

## **FINANCIAL INFORMATION**

In January of 2015, the owners of the Community successfully refinanced the Community's secured debt that was maturing in March of 2015 by obtaining a \$52,000,000 term loan from Capital One Bank and First Niagara Bank. The new term loan will have a maturity date of January 26, 2020 with certain extension options. The interest rate on the loan is a floating rate, and the Community entered into an interest rate cap agreement which provides for an interest rate ceiling of 6.5% on approximately 77% of the outstanding loan balance. The owners of the Community believe that this new term loan will serve to promote the continued financial strength of the Community.

## **THE PRO FORMA INCOME STATEMENT AND SOURCE AND APPLICATION OF FUNDS**

A budgeting system is an essential business tool. Naturally, the entire process is ongoing, as new developments allow for refinement. Such new developments may include external events over which there is no control.

The Pro Forma Income Statement and Source and Application of Funds are simply projections of the estimated expenses and income of the Community. Assumptions and explanations are contained in the notes following the Pro Forma Income Statement and Source and Application of Funds.

Although there can be no guarantee of accuracy, the Pro Forma Income Statement and Source and Application of Funds is based upon the experience and the current estimates of BVSL as of April, 2014. Such estimates are, of course, dependent upon assumptions concerning many items, including economic conditions such as inflation and interest rates, which are subject to change. It is believed that the Pro Forma Income Statement and Source of Application of Funds reflect sound financial planning and a rational set of assumptions, based upon experience and insight, and that the Community has been structured to motivate BVSL to minimize monthly Service Fee increases in order to maintain high occupancy rates, both of which are in the best interests of the residents.