122,200	1,456	4,592	168	36,319	2,171	16,010	13,067	8,239	9,282	5,821		219,325
<b>Total Current Assets</b>	<b>3,637,182</b>	<b>26,801</b>	<b>8,818</b>	<b>21,705</b>	<b>67,802</b>	<b>154,489</b>	<b>94,743</b>	<b>44,771</b>	<b>27,268</b>	<b>61,975</b>	<b>12,869</b>	<b>(1,882,547)</b>	<b>2,275,876</b>
Capital campaign cash and pledges receivable	2,171,894												2,171,894
Property and equipment, net	8,748,547	1,725,430	957,525	93,240	8,827,344	4,109,366	5,369,465	7,342,010	8,326,791	15,091,426	8,466,880		69,058,024
Investment in partnerships and LLCs	1,691,413											(1,691,413)	
Intercompany notes receivable	6,386,356											(6,386,356)	
Board designated and restricted reserves	1,076,644	90,960	318,416		129,228	231,662	242,096	235,454	283,645	190,194			2,798,299
Deferred financing fees, net					168,236	55,003	5,906	88,960	211,675	188,242			718,022
<b>Total Assets</b>	<b>\$ 23,712,036</b>	<b>\$ 1,843,191</b>	<b>\$ 1,284,759</b>	<b>\$ 114,945</b>	<b>\$ 9,192,610</b>	<b>\$ 4,550,520</b>	<b>\$ 5,712,210</b>	<b>\$ 7,711,195</b>	<b>\$ 8,849,379</b>	<b>\$ 15,531,837</b>	<b>\$ 8,479,749</b>	<b>\$ (9,960,316)</b>	<b>\$ 77,022,115</b>
<b>Liabilities and Net Assets</b>													
<b>Current Liabilities:</b>													
Accounts payable and accrued expenses	\$ 528,182	\$ 5,112	\$ 1,296	\$ 11,779	\$ 9,135	\$ 8,813	\$ 17,046	\$ 10,886	\$ 14,136	\$ 23,770	\$ 347,134	\$ -	\$ 977,289
Advance for Shelter Plus Care program	343,543												343,543
Intecompany payables		5,256	43,301	381,788	224,426	164,602	220,587	28,096	139,736	132,080	542,675	(1,882,547)	
Tenant deposits and prepaid rent	60,683	4,915	3,371		30,908	3,139	11,491	9,852	11,983	4,300			140,642
Current portion of long-term debt	939,648				64,093	25,000	69,343	3,300					1,101,384
<b>Total Current Liabilities</b>	<b>1,872,056</b>	<b>15,283</b>	<b>47,968</b>	<b>393,567</b>	<b>328,562</b>	<b>201,554</b>	<b>318,467</b>	<b>52,134</b>	<b>165,855</b>	<b>160,150</b>	<b>889,809</b>	<b>(1,882,547)</b>	<b>2,562,858</b>
Long-term debt, less current portion	4,561,429	873,725	41,567		5,073,800	2,612,244	3,846,485	4,831,522	3,119,194	5,750,000	7,447,879		38,157,845
Deferred interest on long-term debt	372,502	75,033			180,317	96,886	358,978	112,971	55,739	85,152	56,093		1,393,671
Intercompany long-term debt				350,000	1,785,356		445,427	208,105	1,011,330	2,586,138		(6,386,356)	
Forgivable long-term debt	1,199,066	1,544,580											2,743,646
<b>Total Liabilities</b>	<b>8,005,053</b>	<b>2,508,621</b>	<b>89,535</b>	<b>743,567</b>	<b>7,368,035</b>	<b>2,910,684</b>	<b>4,969,357</b>	<b>5,204,732</b>	<b>4,352,118</b>	<b>8,581,440</b>	<b>8,393,781</b>	<b>(8,268,903)</b>	<b>44,858,020</b>
Minority interest in combined subsidiaries												16,484,972	16,484,972
<b>Net Assets and Equity:</b>													
Unrestricted	12,517,091	(665,430)	1,195,224									(557,654)	12,489,231
Temporarily restricted	3,189,892												3,189,892
Total net assets	15,706,983	(665,430)	1,195,224									(557,654)	15,679,123
Owners' equity				(628,622)	1,824,575	1,639,836	742,853	2,506,463	4,497,261	6,950,397	85,968	(17,618,731)	
<b>Total Net Assets and Equity</b>	<b>15,706,983</b>	<b>(665,430)</b>	<b>1,195,224</b>	<b>(628,622)</b>	<b>1,824,575</b>	<b>1,639,836</b>	<b>742,853</b>	<b>2,506,463</b>	<b>4,497,261</b>	<b>6,950,397</b>	<b>85,968</b>	<b>(18,176,385)</b>	<b>15,679,123</b>
<b>Total Liabilities, Net Assets, and Equity</b>	<b>\$ 23,712,036</b>	<b>\$ 1,843,191</b>	<b>\$ 1,284,759</b>	<b>\$ 114,945</b>	<b>\$ 9,192,610</b>	<b>\$ 4,550,520</b>	<b>\$ 5,712,210</b>	<b>\$ 7,711,195</b>	<b>\$ 8,849,379</b>	<b>\$ 15,531,837</b>	<b>\$ 8,479,749</b>	<b>\$ (9,960,316)</b>	<b>\$ 77,022,115</b>

See independent auditors' report

**PLYMOUTH HOUSING GROUP AND SUBSIDIARIES**

**Consolidating Statement of Activities  
For the Year Ended December 31, 2006**

	<i>Plymouth Housing Group</i>	<i>Open Door Ventures</i>	<i>Ponderosa Apartments</i>	<i>Plymouth Café LLC</i>	<i>Colwell Building LP</i>	<i>Lewiston Hotel LP</i>	<i>Pacific Hotel LP</i>	<i>First &amp; Denny LP</i>	<i>St. Charles Hotel LLC</i>	<i>Second &amp; Stewart LLC</i>	<i>Third &amp; Blanchard LLC</i>	<i>Eliminations</i>	<i>Consolidated Total</i>
<b>Operating Activities</b>													
<b>Support and Revenue:</b>													
Rental income - residential	\$ 1,286,611	\$ 167,026	\$ 150,945	\$ -	\$ 725,837	\$ 232,125	\$ 635,343	\$ 559,451	\$ 460,169	\$ 374,011	\$ -	\$ -	\$ 4,591,518
Rental income - commercial	414,050				79,194	223,720		63,291	37,704	13,375	33,274	(88,377)	776,231
Grants	1,160,626						20,224						1,180,850
Contributions	293,571	8,447											302,018
Management fees	543,268											(543,268)	
Developer fee	780,150												780,150
Investment income	127,929	460	3,558		1,027	1,338	1,363	1,045	1,241	20,777	21		158,759
Intercompany interest income	173,228											(173,228)	
Plymouth Café sales				179,828									179,828
Other	364,822	514	13		18,381	35,999	6,116	6,036	9,834	1,235		4,166	447,116
<b>Total Support and Revenue</b>	<b>5,144,255</b>	<b>176,447</b>	<b>154,516</b>	<b>179,828</b>	<b>824,439</b>	<b>493,182</b>	<b>663,046</b>	<b>629,823</b>	<b>508,948</b>	<b>409,398</b>	<b>33,295</b>	<b>(800,707)</b>	<b>8,416,470</b>
<b>Expenses:</b>													
Program services -													
Housing management	3,771,514	242,945	161,387		1,277,322	610,844	1,056,268	925,589	1,029,703	1,362,638	12,831	(767,575)	9,683,466
Housing development	189,251												189,251
	3,960,765	242,945	161,387		1,277,322	610,844	1,056,268	925,589	1,029,703	1,362,638	12,831	(767,575)	9,872,717
Management and general	780,608												780,608
Resource development	246,407												246,407
Plymouth Café expenses				404,891								(37,298)	367,593
<b>Total Expenses</b>	<b>4,987,780</b>	<b>242,945</b>	<b>161,387</b>	<b>404,891</b>	<b>1,277,322</b>	<b>610,844</b>	<b>1,056,268</b>	<b>925,589</b>	<b>1,029,703</b>	<b>1,362,638</b>	<b>12,831</b>	<b>(804,873)</b>	<b>11,267,325</b>
<b>Change in Net Assets from Operating Activities</b>	<b>156,475</b>	<b>(66,498)</b>	<b>(6,871)</b>	<b>(225,063)</b>	<b>(452,883)</b>	<b>(117,662)</b>	<b>(393,222)</b>	<b>(295,766)</b>	<b>(520,755)</b>	<b>(953,240)</b>	<b>20,464</b>	<b>4,166</b>	<b>(2,850,855)</b>
<b>Non-Operating Activities</b>													
Capital campaign contributions and grants	1,786,731												1,786,731
Capital campaign expenses	(178,231)												(178,231)
<b>Change in Net Assets from Non-Operating Activities</b>	<b>1,608,500</b>												<b>1,608,500</b>
<b>Total Change in Net Assets before Minority Interest</b>	<b>1,764,975</b>	<b>(66,498)</b>	<b>(6,871)</b>	<b>(225,063)</b>	<b>(452,883)</b>	<b>(117,662)</b>	<b>(393,222)</b>	<b>(295,766)</b>	<b>(520,755)</b>	<b>(953,240)</b>	<b>20,464</b>	<b>4,166</b>	<b>(1,242,355)</b>
Minority interest in net losses of subsidiaries												2,729,362	2,729,362
<b>Total Change in Net Assets</b>	<b>\$ 1,764,975</b>	<b>\$ (66,498)</b>	<b>\$ (6,871)</b>	<b>\$ (225,063)</b>	<b>\$ (452,883)</b>	<b>\$ (117,662)</b>	<b>\$ (393,222)</b>	<b>\$ (295,766)</b>	<b>\$ (520,755)</b>	<b>\$ (953,240)</b>	<b>\$ 20,464</b>	<b>\$ 2,733,528</b>	<b>\$ 1,487,007</b>

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