

**ATTACHMENT B**

**AUDITED FINANCIAL STATEMENTS**

SAMARITAN HOUSING FOUNDATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

SAMARITAN HOUSING FOUNDATION, INC.

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**Minor, Anglin & Associates, P.A.**  
**Certified Public Accountants**  
3608 Shannon Road  
Suite 105  
Durham, North Carolina 27707

Memberships:  
American Institute of Certified Public Accountants  
North Carolina Association of Certified Public Accountants

Dan E. Minor, CPA  
Kim E. Anglin, CPA  
John C. Rasmussen, EA

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Samaritan Housing Foundation, Inc.  
Atlanta, Georgia

We have audited the accompanying statement of financial position of Samaritan Housing Foundation, Inc. (a Georgia non-profit organization) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. The financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 financial statements referred to in the first paragraph presents fairly, in all material aspects, the financial position of Samaritan Housing Foundation, Inc. as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

*Minor, Anglin & Associates, P.A.*

June 9, 2010

SAMARITAN HOUSING FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2009

ASSETS

CURRENT ASSETS	
Cash Held in Escrow	<u>\$ 4,155,248</u>
TOTAL ASSETS	<u><u>\$ 4,155,248</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Held in Escrow	<u>\$ 4,155,248</u>
TOTAL LIABILITIES	4,155,248
NET ASSETS	
Unrestricted	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,155,248</u></u>

See accompanying notes and auditors' report

SAMARITAN HOUSING FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2009

SUPPORT AND REVENUES

Membership Dues	<u>\$ 0</u>
TOTAL SUPPORT AND REVENUES	<u>0</u>

EXPENSES

Program Services	0
Supporting Services	
Management and General	0
Fundraising	<u>0</u>
TOTAL EXPENSES	<u>0</u>
Change in Net Assets	0
Net Assets- Beginning of Year	<u>0</u>
Net Assets- End of Year	<u>\$ 0</u>

See accompanying notes and auditors' report

SAMARITAN HOUSING FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
For The Year Ended December 31, 2009

Cash Flows From Operating Activities	
Change in net assets	\$ 0
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Increase (decrease) in Accounts Held in Escrow	<u>818,790</u>
Net cash provided by operating activities	818,790
Net increase in cash	818,790
Cash- Beginning of year	<u>3,336,458</u>
Cash- End of year	<u><u>\$ 4,155,248</u></u>

See accompanying notes and auditors' report

SAMARITAN HOUSING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENT

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Samaritan Housing Foundation, Inc. is a nonprofit foundation organized under the laws of Georgia to own and operate a life care community.

Samaritan Housing Foundation, Inc. entered into a contract with Sears Farm, LLC to purchase approximately twenty-five (25) acres in Cary, North Carolina to construct a life care community. The capacity of Phase One is being amended with North Carolina Insurance Commission. The present size consists of 202 independent living apartments, 16 assisted living units and 32 skilled nursing beds. The proposal reduces the size to 169 independent living apartments, 8 assisted living units and 16 skilled nursing beds. The complex will be located in a mixed-use development called SearStone.

Closing on the land and the start of construction requires that seventy percent (70%) of the units be under contract. As of May 31, 2010, using the proposed reduced size, one hundred and five units were reserved representing sixty-two percent (62%) of the units.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of the three months or less to be cash equivalents.

Income Taxes

The Foundation is a not-for-profit foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private foundation.

NOTE B - RELATED PARTY TRANSACTIONS

Sears Farms, LLC is the owner and developer of a seventy-five (75) acre mixed-use development called SearStone. Twenty-five (25) acres is under contract with Samaritan Housing Foundation, Inc. A Development Monitoring Agreement has been entered into between Samaritan Housing Foundation, Inc. and Sears, Hackney, Keener & Williams, Inc., an architectural firm. In addition, the architectural



SAMARITAN HOUSING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENT

NOTE B - RELATED PARTY TRANSACTIONS (Continued)

firm will receive compensation for the overall design of the total project. The same individual is the majority owner of the architectural firm and Sears Farms, LLC.

NOTE C - DEPOSITS

The life care community reserves units upon receipt of a deposit ranging from \$18,338 to \$77,816. All deposits are placed in a trust account at an FDIC insured bank. The depositor receives a 1099 for the interest earned on his deposit annually. A depositor can withdraw their application at any time, but the entity is only required to refund the deposit once it has a replacement for that unit, except in the event of death, when the refund is immediate.

NOTE D - CONCENTRATIONS OF CREDIT RISKS

The Foundation has cash deposits at a financial institution in excess of the \$250,000 amount insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2009, the Foundation has a cash balance of \$4,155,248. The Foundation manages this risk by maintaining all funds in a high-quality financial institution.

NOTE E - SUBSEQUENT EVENTS

The Co-Development Agreement between Sears, Hackney, Keener & Williams, Inc. and the Development Consultant was re-titled to be a Development Monitoring Agreement directly between Sears, Hackney, Keener & Williams, Inc. and Samaritan Housing Foundation, Inc. The fees for services to be paid for Co-Development Services were reduced to a fixed fee of \$1,040,000 and paid to the Development Monitor.

NOTE F - EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 9, 2010, the date which the financial statements were available to be issued.