



Docket No. GMCB-024-15CON, Proposed Renovation of Skilled Nursing Facility (SNF) and
Addition of Six SNF Rooms, \$8,170,130

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**WAKE ROBIN CORPORATION
Letter of Intent
Linden Health Center Renovation**

July 18, 2016

Ms. Donna Jerry
Healthcare Administration
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620

Dear Ms. Jerry,

Wake Robin, a not-for-profit corporation based in Shelburne, is applying for an expedited review of its request to renovate the licensed skilled (SNF) Medicare portion of the health center, and to add 6 additional Skilled (non-Medicare certified) nursing rooms. It is worth noting that the skilled portion of the health center is not able to accept outside admissions and only provides services and care to the residents who have entered the community through independent living. Wake Robin is a Continue Care Retirement Community (CCRC) that provides housing, long-term care and other amenities to its residents under a contract, which acts as long-term care insurance. Because this project is comprehensive for the community, the total project is included in the explanation of the proposed project with a request for review of the project that involves the skilled portion and requires jurisdictional approval.

The overall project includes four components of the proposed construction work:

1). Independent Living – this portion of the project will add an additional apartment building that will have 38 apartments. These apartments are for residents who have purchased a life care contract and will live independently. The entrance fee and monthly fee revenue from these new residents will help to finance a portion of the construction work to be done in the health center. Ongoing monthly fee revenue from new and existing residents pays the operating expenses or the entire community.

Construction in the skilled and residential sections of the health center will be carefully phased with the goal of minimizing the disruption to residents living in these areas. The number of residents who will need to be relocated to other rooms, (permanently or temporarily), will be dependent upon the census of the areas. If the census is low on the skilled construction area, every attempt will be made to manage room placement prior to construction so that the 5 affected rooms are kept empty.

The Residential Care area will also attempt to be managed by keeping the as many of the 7 affected rooms empty prior to construction with the same goal of minimizing disruption to residents. There is a plan in place to build and outfit the residential rooms that would be built in the currently unfinished ground floor space. This phase would allow for 8 rooms to be completed (and upon licensing by DAIL) in the first phase of the project and would enable residents affected by the second phase of construction, to move to these rooms.

Phasing of the project for both the skilled and residential care areas is broken into multiple phases that will be timed to move forward upon completion of the previous phase. Our construction company has experience in building/renovating within occupied resident space and has estimated the length of each phase.

Wake Robin Corporation is a licensed CCRC. It is currently one of two CCRC's in the state and is regulated by Department of Financial Regulation (DFR), the Department of Disabilities, Aging and Independent Living (DAIL) and CMS. The community is structured as a long-term care insurance product for its roughly 312 residents living within the community. A resident purchases the long-term care insurance product through the payment of a one-time entrance fee and then an ongoing monthly fee. In exchange, Wake Robin provides a home, long-term care and other amenities for the rest of the resident's life. "Home" may vary according to the needs of the individual resident. The community offers three levels of living – Independent, Residential, or Skilled. The resident's monthly fee remains the same regardless of the level of care required. The residents of the Wake Robin community are "planners" who have made a point of pre-planning for their health care by purchasing this life care policy.

The health care portion of the community is known as the Linden Health Center and contains a licensed Residential Care neighborhood that is licensed for 31 beds. The skilled nursing portion of the health center currently contains a 33 bed neighborhood that was licensed in 1994 and Medicare certified in 1996. (The original skilled, Medicare neighborhood had 30 licensed, skilled beds until 2011 when the community added 3 additional skilled, Medicare homes).

In 2007, the Linden Health Center received CON approval to add an additional 18 skilled nursing beds in a second neighborhood (unit). These homes (beds) are not Medicare certified and are used to deliver long-term care to the residents of the community with a particular focus on care for people with dementia. We did not seek Medicare certification for these beds because the cost of Medicare certification was not financially responsible. Wake Robin added these additional 18 homes (beds) in order to care for the long term residents with chronic disease. The skilled nursing homes (beds) in the first neighborhood (unit) are Medicare certified, as some of those residents of the community tend to require short stay skilled services. Wake Robin is able

The proposed project would also renovate the existing Residential Care area of the health center, remove 7 existing rooms while adding an addition and upgrades. Both areas of construction would be done in phases with pre-planning and strong efforts to minimize resident disruption and displacement for as short a period of time as possible.

This renovation would enable the health center to upgrade its aging heating and cooling systems, and to restructure the traffic flow of visitors to the health center. Dining venues would be updated and added to, giving residents of the health center even more choices in where they dine. The renovation of the Residential Care dining room would provide a larger venue open to all residents of the community - thus further strengthening the integration of the health center residents into the larger Independent Living community.

Proposed construction in the health center is funded by the additional building of an apartment building. These additional residents will require the availability of access to skilled care that can be provided on the campus and not have to have a resident receive care at an off campus facility. The Wake Robin community seeks to build for the future of the community. (The skilled portion of the health center does not accept outside admissions). Wake Robin also serves as an example of aging in place, and clearly demonstrates the benefits of a continuum of care. Spouses, partners and friends all remain closely connected to each other and are involved in each other's lives no matter where the person may live within the community. The overall average length of stay within the community is 11.4 years.

Residents of Wake Robin who live in the health center do not use Medicaid dollars. The community pays for the health center through monthly fees, Medicare dollars and individual residents' supplemental insurance coverage. The addition of the 6 requested skilled nursing beds would not impact Medicaid dollars. Providing skilled care within the health center means that residents are not taking spaces in other skilled facilities that may be needed by other Vermont citizens.

Wake Robin is requesting consideration of a CON for the renovation of the Linden health center, the addition of 6 new skilled homes (rooms), (as well as the addition of 10 residential care rooms). These health center homes (rooms) would be a part of the health care delivery system for the existing and additional independent living residents who would occupy the new 38 home apartment building built to support the construction and operating costs of the renovations and expansion of the health center

Respectfully submitted,

Patrick McKee
President/CEO
Wake Robin Corp.



Green Mountain Care Board
89 Main Street
Montpelier, VT 05620

[phone] 802-828-2177
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*Alfred Gobeille, Chair
Karen Hein, MD
Con Hogan
Betty Rambur, PhD, RN
Allan Ramsay, MD
Susan Barrett, JD, Executive Director*

Sent Electronically

July 26, 2016

Mr. Patrick McKee
Wake Robin Corporation
200 Wake Robin Drive
Shelburne, VT 05482

RE: Docket No. GMCB-024-15con. Proposed Renovation of Skilled Nursing Facility (SNF) and Addition of Six SNF Rooms, \$8,170,130

Dear Mr. McKee:

Thank you for the Letter of Intent received on July 14, 2016 regarding the proposed construction/renovation project planned for Wake Robin.

The application should include a detailed description of, and the need for, the proposed project; a detailed description of each component, scope of renovation or construction planned, including temporary and permanent displacements; the cost associated with each component, and total project cost; an explanation of existing and new or expanded services to be offered; any purchase or lease arrangements to be entered into, if applicable; and a description of any IT components or changes or upgrades in the capacity of existing systems, including IT systems.

The application should address the Institute of Health Improvement Triple Aims: 1) improving the individual experience of care, 2) improving the health of populations, and 3) reducing the per capita costs of care for populations. Pursuant to 18 V.S.A. § 9437(1), the application must be consistent with the current Health Resource Allocation Plan (HRAP); the applicable HRAP Standards for the proposed project are Standards 1.3, 1.4, 1.6, 1.9, 1.10, 1.11, 1.12, 3.12, 4.7, 5.2, 5.3, and 5.4. In addition, the criteria set forth in 18 V.S.A. § 9437(2)-(6) and (8) apply to your application. Provide existing and proposed floor plans with dimensions indicated throughout the entire plan for each function that complies with the FGI 2014 guidelines for Residential Health, Care, and Support Facilities. The application should include site plan, cross sections, and exterior elevations, as applicable.

Sufficient financial information is also required to evaluate the impact of the project. Please submit the following:



- Profit and Loss Statements: Include the actual for 12-month period for 2014, 2015, budget 2016, Proposed Year 1, Proposed Year 2, and Proposed Year 3 (specify the 12-month period for each). Include a summary of all financial assumptions that underlie projections;
- Revenue Projections: Include the actual for 12-month period for 2014, 2015, budget 2016, Proposed Year 1, Proposed Year 2, and Proposed Year 3 (specify the 12-month period for each). Include a summary of all financial assumptions that underlie projections;
- Balance Sheets: Include the actual for 12-month period for 2014, 2015, budget 2016, Proposed Year 1, Proposed Year 2, and Proposed Year 3 (specify the 12-month period for each). Include a summary of all financial assumptions that underlie projections;
- Cash Flows: Include the actual for 12-month period for 2014, 2015, budget 2016, Proposed Year 1, Proposed Year 2, and Proposed Year 3 (specify the 12-month period for each). Include a summary of all financial assumptions that underlie projections;
- Operating Costs: Indicate actual by line item for a 12-month period for 2014, 2015, budget 2016, Proposed Year 1, Proposed Year 2, and Proposed Year 3 (specify the 12-month period for each). Include a summary of all financial assumptions that underlie projections.
- Financial Table 1, Project Costs;
- Financial Table 2, Financing Arrangement;
- Financial Table 6A, 6B, and 6C, Revenue Source Projections;
- Financial Table 7A, 7B, and 7C, Utilization Projections;
- Financial Table 9A, 9B, and 9C, Staffing Projections; and
- Current Owner's Most Recent Audited Financial Statement.

In responding to the HRAP standards and statutory criteria, please restate the standards and criteria verbatim in bolded font and respond to each in unbolded font. Please provide the original and two copies of the application, existing and proposed floor plans if renovations are anticipated, and any attachments as well as two copies of the Verification Under Oath Form. In addition, please send an electronic copy to donna.jerry@vermont.gov.

If you have any questions, please do not hesitate to call me at (802) 828-2918.

Sincerely,

s/ Donna Jerry

Donna Jerry

Senior Health Policy Analyst





tobin Corporation, in
community along with
application might be

copies to your office.

working with you on

www.wakerobin.com





September 23, 2016

Ms. Donna Jerry
Green Mountain Care Board
Health Care Administration
89 Main Street
Montpelier, Vermont 05620

Dear Ms. Jerry,

Enclosed please find a request for an expedited review of the submitted Certificate of Need application for Wake Robin Corporation, dated August 18th, 2016. Wake Robin seeks the approval of an expedited review based upon the following criteria:

(A) The application is likely to be uncontested and does not substantially alter services;

Wake Robin does not anticipate opposition to an expansion of existing services within the community. Service delivery is not altered but rather improved as a result of changes to the environment of the health care setting/ in addition to improvements and updates to the heating and ventilation system.

This project is an addition of six skilled rooms (beds) within an existing skilled neighborhood (unit). There is an expansion of services with the requested 6 additional rooms that will provide a total of 39 skilled, Medicare certified beds. In addition to 18 existing long term, skilled beds that are not Medicare certified. Wake Robin is a Type A CCRC contract (with care policies purchased by the residents). Wake Robin does not participate in the Medicaid program so there is no impact to the state's Medicaid budget.

or

(i) In subsection (2)(A) above, "substantially alter services" means:

(a) The capital and/or operational expenditure associated with the proposed project or action are not substantial and shall have no significant impact on the services provided, the cost of health care, or on the financial strength of the applicant; and

(b) The proposed project raises no significant health care policy or planning concerns.



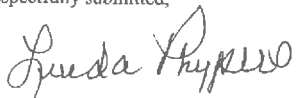
This project does not impact or affect health care policy and in fact supports the concept of culture change and further strengthens aging within a community. The additional 6 skilled beds being requested serve to ensure that the community will have the ability to provide care for its residents as projected by the actuaries. The proposed project also provides for physical changes to the health care delivery in the skilled section that enable Wake Robin to remain progressive and meet future consumer expectations for a more "home-like" provision of care.

(B) the application relates to a health care facility affected by bankruptcy proceedings.

This criteria is not applicable.

Please contact me if there are additional questions. I thank you for your review of this request.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linda Phypers".

Linda Phypers, RN, LNHA
Director of Health Services
Wake Robin Corporation

Form A – Verification Form

STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE,
SECURITIES AND HEALTH CARE ADMINISTRATION

In Re:)
Wake Robin Corp.) Docket No: GMCB-024-15CON
Proposed Renovation of Skilled
Nursing Facility (SNF))
And Addition of Six SNF Rooms,)
\$8,170,130)

Exhibit A – Form of Verification Under Oath when filing a Certificate of Need Application.

Patrick McKee, being duly sworn, states on oath as follows:

1. My name is Patrick McKee. I am President, CEO. I have reviewed the GMCB-024-15CON.
2. Based on my personal knowledge, after diligent inquiry, the information contained in the GMCB-024-15CON is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading, except as specifically noted herein.
3. My personal knowledge of the truth, accuracy and completeness of the information contained in the GMCB-024-15CON application is based upon either my actual knowledge of the subject information or, where identified below, upon information reasonably believed by me to be reliable and provided to me by the individuals identified below who have certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading.
4. I have evaluated, within the 12 months preceding the date of this affidavit, the policies and procedures by which information has been provided by the certifying individuals identified below, and I have determined that such policies and procedures are effective in ensuring that all information submitted or used by Wake Robin Corp. in connection with the Certificate of Need program is true, accurate, and complete. I have disclosed to the governing board of directors all significant deficiencies, of which I have personal knowledge after diligent inquiry, in such policies and procedures, and I have disclosed to the governing board of directors any misrepresentation of facts, whether or not material, that involves management or any other employee participating in providing information submitted or used by Wake Robin Corp. in connection with the Certificate of Need program.

5. The following certifying individuals have provided information or documents to me in connection with the GMCB-024-15CON Application, and each such individual has certified, based on his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the certifying individual to be reliable, that the information or documents they have provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the statement made therein not misleading:

- (a) Fred Erdman, CFO, Director of Financial Services, (provided information and documents), CON Application Section 6, Section 12, 13, 14, 15, 16, 17, 18, 19;
- Linda Phypers, RN, BS HCM, LNHA, Director of Health Services (provided information), CON Application, Narrative Institute of Health Improvement Triple AIMS – A, B, C, HRAP Standards 1.3, 1.4, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 3.12, 4.7, 5.2, 5.3, 5.4;
- Lecesse Construction, HRAP Standard 1.12, Architectural Schematics;
- Erik Dalen, Managing Principle, M. Arch, Assoc. AIA, Modus LLC, HRAP Standard 1.9, 1.10, 1.11, 1.12, Reviewed Narrative,

Custodian of the submitted documents is Linda Phypers, Director of Health Services, Wake Robin Corp.

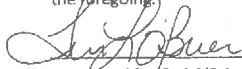
6. In the event information contained in the GMCB-024-15CON application becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Department of Banking, Insurance, Securities and Health Care Administration, and to supplement the GMCB-024-15CON application, as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material

respect.



Patrick McKee, President, CEO

On 9/23/16, Patrick McKee, appeared before me and swore to the truth, accuracy and completeness of the foregoing:



Notary public: Teri O'Brien
My commission expires: 2/10/2019



WAKE ROBIN CORPORATION

CON APPLICATION

Linden Health Center Renovation

September 23, 2016

Narrative & Project Description

Wake Robin, a not-for-profit corporation located at 200 Wake Robin Drive in Shelburne, Vermont, is Vermont's only continuing care retirement community (CCRC) offering a life care contract. Wake Robin opened in 1994. Residents residing in the community are covered for long-term care services under a Lifecare contract. In exchange for a resident's entrance fee and monthly service fee. Wake Robin provides its residents in independent living with lodging, one meal per day, maintenance of their residence and the community grounds, plus the peace of mind knowing that residential care and skilled nursing unit services are provided at no additional cost of the need should ever arise.

Wake Robin is currently undertaking an expansion and renovations effort for the community. This expansion and renovation seeks to enable the community to be able to continue to provide excellent care in the health center (Linden), update and add community and dining spaces and add a 38 home apartment building. Additionally, the financial strength of the community will be enhanced over the long-term with a larger base of residents. The entire project is anticipated to start early in the second quarter of 2017 and be completed a little over a year after starting and cost approximately \$59,810,000.

The project consist of four components outlined as follows:

- Component A -- Creation of neighborhoods on the licensed Medicare skilled nursing floor, addition of 6 rooms (39 total rooms after completion), new dining room and common areas as well as certain upgrades to the HVAC. This component of the project is expected to cost \$8,170,000.
- Component B - The licensed 31 home residential care neighborhood will be renovated and 10 new residential care homes added, bringing the total number on campus to 41 after completion. It is anticipated that some of the new homes may be used for temporary housing of skilled or residential care residents during the phased construction. This component of the project is expected to cost \$13,089,000.

- Component C - The Community Center will be enlarged and renovated. The new space being created will house primarily resident related activities. The two dining rooms will re-purposed to provide for a dining atmosphere more in demand by the current and future residents. A new meeting room will be constructed and the existing meeting room will be converted to a fitness center. The total cost of Component C is projected to be \$10,299,000.
- Component D - A new 38 home apartment building will be constructed adjacent to the Community Center. The building will have some common space and contain one and two bedroom homes. The additional homes will bring the total number of independent homes to 250. This was the size originally contemplated by the founders in the late 1980's. The projected cost of Component D is \$28,251,000.

The health care portion of the community is known as the Linden Health Center (Linden) and contains a licensed Residential Care neighborhood that is licensed for 31 beds. The skilled nursing portion of Linden currently contains a 33 bed neighborhood that was licensed in 1994 and Medicare certified in 1996. (The original skilled, Medicare neighborhood had 30 licensed, skilled beds until 2011 when the community added 3 additional skilled, Medicare homes).

In 2007, the Linden Health Center received CON approval to add an additional 18 skilled nursing beds in a second neighborhood (unit). These homes (beds) are not Medicare certified and are used to deliver long-term care to the residents of the community with a particular focus on care for people with dementia. Wake Robin did not seek Medicare certification for these beds because the cost of Medicare certification was not financially responsible. Wake Robin added these additional 18 homes (beds) in order to care for the long term residents with chronic disease. The skilled nursing homes (beds) in the first neighborhood (unit) are Medicare certified, as some of those residents of the community tend to require short stay skilled services. Wake Robin is able to provide therapy services (Physical, Occupational and Speech therapy) in addition to skilled nursing services.

The skilled Medicare Certified nursing neighborhood has continued to maintain a high standard of care delivery as evidenced by deficiency free surveys as well as top ranking by *US News and World Report*. The Five Star ranking system used by CMS also continues to give Wake Robin an overall five-star rating. Annual licensing inspections have shown good survey results with last year's licensing survey inspection resulting in zero deficiencies.

Wake Robin has been actively working to change the culture of care in the skilled neighborhoods to one that is less medical and more "home-like". This culture shift work has been active within the Wake Robin community for well over six years. Best practice guidelines and research supports a change from a medical perspective of care to one that respects and honors the individual resident and his/her choice.

The Linden Health Center has focused on changing the use of words, and approaches to care to reflect this goal. Individual choice is actively sought and supported. For example, residents

determine what their typical daily routine will be. If someone likes to sleep late, they are offered continental breakfast upon waking. The resident who likes to eat breakfast in his/her bathrobe may do so. Bathing routine is customized to the residents' choice of bath/shower and timing. Medication administration is done with as minimal disruption to daily activities and interests as possible. Activities, hobbies and interests are customized to the resident and support in actively engaging is offered. Meals are served family style in dining rooms that have tablecloths and wait staff. Consistent assignments of the same primary nurse, LNA and activity staff person are designed into the day to day service delivery. This enables residents to receive care from staff that know their preferences, routines, likes and dislikes – all from familiar and recognized caregivers. All of these care approaches support each resident and serve an important role in the reduction of the use of antipsychotic medications often used to “manage challenging behaviors” in some skilled settings.

The health center has now reached a point in its culture change that requires significant renovations to the existing health center. The primary reason for the proposed renovation is to enable the community to continue the culture change by having a facility that environmentally provides a “home-like” feel – elimination of long hallways and the effort to minimize noise disruption. We seek to provide more commons spaces for people to gather, common dining rooms with open country style kitchens, medication dispensing that eliminates the use of medication carts in long hallways, and more.

These renovations will also serve to help the Wake Robin community to remain progressive and competitive with other CCRC's and to better meet future population demand. The pending admissions of baby boomers have clearly illustrated a different set of expectations by this group of consumers and this project seeks to address some of their expectations/demands.

The proposed renovation would renovate some of the existing homes, hallway and public spaces of the skilled Medicare certified neighborhood, while adding 6 skilled homes (rooms). The total square footage of the Skilled Medicare neighborhood (floor), is 22,478 gross square feet. The new construction on skilled would add 7,048 gross square feet. It would also renovate the existing 31 Residential Care rooms and add a total of 10 additional and replacement Residential Care rooms during the project. Residential Care would have a total of 41 rooms at the completion of the project. Renovation of the health center would be done in phases with pre-planning and strong efforts to minimize resident disruption and displacement for as short a period of time as possible.

This renovation would enable the health center to upgrade its aging heating and cooling systems, and to restructure the traffic flow of visitors to the health center for more privacy and enhanced security. Dining venues would be updated and added to, giving residents of the health center even more choices in where they dine. The renovation of the Residential Care dining room would provide a larger venue open to all residents of the community – thus further strengthening the integration of the health center residents into the larger Independent Living community.

Proposed construction in the health center is funded by the additional building of an apartment building. These additional residents will require the availability of access to skilled care that can be provided on the campus and not have to have a resident receive care at an off campus facility. The Wake Robin community seeks to build for the future of the community.

Wake Robin believes that this request adheres to the overall health care goals of the 2009 Health Resource Allocation Plan in several ways. The residents of the Wake Robin community are very involved in their community; the community actively promotes and supports wellness through programs offered throughout the Wake Robin campus as well as in off campus events. Outdoor activities such as maple sugaring, meditation in the garden, hiking the campus trails, guest speakers, educational courses in conjunction with Champlain College and visiting professors also help elders to remain engaged in living active and stimulating lives. The community actively participates in the local, sustainable food movement and is a member of Vermont Fresh Network and Health Care With-Out Harm. Wake Robin's Mission Statement and Values reflect the above focus on wellness and HRAP's goals. The Mission of Wake Robin is:

"Wake Robin's mission is to create an active community of adults that honors both mutual support and independence and addresses the health and wellness needs of each resident".

Wake Robin also serves as an example of aging in place, and clearly demonstrates the benefits of a continuum of care. Spouses, partners and friends all remain closely connected to each other and are involved in each other's lives no matter where the person may live within the community. The overall average length of stay within the community is 11.4 years.

Residents of Wake Robin who live in the health center do not use Medicaid dollars. The community pays for the health center through monthly fees, Medicare dollars and individual residents' supplemental insurance coverage. The addition of the six requested skilled nursing beds would not impact Medicaid dollars. Providing skilled care within the health center means that residents are not taking spaces in other skilled facilities that may be needed by other Vermont citizens.

Wake Robin is requesting consideration of a CON for the renovation of the Linden health center, the addition of 6 new skilled homes (rooms), (as well as the addition of 9 residential care rooms). These health center homes (rooms) would be a part of the health care delivery system for the existing and additional Independent Living Residents who would occupy the new 38 home apartment building built to support the construction and operating costs of the renovations and expansion of the health center.

Financing

The cost of all components of the project is expected to be \$59,810,000. The expected cost of Component A (skilled nursing renovations/addition) related to this CON application is expected to be \$8,170,000. Table 1 supplied later in this submission provides an estimated breakdown of all 4 components of the project.

Of the total cost, Wake Robin will provide approximately \$3,000,000 of its own cash. The balance is expected to be financed with unrated, tax-exempt revenue bonds issued through Vermont Economic Development Authority. The current financial model anticipates issuing both long and short-term bonds. The short-term bonds will total \$16,500,000 and placed with a bank. The short-term bonds would be repaid with proceeds of the entrance fees from the residents moving into the new independent living apartment building. The 30 year long-term bonds will total \$40,310,000 and probably be purchased primarily by institutional investors with a small piece purchased by retail investors. Conservative interest rates have been assumed in the projections. 3.5% for the short-term bonds and an average of 6.5% for the long-term bonds which is conservative. If this project were to be financed today the likely average rate would be 4.5%. As in the other recent financings and re-financings, the investment banker will be Zeigler.

Institute of Health Improvement Triple Aims

(A). Improving the individual experience of care.

Wake Robin residents live in a CCRC and those who receive health care services in Linden expect that the care will be current and in keeping with the best practices of care in a long term care setting. This means that residents should be able to live their lives in a skilled setting that has been designed to more closely look and feel like a home with smaller groups of residents living in home-like settings and receiving support and care from consistent staff. The medical model is not conducive to a home-like setting and renovations to the existing skilled areas will provide a setting that is less medical and provides benefits to long term residents. Reference the Greenhouse Model, the Eden Alternative, the Pioneer Network to name a few of the national initiatives to modify/change skilled long term care from a medical model to a home like model.

(B). Improving the health of the population.

Wake Robin continues to work to maintain a Five Star Rating from CMS as one way to indicate the focus on the delivery of health care that is progressive and innovative for the residents within the community. By working to individual care and following the directions of the resident, the Wake Robin staff are able to minimize the use of unnecessary medications, provide pro-active and preventative health programs and work with residents to maintain their desired quality of life. Residents care is coordinated by the resident and the health care team and they receive services as appropriate from on-site physical, occupational and speech therapy in addition to nursing support that enables residents to participate in desired activities such as wellness programs and other events on and off campus.

(C). Reducing the per capita cost of the population of care for the population served.

Providing efficient and effective care that meets the individual residents' needs and expressed desires means that residents are supported in how they live, as well as how they die. Wake Robin residents are informed consumers who actively decide by planning what and how they would like care to be provided – this helps to eliminate unnecessary services and treatment. Results of care delivery are effective and residents continue to remain engaged in living. The average length of stay for a permanent admission in the skilled area of the health center is 2.4 years.

Our residents have an expectation that the community will provide excellent care for residents who have purchased a life care contract. This means that care is provided within the community and residents do not have receive services from an outside provider who doesn't know them as well as the staff in the community.

Part of providing that excellent care is the importance of modifying our existing medical model environment to one that is more reflective of culture change. The importance of keeping the care for residents within the community results in improved efficiencies and the avoidance of having to send residents to other skilled facilities for care. We anticipate that as our community ages, the need for available care in the health center will need to be able to adapt to the community's needs. Costs of potential off campus placement would cause an increase in operating costs that the residents of the community would have to absorb; in addition to distress from being away from their life partner, friends and familiar setting.

As shown as part of the required tables, over the long-term the additional of all components of this project will improve all of Wake Robin's key financial ratios, making it a more secure environment for all residents.

Health Resources Allocation Plan (HRAP) Standards:

HRAP Standard 1.3:

To the extent neighboring health care facilities provide the services proposed by a new health care project, an applicant shall demonstrate that a collaborative approach to delivering the service has been taken or is not feasible or appropriate.

Wake Robin's health center is contractually bound to provide health care along the continuum for Wake Robin residents who have purchased a life care contract as a CCRC. The residents expect to receive those services on the campus. To have services provided by a neighboring facility is not appropriate. Residents living in the community have purchased a Type A contract that ensures that they will have access to the Wake Robin residential or skilled portion of the community should they have care needs. Basic room, board and nursing care is provided as a part of the resident's monthly fee.

HRAP Standard 1.4:

If the application proposes services for which a higher volume of such service is positively correlated to better quality, the applicant shall show that it will be able to maintain appropriate volume for the service and that the addition of the service at the facility will not erode volume at any other Vermont facility in such a way that quality at that facility would be compromised.

Wake Robin seeks to renovate and remodel the existing skilled and residential care areas of the health center in order to improve the experience of the resident living in these areas. The skilled renovation provides for a better and more comfortable environment. Wake Robin's staffing is such that services are provided for all residents. The American Health Care Association's most recent staffing average per patient day lists a total nursing service hours per day of 9.82 in April. The neighborhood or small house concept provides care in a smaller more focused grouping with consistent caregivers that are able to provide resident specific care. This service will not affect any other Vermont facility, as the goal is to provide the continuum of care within the CCRC.

HRAP Standard 1.6:

Applicants seeking to develop a new health care project shall explain how the applicant will collect and monitor data relating to health care quality and outcomes related to the proposed new health care project. To the extent practicable, such data collection and monitoring shall be aligned with related data collection and monitoring efforts, whether within the applicant's organization, other organizations or the government.

This proposed project is not a new health care project. It is a refinement of what is already being provided to residents of the CCRC community by modifying the environment of the skilled nursing area and forming it into three smaller consolidated areas or neighborhoods that have common spaces and an updated dining experience. The facility continues to monitor and track its progress through data collection and analysis of data from CMS (Oscar and other reports), the regional Quality Improvement Organization and outside software programs such as Abaqis, Trendtracker (AHCA) and other available data sources.

HRAP Standard 1.7:

Applicants seeking to develop a new health care project shall explain how such project is consistent with evidence-based practice. Such explanation may include a description of how practitioners will be made aware of evident based practice guidelines and how such guidelines will be incorporated into ongoing decision-making. (2005 State Health Plan page 48).

Wake Robin is not seeking to develop a new health care project but to renovate and refine the skilled nursing care provided to long term care residents, living within the Wake Robin CCRC. The renovations are consistent with recommended changes in the environment for skilled residents and is based upon the benefits of culture change that is recommended by CMS. Dementia care is included within the concepts of culture change and direct benefits of a smaller setting benefit these residents as well as the general population.

HRAP Standard 1.9:

Applicants proposing construction projects shall show that costs and methods of the proposed construction are necessary and reasonable. Applicants shall show that the project is cost-effective and that reasonable energy conservation measures have been taken.

The costs associated for this project cover new, as well as renovated, Skilled Nursing rooms and support space, Residential Care units and support space, Dining Facilities for the campus, Amenities for the campus, and a new Independent Living apartment building. The construction types and methods have been selected by both the Design Consultants as well as the Construction Manager to match existing construction on site, as well as industry standards and beyond relative to each program. The project has incorporated high performance envelopes on all three components as well as energy efficient systems that will replace outdated inefficient systems while still allowing for optimal interior environmental control for the residents. Green roof systems, LED lighting for both buildings and site, energy recovery units for HVAC, and high performance windows have been selected to further enhance the design. The project has been reviewed and continues to be designed to, and above, Vermont Energy Standards. The project team will continue to work in identifying additional components to incorporate into the

design and work to further the interest of sustainability that Wake Robin has sought and have practiced their throughout the history of the campus.

HRAP Standard 1.10:

Applicants proposing new health projects requiring construction shall show such projects are energy efficient. As appropriate, applicants shall show that Efficiency Vermont, or an organization with similar expertise, has been consulted on the project.

Wake Robin is not proposing a new health project but rather renovation of existing construction. The heating and ventilation systems of the community are aging and will be replaced by energy efficient systems that are specifically selected for the spaces that they serve. While the Independent Living apartments have systems that are both efficient and economical for the life style that they support, and the Community Center has a number of different programs and space requirements that require the flexibility of both small and large groups of people at different times of day, the Linden Health Center will be updated with new state of the art cooling towers and boilers that will support the smaller and more sensitive areas of Skilled Nursing and Residential Care as well as their support spaces. The new systems were selected for their ability to work in both new and renovated areas, be optimally controlled by a central system, but also allow individuals the important ability to modify their home's temperature to suite their personal comfort. Efficiency Vermont has been engaged in preliminary reviews of electrical, lighting, and HVAC systems over the past 1 ½ years of design and have had positive feedback about the current direction. Efficiency Vermont will continue to be engaged as the project proceeds.

HRAP Standard 1.11:

Applicants proposing new health care projects requiring new construction shall demonstrate that new construction is the more appropriate alternative when compared to renovation.

Wake Robin is not seeking approval for a new health care project but rather renovation and expansion of existing health care areas. Balancing both renovated and new construction was the best approach to reduce costs, minimize the impact of the project on both site and residents, and ultimately provide the physical spaces that best support the level of care provided. The approach of only renovation would have produced a compromised health care environment that would not support the level of style of care that Wake Robin has been moving towards. It also would have created much more difficult construction phasing that would cause significant impact on the residents and staff. New Construction alone would not have been feasible from a cost perspective, would have increased difficulty in permitting, and operational impacts over the long term.

HRAP Standard 1.12:

New construction health care projects shall comply with the Guidelines for Design and Construction of Health Care Facilities as issued by the Facility Guidelines Institute (FGI), 2014 edition.

All newly constructed healthcare spaces shall be designed to the Guidelines for Design and Construction of Health Care Facilities. Alterations to the existing spaces have limitations on upgrading to new standards because of structure, cost, and occupancy.

HRAP Standard 3.12:

Any applicant seeking to expand services for potentially terminally ill patients shall explain what efforts the applicant has taken or will undertake which support high quality, patient centered palliative care and end of life care. Such efforts shall include training and collaboration with other health care and hospice providers to facilitate high quality, patient centered end of life care.

Wake Robin is not currently seeking to expand services for terminally ill patients. Wake Robin are able to provide end of life care within the skilled areas of the health center. Residents are given the choice of three options for receiving end of life care. Wake Robin collaborates with both agencies that provide Hospice services and has a Palliative Care philosophy and program in place.

HRAP Standard 4.7:

Applicants seeking to establish, expand or otherwise modify services available to elderly Vermonters shall establish how those services will support the mental health and well-being of this population, including addressing how the applicant supports or otherwise integrates with mental health services currently available.

The requested change in the environment of the skilled portion of the health center will provide a smaller, more home-like setting that is known to decrease confusion, increase satisfaction and provide opportunity for greater choices and involvement in daily routine that matches the desired routine of the resident. Smaller settings with consistent caregivers also provide additional benefits of contributing to the overall sense of wellbeing that helps to provide non pharmacological interventions to manage non-verbal expressions of need.

Maintaining contacts with friends and former neighbors that live in the larger Continuing Care Retirement Community can also serve to lessen feelings of isolation and depression by ensuring ongoing integration into the larger Wake Robin community.

HRAP Standard 5.2:

Nursing homes or similar entities seeking to replace or increase beds shall show the beds are needed. Such showing of need shall be confirmed by the Department of Disabilities, Aging and Independent Living.

Wake Robin seeks to ensure that over the long-term, the health center has enough skilled bed capacity to minimize the risk of having to "outplace" a Wake Robin resident in a skilled facility that is not a part of the Wake Robin community. This type of outplacement is disruptive to the resident requiring skilled care and has potential negative impacts to resident and the life care product purchased by the resident. As a CCRC, the goal is to provide care based upon the appropriate level needed, within the existing Wake Robin community.

HRAP Standard 5.3:

Nursing homes or similar entities seeking a certificate of need shall provide a written recommendation from the Department of Disabilities, Aging and Independent Living supporting the new health care project proposal.

Wake Robin has met with DAHL to present and discuss proposed renovation and the addition of 6 licensed skilled homes (beds) to meet the anticipated care needs of the residents living within the Wake Robin community. Further discussion also included the reason for renovation to continue with the Health Center culture change for the CCRC.

HRAP Standard 5.4:

Nursing homes or similar entities seeking a certificate of need shall demonstrate the applicant is sufficiently capitalized and insured to protect residents against substandard care and to provide for sufficient protection in the event of legal liability of the facility or the facility's operators.

Wake Robin has been operating since 1994, with its financial performance generally on par with a peer group of CCRC's in the northeast according to CliftonLarsonAllen, Wake Robin's auditors. Wake Robin's key financial ratios provided along with the required tables demonstrate that the current and long-term financial strength is enhanced as a result of this project. Current discussions with Ziegler and Wake Robin's bank (M&T), the bonds issued as part of the financing will be well received in the market. As noted earlier, Wake Robin has in the past and will continue to provide excellent care to all residents living at the community, no matter where they resident. Not only due the current residents demand it, excellent care is a must to continue to attract new residents into independent living. Under Wake Robin's bond documents, a minimum level of all forms of insurance is required. Additionally, once a year, Wake Robin's insurance agent must certify to the bond trustee that the required coverages are in place. A minimum level of liquidity (cash and investments) is also required by the bond documents. This

helps provide the community protection in the event of unexpected increases in costs or lower revenues on a short-term basis.

18 V.S.A. § 9437

(2) the cost of the project is reasonable because:

(A) the applicant's financial condition will sustain any financial burden likely to result from completion of the project;

The applicant's financial performance will be enhanced after the completion of the project and stabilized occupancy. As shown as part of the financial tables, all of Wake Robin's key financial ratios are projected to be stronger long-term after completion and occupancy as compared to projected year-end 2016. The applicant financial performance will benefit from the economies of scale and due to the increased number of residents in the community.

(B) the project will not result in an undue increase in the costs of medical care. In making a finding under this subdivision, the commissioner shall consider and weigh relevant factors including:

The cost of this project does not impact Medicaid dollars and the cost of medical care is covered by the residents through the Lifecare contract and supplemental insurance policies that all residents are required to have. Residents of the CCRC have purchased a Lifecare contract and this project provides the residents with improved availability to receive care in the appropriate level. Additionally, the enhanced financial performance as a result of the entire project should enable Wake Robin to more easily absorb any unexpected operating cost increases without passing them along to the residents in the form of monthly fee increases. As noted earlier, Wake Robin is regulated by DFR and all monthly fee increases and budgets must be approved by DFR.

(i) the financial implications of the project on hospitals and other clinical settings, including the impact on their services, expenditures, and charges;

This project does not impact hospitals and other clinical settings. Rather, it ensures that Wake Robin residents in the future will be able to receive skilled care within the community that they live in. Wake Robin health center staff work closely with the local hospital in admissions and discharges back to our community.

(ii) whether the impact on services, expenditures, and charges is outweighed by the benefit of the project to the public; and

This project is expected to only have beneficial impacts on services provided to residents. The changes enable Wake Robin to deliver services that the current and anticipated expectations of residents utilizing these services. Marketing research of the incoming population of baby boomers who are considering living in a CCRC, show that this group of consumers (as well as current residents), expect progressive care that meets best practice and is innovative.

(C) less expensive alternatives do not exist, would be unsatisfactory, or are not feasible or appropriate for the applicant to provide;

Less expensive alternatives do not exist for the Wake Robin community and would not enable the skilled setting to be reconfigured into smaller households/neighborhoods. This is a CCRC with residents living within the areas to be renovated. There is no availability to close the facility completely or to build a new health center without significant expense.

(3) there is an identifiable, existing, or reasonably anticipated need for the proposed project which is appropriate for the applicant to provide;

The renovations and restructuring of the skilled setting provide for better care delivery that uses the most recent recommendations from CMS and other national entities such as *The Pioneer Project*, *The Eden Alternative*, *Greenhouse Project* and others.

(4) the project will improve the quality of health care in the state or provide greater access to health care for Vermont's residents, or both;

Vermont residents living at Wake Robin will see improved health care delivery as a result of the renovations done within the health center. These changes follow recommended best practice for building/ renovating skilled health settings. Wake Robin continues to participate in the Vermont Health Care Association and to collaborate with other providers throughout the state.

(5) the project will not have an undue adverse impact on any other existing services provided by the applicant;

The project will improve the care currently being provided to residents living in the health center and will improve the services being provided by enabling staff to provide care in smaller, more focused settings (neighborhoods). Construction for the project will be phased and careful planning of areas of work will be done so that the safety and comfort of the health center residents remains the first focus throughout the project.

(6) the project will serve the public good;

This project will serve the public good by providing care in a health care setting that is current with best practice. Wake Robin continues to share experiences and techniques in collaboration with other long term care providers in the state.

(8) If the application is for the purchase or lease of new health care information technology, it conforms with the health information technology plan established under section 9351 of this title. (Added 1979, No.65, §1; amended 1985, No.234 (Adj.Sess.), §5.; 1987, No. 96, §12; 1991, No. 160 (Adj.Sess.), § 27, eff.May 11, 1992; 1993, No. 50, § 4; 1995, No. 180 (Adj.Sess.); §§ 27, 38 (a); 1997, No. 159 (Adj.Sess.), § 10, eff. March 15, 1999; 2003, No. 53, § 13, eff. July 1, 2005; No. 53, § 26; 2005, No. 71, § 277a; 2007, No. 70, §, § 34; 2007, No. 139 (Adj.Sess.), § 8; 2009, No. 61, § 5; 2009, No. 83 (Adj.Sess.), § 3, eff. April 21, 2010.)

N/A - This project is not for the lease or purchase of new health care information technology. Wake Robin has been using an electronic medical record system for over five years.



Wake Robin
Shelburne, Vermont

Projected Income Statement

For the Fiscal Years Ending Dec 31
(in thousands of dollars)

Revenue	Actual 2014	Actual 2015	Budget 2016	Financing & Construction 2017	Fill-Up Period			Stabilized Year 2021	2022	2023	2024	2025
					7 mos 2018	12 mos 2019	5 mos 2020					
Existing Independent Living Revenue	\$ 11,075,693	\$ 11,577,719	\$12,156,000	\$12,520,680	\$12,896,300	\$13,283,189	\$13,681,685	\$14,092,136	\$14,514,900	\$14,950,347	\$15,398,857	\$15,860,823
New Independent Living Revenue	-	-	-	-	618,540	1,949,923	2,726,664	2,834,230	2,899,664	2,986,654	3,076,253	3,168,541
Linden Revenue	2,965,899	3,222,092	3,565,220	3,672,177	3,782,342	3,895,812	4,012,687	4,133,067	4,257,059	4,384,771	4,516,314	4,651,803
New Linden Revenue - Skilled Nursing	-	-	-	-	38,334	214,293	252,144	259,708	267,500	275,525	283,790	292,304
New Linden Revenue - Residential Care	-	-	-	-	88,491	494,682	582,060	599,521	617,507	636,032	655,113	674,767
Ancillary Revenue	400,874	343,193	365,100	376,053	396,613	428,203	451,823	465,764	479,443	493,827	508,642	523,901
Outpatient Therapy Revenue	345,508	333,344	480,000	494,400	509,232	524,509	540,244	556,452	573,145	590,339	608,050	626,291
Entrance Fee Amortization	4,041,558	4,699,856	4,500,000	4,635,000	4,774,050	4,917,272	5,364,790	6,185,733	6,371,305	6,562,444	6,759,318	6,962,097
Management Company	253,535	24,981	3,000	-	-	-	-	-	-	-	-	-
Investment Income	249,963	220,011	200,000	280,521	351,832	368,544	503,173	544,774	696,392	690,607	743,810	798,389
Investment Income on Assets Limited As to Use	-	-	-	262,130	69,634	2,497	-	-	-	-	-	-
Total revenue	\$19,333,030	\$20,421,196	\$21,269,320	\$22,240,961	\$23,525,369	\$26,078,925	\$28,115,269	\$29,671,386	\$30,676,916	\$31,570,547	\$32,550,147	\$33,558,916
Operating Expenses:												
General & Administrative	3,170,604	3,010,507	3,165,050	3,260,002	3,943,248	4,061,545	4,183,392	4,308,894	4,438,160	\$4,437,941	\$4,571,080	\$4,708,212
Management Company Expense	175,930	7,930	-	-	-	-	-	-	-	-	\$0	\$0
Marketing Expenses	353,428	344,636	530,130	443,037	494,574	509,411	524,693	540,434	556,647	\$555,176	\$571,831	\$588,986
Environmental Services Operations	1,554,793	1,618,655	1,496,245	1,541,129	1,724,031	1,775,752	1,829,025	1,883,895	1,940,412	1,941,621	\$1,999,870	\$2,059,866
Housekeeping & Laundry	730,298	795,102	776,845	800,150	943,092	971,385	1,000,526	1,030,542	1,061,458	1,060,898	\$1,092,725	\$1,125,506
Health Services	3,275,379	3,366,043	3,614,030	3,722,451	4,229,779	4,356,672	4,487,373	4,621,994	4,760,654	4,761,051	\$4,903,883	\$5,050,999
Therapy Services	315,951	330,361	332,920	342,908	353,195	363,791	374,704	385,946	397,524	397,099	\$409,012	\$421,282
Resident Services	151,486	128,303	144,500	148,871	179,583	184,970	190,519	196,235	202,122	201,825	\$207,880	\$214,116
Dining Services	1,811,386	1,867,275	1,958,900	2,017,667	2,299,546	2,442,953	2,543,858	2,620,289	2,697,601	2,696,221	\$2,777,108	\$2,860,421
Insurance	537,417	497,068	498,890	525,300	606,623	624,821	643,566	662,873	682,759	682,759	\$703,242	\$724,339
Facilities Costs (Utilities, Cable, Etc.)	947,608	954,094	975,600	1,004,868	1,171,605	1,206,753	1,242,956	1,280,244	1,318,652	1,318,652	\$1,358,211	\$1,398,958
Transportation	91,417	84,823	82,380	84,851	87,397	90,019	92,719	95,501	98,366	98,301	\$101,250	\$104,288
Ancillary Expenses	331,062	322,538	309,900	319,197	328,773	338,636	348,795	359,259	370,037	370,037	\$381,138	\$392,572
Property Taxes	704,690	730,461	749,500	771,985	904,417	931,550	959,496	988,281	1,017,930	1,017,930	\$1,048,467	\$1,079,921
Depreciation and Amortization	3,509,618	3,632,878	3,564,880	3,612,450	4,716,128	5,679,728	5,806,987	5,950,500	6,098,319	6,250,572	6,407,393	6,568,919
Interest	2,612,391	2,088,325	2,070,820	1,989,501	2,137,621	4,563,873	4,314,920	4,218,697	4,107,432	4,005,517	3,905,023	3,799,763
Total Operating Expenses	20,273,458	19,778,999	20,270,590	20,584,367	24,119,611	28,101,859	28,543,530	29,143,584	29,748,073	29,795,600	30,438,112	31,098,149
Operating Income	(940,428)	642,197	998,730	1,656,594	(594,242)	(2,022,935)	(428,261)	527,802	928,843	1,774,947	2,112,035	2,460,767

Wake Robin
Shelburne, Vermont

Statement of Cash Flows

For the Fiscal Years Ending Dec 31
(in thousands of dollars)

	Actual 2014	Actual 2015	Budget 2016	Financing & Construction 2017	Fill-Up Period			Stabilized Year 2021	2022	2023	2024	2025
					7 mos 2018	12 mos 2019	5 mos 2020					
Cash flows from operating activities:												
Change in net assets from Operations	\$ (940,428)	\$ 642,197	\$ 998,730	\$ 1,656,594	\$ (594,242)	\$ (2,022,935)	\$ (428,251)	\$ 527,802	\$ 928,843	\$ 1,774,947	\$ 2,112,035	\$ 2,460,767
Adjustments to reconcile change in net assets												
Depreciation & Amortization Expense	\$3,509,618	\$3,632,878	\$3,564,880	\$3,612,450	\$4,716,128	\$5,679,728	\$5,806,987	\$5,950,500	\$6,098,319	\$6,250,572	\$6,407,393	\$6,568,919
Amortization of entrance fees	(4,041,558)	(4,699,856)	(4,500,000)	(4,635,000)	(4,774,050)	(4,917,272)	(5,364,790)	(6,185,733)	(6,371,305)	(6,562,444)	(6,759,318)	(6,962,097)
Net change in current assets and liabilities	119,916	(392,630)	124,030	10,510	131,127	34,499	10,319	21,021	22,220	(3,151)	22,577	23,253
Net cash provided by (used in) operating activities	(1,352,452)	(817,411)	187,640	644,554	(521,037)	(1,225,979)	24,256	313,590	678,077	1,459,924	1,782,688	2,090,842
Cash flows from investing activities:												
Purchase of property and equipment	(3,106,307)	(2,602,918)	(3,440,234)	(22,357,956)	(28,925,276)	(2,121,800)	(2,185,454)	(2,251,018)	(2,318,548)	(2,388,105)	(2,459,748)	(2,533,540)
Interest cost capitalized during construction period	-	-	-	(1,889,531)	(2,309,427)	-	-	-	-	-	-	-
(Increase) decrease in assets limited as to use	-	(8,131)	-	(16,307,906)	13,131,885	-	-	-	(7,401,707)	-	-	-
(Increase) in investments	1,328,387	39,288	763,527	(4,876,342)	2,230,697	73,498	(2,573,519)	(1,982,338)	4,385,280	(4,294,779)	(3,678,126)	(4,560,671)
Deferred costs of acquiring initial contracts	-	-	-	(568,750)	(131,250)	-	-	-	-	-	-	-
Net cash used in investing activities	(1,777,920)	(2,571,761)	(2,676,707)	(46,000,485)	(16,003,371)	(2,048,302)	(4,758,973)	(4,233,356)	(5,334,975)	(6,682,884)	(6,137,874)	(7,094,211)
Cash flows from financing activities:												
Net Proceeds from refundable entrance fees	6,369,702	7,971,092	\$5,000,000	\$5,100,000	\$14,951,648	\$11,573,867	\$8,321,771	\$6,596,163	\$7,254,641	\$8,032,481	\$7,505,501	\$8,264,516
Net Proceeds (Repayment) of Long-Term Debt	(1,895,000)	(1,630,000)	(1,570,000)	38,650,000	5,743,025	(7,788,025)	(3,360,000)	(2,447,484)	(2,362,426)	(2,760,390)	(2,906,039)	(3,009,541)
Deferred Financing Costs	(447,884)	-	-	(1,320,865)	-	-	-	-	-	-	-	-
Loss on bond extinguishment	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by financing activities	4,026,818	6,341,092	3,430,000	42,429,135	20,694,673	3,785,842	4,961,771	4,148,679	4,892,215	5,272,091	4,599,462	5,254,975
Annual cash flow	\$ 896,446	\$ 2,951,920	\$ 940,933	\$ (2,926,796)	\$ 4,170,265	\$ 511,561	\$ 227,054	\$ 228,913	\$ 235,317	\$ 49,131	\$ 244,276	\$ 251,605
Beginning balance of cash	1,140,601	2,037,047	4,988,967	5,929,900	3,003,104	7,173,369	7,684,930	7,911,984	8,140,897	8,376,214	8,425,345	8,669,621
Ending balance of cash	\$ 2,037,047	\$ 4,988,967	\$ 5,929,900	\$ 3,003,104	\$ 7,173,369	\$ 7,684,930	\$ 7,911,984	\$ 8,140,897	\$ 8,376,214	\$ 8,425,345	\$ 8,669,621	\$ 8,921,226

Wake Robin
Shelburne, Vermont

Balance Sheet

For the Fiscal Years Ending Dec 31
(in thousands of dollars)

	Actual 2014	Actual 2015	2016	Financing & Construction 2017	FIB-Up Period			Stabilized Year 2021	2022	2023	2024	2025
					7 mos 2018	12 mos 2019	5 mos 2020					
Assets												
Current assets:												
Cash and cash equivalents	\$ 2,037,047	\$ 4,988,967	\$ 5,983,486	\$ 3,056,690	\$ 7,226,955	\$ 7,738,516	\$ 7,965,570	\$ 8,194,483	\$ 8,429,800	\$ 8,478,931	\$ 8,723,207	\$ 8,974,812
Investments	7,273,248	7,117,244	6,333,717	11,230,058	8,999,362	8,925,863	11,499,382	13,481,720	9,096,441	13,391,220	17,069,346	21,630,017
Residents Accounts Receivable	317,550	189,845	226,936	233,744	251,094	284,809	304,758	314,259	323,414	333,116	343,110	353,403
Supplies Inventory	88,804	94,426	92,426	92,426	92,426	92,426	92,426	92,426	92,426	92,426	92,426	92,426
Prepaid expenses	311,216	256,177	299,174	305,669	361,348	386,926	398,279	409,724	421,490	423,947	436,160	448,741
Total current assets	10,027,865	12,644,659	12,955,739	14,918,587	16,931,185	17,428,534	20,260,415	22,492,612	18,365,571	22,719,640	26,664,249	31,459,399
Assets Limited as to Use												
Funded Interest account												
Project fund	-	-	-	2,309,427	-	-	-	-	-	-	-	-
New Debt Service Reserve Fund	-	-	-	3,176,020	3,176,020	3,176,020	3,176,020	3,176,020	3,176,020	3,176,020	3,176,020	3,176,020
Under Priority Deposits and Donor Restrictions	3,581,858	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063	3,528,063
Under Bond Indenture Agreement - I held by Trustee	4,580,001	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898	4,641,898
Statutory Reserve Fund	-	-	-	-	-	-	-	7,401,707	7,401,707	7,401,707	7,401,707	7,401,707
Total assets limited as to use	6,161,859	8,169,961	8,169,961	24,477,867	11,345,981	11,345,981	11,345,981	11,345,981	18,747,688	18,747,688	18,747,688	18,747,688
Property and equipment	96,357,624	97,753,820	101,194,054	125,441,542	156,676,245	158,798,045	160,983,499	163,234,517	165,553,065	167,941,170	170,400,917	172,934,458
less accumulated depreciation	(41,000,752)	(43,229,133)	(46,294,013)	(50,358,893)	(54,960,466)	(56,485,867)	(60,146,601)	(71,950,848)	(77,902,914)	(84,007,233)	(90,268,373)	(96,691,039)
Net property and equipment	55,356,872	54,524,687	54,900,041	75,082,649	101,715,779	98,312,178	94,836,898	91,283,669	87,650,151	83,933,937	80,132,544	76,243,419
Other assets												
Deferred Marketing	71,770	56,518	40,370	592,972	663,103	577,937	500,844	423,752	346,659	269,567	192,474	115,382
Deferred Financing Costs	1,570,932	1,399,638	1,399,638	2,680,513	2,618,509	2,540,781	2,463,052	2,385,323	2,307,595	2,229,866	2,152,137	2,074,409
Total assets	\$ 75,189,298	\$ 76,795,463	\$ 76,965,749	\$ 117,752,589	\$ 133,274,558	\$ 130,205,412	\$ 129,407,191	\$ 127,931,338	\$ 127,415,664	\$ 127,900,698	\$ 127,889,093	\$ 128,680,296
Liabilities and Net (Deficits)												
Current liabilities:												
Accounts payable	\$ 884,982	\$ 472,317	\$ 644,353	\$ 657,344	\$ 768,702	\$ 819,858	\$ 842,563	\$ 865,454	\$ 888,986	\$ 893,899	\$ 918,327	\$ 943,487
Estimated Liability for Refunds of Entrance Fees	728,758	679,000	679,000	679,000	679,000	679,000	679,000	679,000	679,000	679,000	679,000	679,000
Accrued Expenses	604,742	420,538	498,624	509,448	602,246	644,876	663,798	682,874	702,453	706,578	726,934	747,901
Accrued Interest	222,789	238,558	238,558	238,558	238,558	238,558	238,558	238,558	238,558	238,558	238,558	238,558
Priority and Interim Deposits	529,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000
Entrance Fee Deposits	416,950	599,300	599,300	599,300	599,300	599,300	599,300	599,300	599,300	599,300	599,300	599,300
Current maturities of long-term debt	1,630,000	1,370,000	1,660,000	1,755,000	1,790,000	1,860,000	2,447,484	2,362,426	2,760,390	2,906,039	3,009,541	3,731,075
Total current liabilities	\$ 5,017,221	\$ 4,474,713	\$ 4,814,837	\$ 4,983,680	\$ 5,172,806	\$ 5,396,592	\$ 5,965,703	\$ 5,922,612	\$ 6,363,717	\$ 6,518,374	\$ 6,666,660	\$ 7,434,321
Long-Term Bonds, Net of Current Portion	\$ 54,903,392	\$ 53,324,824	\$ 51,656,256	\$ 90,202,688	\$ 95,902,145	\$ 88,035,552	\$ 84,079,500	\$ 81,708,506	\$ 78,939,549	\$ 76,024,942	\$ 73,006,832	\$ 69,267,189
Derivative Financial Instrument	150,496	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539
Deferred Revenue - Amortizable Entrance Fees	41,175,451	44,091,796	44,591,796	45,056,796	55,234,394	61,890,990	64,847,971	65,258,401	66,141,736	67,611,773	68,357,956	69,660,374
Refundable Entrance Fee Liability	3,163,919	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518	3,389,518
Annuity Obligations	46,119	38,765	38,765	38,765	38,765	38,765	38,765	38,765	38,765	38,765	38,765	38,765
Total liabilities	\$ 104,456,598	\$ 105,605,155	\$ 104,776,711	\$ 143,906,956	\$ 160,023,167	\$ 158,976,956	\$ 158,606,996	\$ 156,603,341	\$ 155,158,824	\$ 153,868,910	\$ 151,745,271	\$ 150,075,707
Net (deficits):												
Unrestricted	(32,213,117)	(31,726,739)	(30,728,009)	(29,071,415)	(29,665,656)	(31,668,591)	(32,116,852)	(31,589,050)	(30,660,207)	(28,885,260)	(26,773,224)	(24,312,457)
Temporarily restricted	2,800,041	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046	2,781,046
Permanently Restricted	145,776	136,001	136,001	136,001	136,001	136,001	136,001	136,001	136,001	136,001	136,001	136,001
Net (deficits)	(29,267,300)	(28,809,692)	(27,810,962)	(26,154,368)	(26,750,609)	(28,771,544)	(29,199,805)	(28,672,003)	(27,743,160)	(25,968,213)	(23,856,177)	(21,395,410)
Total liabilities and net assets (deficits)	\$ 75,189,298	\$ 76,795,463	\$ 76,965,749	\$ 117,752,588	\$ 133,274,558	\$ 130,205,411	\$ 129,407,191	\$ 127,931,338	\$ 127,415,664	\$ 127,900,698	\$ 127,889,093	\$ 128,680,296

Wake Robin
Shelburne, Vermont

Forecasted Schedule of Financial Ratios

For the Fiscal Years Ending Dec 31

	2014	2015	2016	Financing & Construction	Fill-Up Period			Stabilized Year	2022	2023	2024	2025
				2017	7 mos	12 mos	5 mos	2021				
Debt Service Coverage Ratio												
Increase in net deficits	\$ (940,428)	\$ 642,197	\$ 998,730					\$ 527,802	\$ 928,843	\$ 1,774,947	\$ 2,112,085	\$ 2,460,767
Deduct:												
Entrance Fee Amortization	(4,041,558)	(4,699,856)	(4,500,000)					(6,185,733)	(6,371,305)	(6,562,444)	(6,759,318)	(6,962,097)
Add:												
Depreciation and Amortization	3,509,618	3,632,878	3,564,880					5,950,500	6,098,319	6,250,572	6,407,393	6,568,919
Interest	2,612,391	2,088,325	2,070,820					4,218,697	4,107,432	4,005,517	3,905,023	3,799,763
Net Proceeds from Entrance Fees	6,369,702	7,971,092	5,000,000					6,596,163	7,254,641	8,032,481	7,505,501	8,264,516
Income Available for Debt Service	\$ 7,509,725	\$ 9,634,636	\$ 7,134,430					\$ 11,107,429	\$ 12,017,930	\$ 13,501,072	\$ 13,170,634	\$ 14,131,868
Max Annual Debt Service	4,225,687	4,225,687	4,225,687					7,401,707	7,401,707	7,401,707	7,401,707	7,401,707
Debt Service Coverage Ratio	1.78x	2.28x	1.69x	Not shown during fill-up period				1.5x	1.62x	1.82x	1.78x	1.91x
Days Cash on Hand												
Cash and cash equivalents	\$ 2,037,047	\$ 4,988,967	\$ 5,983,486	\$ 3,056,690	\$ 7,226,955	\$ 7,738,516	\$ 7,965,570	\$ 8,194,483	\$ 8,429,800	\$ 8,478,931	\$ 8,723,207	\$ 8,974,812
Investments	7,273,248	7,117,244	6,353,717	11,230,058	8,999,362	8,925,863	11,499,382	13,481,720	9,096,441	13,391,220	17,069,346	21,630,017
Renewal and Replacement Fund	1,358,560	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000
Assets Limited As to Use Transfer	91,482	63,461	100,000						7,401,707	7,401,707	7,401,707	7,401,707
Cash on hand	\$ 10,760,337	\$ 13,540,672	\$ 13,808,203	\$ 15,657,748	\$ 17,597,317	\$ 18,035,379	\$ 20,835,952	\$ 23,047,203	\$ 26,298,948	\$ 30,642,858	\$ 34,565,260	\$ 39,377,536
Total expenses	\$ 20,273,458	\$ 19,778,999	\$ 20,270,590	\$ 20,584,367	\$ 24,119,611	\$ 28,101,859	\$ 28,543,530	\$ 29,143,584	\$ 29,748,073	\$ 29,795,600	\$ 30,438,112	\$ 31,098,149
Less:												
Depreciation and Amortization	3,509,618	3,632,878	3,564,880	3,612,450	4,716,128	5,679,728	5,806,987	5,950,500	6,098,319	6,250,572	6,407,393	6,568,919
Total expenses less depreciation and amortization	\$ 16,763,840	\$ 16,146,121	\$ 16,705,710	\$ 16,971,917	\$ 19,403,483	\$ 22,422,131	\$ 22,736,543	\$ 23,193,084	\$ 23,649,754	\$ 23,545,027	\$ 24,030,719	\$ 24,529,230
Daily operating expenses	\$ 45,928	\$ 44,236	\$ 45,769	\$ 46,498	\$ 53,160	\$ 61,430	\$ 62,292	\$ 63,543	\$ 64,794	\$ 64,507	\$ 65,838	\$ 67,203
Days cash on hand	234	306	302	337	331	294	334	363	406	475	525	586
Operating Ratio												
Total Expenses	20,273,458	19,778,999	20,270,590	20,584,367	24,119,611	28,101,859	28,543,530	29,143,584	29,748,073	29,795,600	30,438,112	31,098,149
Less Depreciation/Amortization	(3,509,618)	(3,632,878)	(3,564,880)	(3,612,450)	(4,716,128)	(5,679,728)	(5,806,987)	(5,950,500)	(6,098,319)	(6,250,572)	(6,407,393)	(6,568,919)
Cash Operating Expense	16,763,840	16,146,121	16,705,710	16,971,917	19,403,483	22,422,131	22,736,543	23,193,084	23,649,754	23,545,027	24,030,719	24,529,230
Total Revenues	19,333,030	20,421,196	21,269,320	22,240,961	23,525,369	26,078,925	28,115,269	29,671,386	30,676,916	31,570,547	32,550,147	33,558,916
Less Amortization of Entrance Fees	(4,041,558)	(4,699,856)	(4,500,000)	(4,635,000)	(4,774,050)	(4,917,272)	(5,364,790)	(6,185,733)	(6,371,305)	(6,562,444)	(6,759,318)	(6,962,097)
Cash Operating Revenues	15,291,472	15,721,340	16,769,320	17,605,961	18,751,319	21,161,653	22,750,479	23,485,653	24,305,610	25,008,102	25,790,830	26,596,819
Operating Ratio	1.10	1.03	1.00	0.96	1.03	1.06	1.00	0.99	0.97	0.94	0.93	0.92
Operating Ratio												
Total Operating Revenues less Investment Rev.	15,043,523	15,503,344	16,571,336	17,327,457	18,401,505	20,795,128	22,249,326	22,942,899	23,611,240	24,319,518	25,049,044	25,800,455
Total Operating Expenses less Interest Exp.	14,151,449	14,057,796	14,634,890	14,982,416	17,263,862	17,858,258	18,421,623	18,974,386	19,542,321	19,539,511	20,125,696	20,729,467
	892,074	1,445,548	1,936,446	2,345,041	1,138,643	2,936,870	3,827,703	3,968,513	4,068,919	4,780,007	4,923,347	5,070,988
Net Operating Margin	6%	9%	12%	14%	6%	14%	17%	17%	17%	20%	20%	20%

Wake Robin Project

Notes for revenue and expense projections for only the skilled nursing part of Wake Robin.

- As previously described, Wake Robin is a continuing care retirement community. Residents pay and up front entrance fee at move-in and then a monthly fee. As a result, Wake Robin does not prepare financial reports by level of living (independent, residential or skilled). When residents are permanently transferred to either residential care or skilled care, they continue to pay the same monthly fee they paid while living in independent living plus \$12 per day for the additional meals.
- As request, Wake Robin has prepared reports showing the revenues from only skilled nursing related homes.
- Revenues were based on the projected number of skilled homes occupied and multiplied times an average monthly fee.
- Expenses for only the skilled portion of the project had to be estimated/allocated as follows:
 - Health services – 100%
 - Dining services – food costs based on number of meals served
 - All other expenses – 10.3% which is equal to the skilled percent of revenue in the 2016 budget.

Wake Robin
Shelburne, Vermont

Projected Income Statement - ONLY NEW SKILLED ROOMS

For the Fiscal Years Ending Dec 31

Revenue	2016	Financing & Construction	Fill-Up Period			Stabilized Year	2022	2023	2024	2025
			7 mos	12 mos	5 mos					
		2017	2018	2019	2020	2021				
Existing Independent Living Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Independent Living Revenue	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Linden SN Revenue	-	-	-	-	-	-	-	-	-	-
New Linden Revenue - Skilled Nursing	-	-	38,334	214,293	252,144	259,708	267,500	275,525	283,790	292,304
New Linden Revenue - Residential Care	-	-	-	-	-	-	-	-	-	-
Ancillary Revenue	-	-	-	-	-	-	-	-	-	-
Outpatient Therapy Revenue	-	-	-	-	-	-	-	-	-	-
Entrance Fee Amortization	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-
Investment Income on Assets Limited As to Use	-	55,987	18,506	764	-	-	-	-	-	-
Total revenue	\$0	\$55,987	\$56,840	\$215,057	\$252,144	\$259,708	\$267,500	\$275,525	\$283,790	\$292,304
Operating Expenses:										
General & Administrative	\$0	\$0	\$56,324	\$58,013	\$59,754	\$61,547	\$63,393	\$65,295	\$67,254	\$69,271
Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Services Operations	\$0	\$0	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914	\$4,032
Housekeeping & Laundry	\$0	\$0	\$16,289	\$16,777	\$17,281	\$17,799	\$18,333	\$18,883	\$19,449	\$20,033
Health Services	\$0	\$0	\$169,189	\$174,265	\$179,493	\$184,878	\$190,424	\$196,137	\$202,021	\$208,081
Therapy Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resident Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dining Services	\$0	\$0	\$39,417	\$54,105	\$58,155	\$59,900	\$61,697	\$63,548	\$65,454	\$67,418
Insurance	\$0	\$0	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$6,720
Facilities Costs (Utilities, Cable, Etc.)	\$0	\$0	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ancillary Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Taxes	\$0	\$0	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,797	\$5,971	\$6,150
Depreciation and Amortization	\$0	\$0	\$136,512	\$237,305	\$238,096	\$238,967	\$239,881	\$247,078	\$254,490	\$262,125
Interest	\$0	\$0	\$40,495	\$485,938	\$485,938	\$485,938	\$480,001	\$471,714	\$462,909	\$453,554
Total Operating Expenses	-	-	480,163	1,048,999	1,061,990	1,072,999	1,078,419	\$1,088,085	\$1,097,771	\$1,107,462
Operating Income	-	55,987	(423,323)	(833,941)	(809,846)	(813,291)	(810,920)	(\$812,560)	(\$813,981)	(\$815,158)

**Wake Robin
Shelburne, Vermont**

Projected Income Statement - EXISTING AND NEW SKILLED NURSING ROOMS

For the Fiscal Years Ending Dec 31

Revenue	2016	Financing & Construction 2017	Fill-Up Period			Stabilized Year 2021	2022	2023	2024	2025
			7 mos 2018	12 mos 2019	5 mos 2020					
Existing Independent Living Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Independent Living Revenue	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Linden SN Revenue	2,041,570	2,102,817	2,165,902	2,230,879	2,297,805	2,366,739	2,437,741	2,510,874	2,586,200	2,663,786
New Linden Revenue - Skilled Nursing	-	-	38,334	214,293	252,144	259,708	267,500	275,525	283,790	292,304
New Linden Revenue - Residential Care	-	-	-	-	-	-	-	-	-	-
Ancillary Revenue	-	-	-	-	-	-	-	-	-	-
Outpatient Therapy Revenue	-	-	-	-	-	-	-	-	-	-
Entrance Fee Amortization	-	-	-	-	-	-	-	-	-	-
Investment Income	25,649	28,034	35,475	37,666	51,418	55,666	70,841	70,340	75,851	81,618
Investment Income on Assets Limited As to Use	-	55,987	18,506	764	-	-	-	-	-	-
Total revenue	\$2,067,219	\$2,186,838	\$2,258,217	\$2,483,602	\$2,601,367	\$2,682,114	\$2,776,083	\$2,856,738	\$2,945,841	\$3,037,708
Operating Expenses:										
General & Administrative	\$324,695	\$334,436	\$397,865	\$409,801	\$422,095	\$434,757	\$447,800	\$461,234	\$475,071	\$489,323
Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Services Operations	\$153,496	\$158,101	\$176,864	\$182,170	\$187,635	\$193,264	\$199,062	\$205,034	\$211,185	\$217,521
Housekeeping & Laundry	\$79,695	\$82,085	\$96,750	\$99,652	\$102,642	\$105,721	\$108,892	\$112,159	\$115,524	\$118,990
Health Services	\$3,136,346	\$3,230,436	\$3,551,175	\$3,657,710	\$3,767,441	\$3,880,465	\$3,996,879	\$4,116,785	\$4,240,288	\$4,367,497
Therapy Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resident Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dining Services	\$316,292	\$325,781	\$374,971	\$399,725	\$414,144	\$426,569	\$439,366	\$452,547	\$466,123	\$480,107
Insurance	\$52,320	\$53,889	\$62,232	\$64,099	\$66,022	\$68,003	\$70,043	\$72,144	\$74,308	\$76,537
Facilities Costs (Utilities, Cable, Etc.)	\$100,084	\$103,087	\$120,192	\$123,798	\$127,512	\$131,337	\$135,277	\$139,336	\$143,516	\$147,821
Transportation	\$8,451	\$8,705	\$8,966	\$9,235	\$9,512	\$9,797	\$10,091	\$10,394	\$10,706	\$11,027
Ancillary Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Taxes	\$76,889	\$79,196	\$92,782	\$95,565	\$98,432	\$101,385	\$104,427	\$107,560	\$110,786	\$114,110
Depreciation and Amortization	\$242,658	\$247,166	\$387,737	\$506,478	\$520,011	\$534,363	\$549,145	\$564,370	\$580,052	\$596,205
Interest	\$234,986	\$230,727	\$264,789	\$703,262	\$695,723	\$686,886	\$671,581	\$654,220	\$638,769	\$623,231
Total Operating Expenses	4,725,912	4,853,609	5,534,323	6,251,494	6,411,169	6,572,547	6,732,562	\$6,895,782	\$7,066,329	\$7,242,369
Operating Income	(2,658,692)	(2,666,771)	(3,276,106)	(3,767,893)	(3,809,802)	(3,890,433)	(3,956,480)	(\$4,039,044)	(\$4,120,488)	(\$4,204,660)

NOTE: When completing this table make entries in the shaded fields only.

**WAKE ROBIN
SKILLED NURSING RENOVATION & ADDITION
TABLE 1
PROJECT COSTS (see notes below)**

	Component A SNF	Component D Independent	Component C Commons	Component B Residential Care	All Components
Construction Costs					
1. New Construction	\$ 2,042,500	\$ 18,917,236	\$ 6,838,928	\$ 8,644,035	\$ 36,442,700
2. Renovation (A)	\$2,675,800				\$ 2,675,800
3. Site Work (A)	330,000				\$ 330,000
4. Fixed Equipment	-				\$ -
5. Design/Bidding Contingency	\$0				\$ -
6. Construction Contingency	330,713	1,203,155	434,963	549,769	\$ 2,518,600
7. Construction Manager Fee	151,500				\$ 151,500
8. Other (please specify)	-				\$ -
Subtotal	<u>\$ 5,530,513</u>	<u>\$ 20,120,392</u>	<u>\$ 7,273,891</u>	<u>\$ 9,193,805</u>	<u>\$ 42,118,600</u>
Related Project Costs					
1. Major Moveable Equipment	\$ -				\$ -
2. Furnishings, Fixtures & Other Equip.	232,068	398,567	483,823	683,271	\$ 1,797,729
3. Architectural/Engineering Fees	483,577	1,888,526	609,710	770,640	\$ 3,530,453
4. Land Acquisition	-				\$ -
5. Marketing Costs	-	700,000			\$ 700,000
6. Administrative Expenses & Permits	195,085	709,732	258,581	324,305	\$ 1,485,703
7. Debt Financing Expenses (see below)	1,545,360	3,895,482	1,407,574	1,779,098	8,627,515
8. Debt Service Reserve Fund	-				\$ -
9. Working Capital	-				\$ -
10. Development Consulting Fee	203,528	740,447	267,685	338,340	\$ 1,550,000
Subtotal	<u>\$ 2,639,617</u>	<u>\$ 8,130,755</u>	<u>\$ 3,025,374</u>	<u>\$ 3,895,654</u>	<u>\$ 17,691,400</u>
Total Project Costs	<u>\$ 8,170,130</u>	<u>\$ 28,251,147</u>	<u>\$ 10,299,265</u>	<u>\$ 13,089,459</u>	<u>\$ 59,810,000</u>
Debt Financing Expenses					
1. Capital Interest	\$ 809,896	\$ 2,008,856	\$ 726,238	\$ 917,928	\$ 4,462,915
2. Bond Discount or Placement Fee	108,850	318,534	115,156	145,551	\$ 688,090
3. Misc. Financing Fees & Exp. (issuance costs)	89,281	298,876	108,049	136,588	\$ 632,775
4. Debt Service Reserve Fund	612,591	1,409,672	509,622	644,135	\$ 3,178,020
Subtotal	<u>\$ 1,620,618</u>	<u>\$ 4,035,937</u>	<u>\$ 1,459,065</u>	<u>\$ 1,844,180</u>	<u>\$ 8,959,801</u>
Less Interest Earnings on Funds					
1. Debt Service Reserve Funds	\$ 21,441	\$ 40,016	\$ 14,670	\$ 18,542	\$ 94,668
2. Capitalized Interest Account	8,909	16,627	6,095	7,704	\$ 39,336
3. Construction Fund	44,908	83,812	30,726	38,836	\$ 198,282
4. Other	-	-	-	-	\$ -
Subtotal	<u>\$ 75,258</u>	<u>\$ 140,455</u>	<u>\$ 51,491</u>	<u>\$ 65,082</u>	<u>\$ 332,286</u>
Total Debt Financing Expenses feeds to line 7 above	<u>\$ 1,545,360</u>	<u>\$ 3,895,482</u>	<u>\$ 1,407,574</u>	<u>\$ 1,779,098</u>	<u>\$ 8,627,515</u>

(A) A breakdown of the sitework and renovation was provided for only the portion of the projected related to the CON Component. For the other Components those costs are included under the New Construction line.

Component A - renovations/addition to the existing 31 home licensed skilled nursing floor
Component B - addition of 38 home apartment building for independent living
Component C - renovations/additions to common space in Community Center
Component D - renovations/addition to the existing 33 home residential care floor
(see Narrative portion of application for more detailed description)

NOTE: When completing this table make entries in the shaded fields only.

WAKE ROBIN
SKILLED NURSING RENOVATION & ADDITION
 TABLE 6A
 REVENUE SOURCE PROJECTIONS
 WITHOUT PROJECT (Includes 31 Medicare skilled nursing floor and 10 skilled nursing floor)

	2015		2016		2017		2018		2019	
	Latest Actual	% of Total	Budget	% of Total	Proposed Year 1	% of Total	Proposed Year 2	% of Total	Proposed Year 3	% of Total
	0		1		2		3		4	
Gross Inpatient Revenue										
Medicare	\$ 290,729	15.0%	\$ 336,000	16.6%	\$ 346,080	16.5%	\$ 358,462	16.1%	\$ 367,156	16.7%
Medicaid	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Self Pay	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Free Care / Bad Debt	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Life Care	1,569,778	84.4%	1,653,445	83.1%	1,754,140	83.5%	1,850,967	83.9%	1,974,300	84.3%
	\$ 1,860,505	100.0%	\$ 1,989,445	100.0%	\$ 2,100,220	100.0%	\$ 2,217,429	100.0%	\$ 2,341,456	100.0%
Gross Outpatient Revenue										
Medicare	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Medicaid	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Commercial	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Self Pay	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Free Care / Bad Debt	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Other	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Gross Other Revenue										
Medicare	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Medicaid	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Commercial	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Self Pay	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Free Care / Bad Debt	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Other	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Gross Patient Revenue										
Medicare	\$ 290,729	15.0%	\$ 336,000	16.6%	\$ 346,080	16.5%	\$ 358,462	16.1%	\$ 367,156	16.7%
Medicaid	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Self Pay	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Free Care / Bad Debt	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	1,569,778	84.4%	1,653,445	83.1%	1,754,140	83.5%	1,850,967	83.9%	1,974,300	84.3%
	\$ 1,860,505	100.0%	\$ 1,989,445	100.0%	\$ 2,100,220	100.0%	\$ 2,217,429	100.0%	\$ 2,341,456	100.0%
Deductions from Revenue										
Medicare	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Medicaid	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Self Pay	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Free Care / Bad Debt	74,550	100.0%	7,200	100.0%	7,416	100.0%	7,838	100.0%	7,868	100.0%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	\$ 74,550	100.0%	\$ 7,200	100.0%	\$ 7,416	100.0%	\$ 7,838	100.0%	\$ 7,868	100.0%
Net Patient Revenue										
Medicare	\$ 290,729	16.2%	\$ 336,000	17.0%	\$ 346,080	16.2%	\$ 358,462	16.1%	\$ 367,156	16.7%
Medicaid	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Self Pay	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Free Care / Bad Debt	(74,550)	-4.2%	(7,200)	-0.4%	(7,416)	-0.4%	(7,838)	-0.3%	(7,868)	-0.3%
Other	1,569,776	87.9%	1,653,445	83.4%	1,754,140	83.8%	1,850,967	84.2%	1,974,300	84.6%
DSP*	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	\$ 1,785,855	100.0%	\$ 1,982,245	100.0%	\$ 2,082,804	100.0%	\$ 2,209,791	100.0%	\$ 2,333,688	100.0%

financial assistance

financial assistance

Latest actual numbers should tie to the hospital budget process.
 * Disproportionate share payments

Notes:
 Wake Robin is a Life Care Community. Nursing is available to internal residents only (those that transfer from independent living or residential care). Residents pay an up-front entrance fee upon move-in to independent living. Their monthly fees are guaranteed to be consistent as the resident moves from one level of care to another. For example, if a resident pays \$3,500 per month in independent living, the resident will continue to pay \$3,500 per month in nursing.
 As a Life Care Community (or Continuing Care Retirement Community), the nursing business is not expected to stand-alone financially, and instead relies on the overall business structure of the broader community.

NOTE: When completing this table make entries in the shaded fields only.

**WAKE ROBIN
SKILLED NURSING RENOVATION & ADDITION
TABLE 6B
REVENUE SOURCE PROJECTIONS (Additional 6 skilled rooms only)
PROJECT ONLY**

	2015		2016		2017		2018		2019	
	Latest Actual 0	% of Total	Budget 1	% of Total	Proposed Year 1 2	% of Total	Proposed Year 2 3	% of Total	Proposed Year 3 4	% of Total
Gross Inpatient Revenue										
Medicare	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	0.0%	\$ -	0.0%
Medicaid	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Commercial	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Self Pay	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Free Care / Bad Debt	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Life Care	0.0%		-	#DIV/0!	-	#DIV/0!	38,334	100.0%	214,293	100.0%
	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ 38,334	100.0%	\$ 214,293	100.0%
Gross Outpatient Revenue										
Medicare	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Medicaid	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Commercial	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Self Pay	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Free Care / Bad Debt	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Life Care	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Gross Other Revenue										
Medicare	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Medicaid	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Commercial	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Self Pay	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Free Care / Bad Debt	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Life Care	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Gross Patient Revenue										
Medicare	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	0.0%	\$ -	0.0%
Medicaid	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Commercial	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Self Pay	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Free Care / Bad Debt	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Life Care	0.0%		-	#DIV/0!	-	#DIV/0!	38,334	100.0%	214,293	100.0%
	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ 38,334	100.0%	\$ 214,293	100.0%
Deductions from Revenue										
Medicare	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Medicaid	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Commercial	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Self Pay	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Free Care / Bad Debt	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Life Care	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	#DIV/0!
Net Patient Revenue										
Medicare	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ -	0.0%	\$ -	0.0%
Medicaid	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Commercial	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Self Pay	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Free Care / Bad Debt	0.0%		-	#DIV/0!	-	#DIV/0!	-	0.0%	-	0.0%
Life Care	0.0%		-	#DIV/0!	-	#DIV/0!	38,334	100.0%	214,293	100.0%
DSP*	0.0%		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
	0.0%		\$ -	#DIV/0!	\$ -	#DIV/0!	\$ 38,334	100.0%	\$ 214,293	100.0%

Latest actual numbers should tie to the hospital budget process.

* Disproportionate share payments

Notes:
Wake Robin is a Life Care Community. Nursing is available to internal residents only (those that transfer from independent living or residential care). Residents pay an up-front entrance fee upon move-in to independent living. Their monthly fees are guaranteed to be consistent as the resident moves from one level of care to another. For example, if a resident pays \$3,500 per month in independent living, the resident will continue to pay \$3,500 per month in nursing.
As a Life Care Community (or Continuing Care Retirement Community), the nursing business is not expected to stand-alone financially, and instead relies on the overall business structure of the broader community.

NOTE: When completing this table make entries in the shaded fields only.

**WAKE ROBIN
SKILLED NURSING RENOVATION & ADDITION
TABLE 7
UTILIZATION PROJECTIONS
TOTALS**

A. WITHOUT PROJECT	2015	2016	2017	2018	2019
	Latest Actual	Budget	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient Utilization					
Started Beds	51	51	51	51	51
Admissions	52	53	50	50	50
Patient Days	14,774	14,055	14,951	14,905	14,955
Average Length of Stay	2.90	2.50	2.50	2.50	2.50
Outpatient Utilization					
All Outpatient Visits					
OR Procedures					
Observation Units					
Physician Office Visits					
Ancillary					
All OR Procedures					
Emergency Room Visits					
Adjusted Statistics					
Adjusted Admissions					
Adjusted Patient Days					

B. PROJECT ONLY	2015	2016	2017	2018	2019
	Latest Actual	Budget	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient Utilization					
Started Beds	51	-	-	5	5
Admissions	52	-	-	5	5
Patient Days	14,774	-	-	325	783
Average Length of Stay	2.90	-	-	2.30	2.50
Outpatient Utilization					
All Outpatient Visits					
OR Procedures					
Observation Units					
Physician Office Visits					
Ancillary					
All OR Procedures					
Emergency Room Visits					
Adjusted Statistics					
Adjusted Admissions					
Adjusted Patient Days					

Project expected to open August 2018 and fill-up over 12 months.
Stabilized patient days will be (5 beds x 91% occupancy x 365 days) = 2,937

C. WITH PROJECT	2015	2016	2017	2018	2019
	Latest Actual	Budget	Proposed Year 1	Proposed Year 2	Proposed Year 3
Inpatient Utilization					
Started Beds	51	51	51	57	57
Admissions	53	50	50	55	55
Patient Days	14,774	14,585	14,955	15,204	16,748
Average Length of Stay	2.90	2.50	2.50	2.50	2.50
Outpatient Utilization					
All Outpatient Visits					
OR Procedures					
Observation Units					
Physician Office Visits					
Ancillary					
All OR Procedures					
Emergency Room Visits					
Adjusted Statistics					
Adjusted Admissions					
Adjusted Patient Days					

NOTE: When completing this table make entries in the shaded fields only.

WAKE ROBIN
SKILLED NURSING RENOVATION & ADDITION
TABLE 9
STAFFING PROJECTIONS
TOTALS

A: WITHOUT PROJECT	8/12/2016		Proposed Year 1 2	Proposed Year 2 3	Proposed Year 3 4
	Latest Actual	Budget 1			
Non-MD FTEs					
Total General Services	9.0	9.5	9.5	9.5	9.5
Total Inpatient Routine Services	36.5	40.0	40.0	40.0	40.0
Total Outpatient Routine Services					
Total Ancillary Services	6.5	6.5	6.5	6.5	6.5
Total Other Services					
Total Non-MD FTEs	52.0	56.0	56.0	56.0	56.0
Physician FTEs					
Direct Service Nurse FTEs	36.5	40.0	40.0	40.0	40.0

Includes DHS, DCN, etc.
RNs, LNAs, LPNs
Includes resident services program FTEs, Quality Assurance RN

B: PROJECT ONLY			Proposed Year 1 2	Proposed Year 2 3	Proposed Year 3 4
	Latest Actual 0	Budget 1			
Non-MD FTEs					
Total General Services				0.0	0.0
Total Inpatient Routine Services				2.8	2.8
Total Outpatient Routine Services					
Total Ancillary Services					
Total Other Services					
Total Non-MD FTEs		0.0	0.0	2.8	2.8
Physician Services					
Direct Service Nurse FTEs		0.0	0.0	2.8	2.8

C: WITH PROJECT			Proposed Year 1 2	Proposed Year 2 3	Proposed Year 3 4
	Latest Actual 0	Budget 1			
Non-MD FTEs					
Total General Services	9.0	9.5	9.5	9.5	9.5
Total Inpatient Routine Services	36.5	40.0	40.0	42.8	42.8
Total Outpatient Routine Services	0.0	0.0	0.0	0.0	0.0
Total Ancillary Services	6.5	6.5	6.5	6.5	6.5
Total Other Services	0.0	0.0	0.0	0.0	0.0
Total Non-MD FTEs	52.0	56.0	56.0	58.8	58.8
Physician Services	0.0	0.0	0.0	0.0	0.0
Direct Service Nurse FTEs	36.5	40.0	40.0	42.8	42.8

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2015 AND 2014



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wake Robin Corporation and Subsidiary
Shelburne, Vermont

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wake Robin Corporation (a Vermont nonprofit Corporation) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in net deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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**WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS	2015	2014
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,988,967	\$ 2,037,047
Investments	7,117,244	7,273,248
Resident Accounts Receivable and Other Receivables	189,845	317,550
Supplies Inventory	92,426	88,804
Prepaid Expenses	256,177	311,216
Total Current Assets	12,644,659	10,027,865
ASSETS LIMITED AS TO USE		
Under Priority Deposits and Donor Restrictions	3,528,063	3,581,858
Under Bond Indenture Agreement - Held by Trustee	4,641,898	4,580,001
Total Assets Limited as to Use	8,169,961	8,161,859
PROPERTY AND EQUIPMENT, NET	54,524,687	55,356,872
DEFERRED FINANCING COSTS, NET	1,399,638	1,570,932
DEFERRED MARKETING COSTS, NET	56,518	71,770
Total Assets	\$ 76,795,463	\$ 75,189,298

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Service Revenue	\$ 11,577,718	\$ 11,075,713
Amortization of Entrance Fees	3,637,148	3,395,566
Termination Fees	1,062,708	645,992
Health Care Revenue	3,555,436	3,311,408
Ancillary and Other Resident Revenue	343,192	400,876
Management Company Revenue	24,978	253,535
Investment Income and Realized Gains	235,236	226,173
Contributions	16,168	6,283
Net Assets Released from Restrictions Used for Operations	25,293	366,866
Net Assets Released for Donor Related Restrictions	62,503	103,084
Total Revenue, Gains, and Other Support	20,540,380	19,785,496
EXPENSES		
General and Administrative	3,008,031	3,170,605
Dining Services	1,867,273	1,811,386
Resident Services	863,006	927,395
Linden Health Center	3,713,428	3,591,329
Environmental Services	2,413,753	2,285,090
Property Tax and Insurance	1,227,530	1,242,107
Utilities	954,093	947,611
Depreciation and Amortization	3,632,884	3,509,618
Interest	2,088,326	2,612,349
Management Company Expense	7,929	175,929
Total Expenses	19,776,253	20,273,419
INCOME (LOSS) FROM OPERATIONS	764,127	(487,923)
NON OPERATING INCOME (LOSS)		
Change in Fair Value of Gift Annuities	(2,471)	(23,738)
Loss on Extinguishment of Bonds	-	(2,238,991)
Total Non Operating Income (Loss)	(2,471)	(2,262,729)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	761,656	(2,750,652)
OTHER CHANGES IN UNRESTRICTED NET DEFICIT		
Change in Fair Value of Derivative Instrument	(135,043)	(150,496)
Unrealized Gain (Loss) on Investments	(140,235)	105,776
Total Other Changes in Unrestricted Net Deficit	(275,278)	(44,720)
(INCREASE) DECREASE IN UNRESTRICTED NET DEFICIT	\$ 486,378	\$ (2,795,372)

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Increase) Decrease in Net Deficit	\$ 457,608	\$ (3,084,273)
Adjustments to Reconcile (Increase) Decrease in Net Deficit to Net Cash Provided by Operating Activities:		
Amortization of Entrance Fees and Termination Income	(4,699,856)	(4,041,558)
Proceeds from Entrance Fees and Deposits	7,958,700	6,265,017
Accretion of Bond Discount	-	252
Amortization of Bond Premium	(8,568)	-
Depreciation and Amortization	3,632,884	3,509,618
Loss on Extinguishment of Bonds	-	2,238,991
(Gain) Loss on Disposal of Property and Equipment	(11,235)	9,710
Change in Fair Value of Derivative Financial Instruments	135,043	150,496
Net Realized and Unrealized (Gain) Loss on Investments	116,716	(174,413)
(Increase) Decrease in Operating Assets:		
Resident Accounts Receivable and Other Receivables	127,705	(54,393)
Supplies Inventory	(3,622)	12,309
Prepaid Expenses and Other Assets	55,039	189,376
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(596,869)	(144,546)
Accrued Interest	15,769	(27,664)
Priority, Interim, and Entrance Fee Deposits	148,350	412,200
Annuity Obligation	(7,354)	8,393
Net Cash Provided by Operating Activities	7,320,310	5,269,515
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(2,602,918)	(3,106,307)
Purchases of Investments, Net	39,288	203,857
(Increase) Decrease in Assets Whose Use is Limited	(8,102)	1,124,530
Net Cash Used by Investing Activities	(2,571,732)	(1,777,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(1,630,000)	(1,365,000)
Redemption of Long-Term Debt	-	(20,485,000)
Proceeds from Long-Term Debt	-	19,955,000
Payment of Deferred Financing Costs	-	(447,884)
Refunds of Entrance Fees	(166,658)	(252,265)
Net Cash Used by Financing Activities	(1,796,658)	(2,595,149)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,951,920	896,446
Cash and Cash Equivalents - Beginning of Year	2,037,047	1,140,601
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,988,967	\$ 2,037,047
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid during the Year for Interest	\$ 2,104,095	\$ 2,462,068
SUPPLEMENTAL CASH FLOW INFORMATION:		
Construction and Equipment Expenditures within Accounts Payable and Accrued Expenses	\$ 156,618	\$ 511,068

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted - Those resources subject to donor imposed restrictions that will be satisfied by actions of the Corporation or passage of time. The principal amount of temporarily restricted contributions and the related earnings can be spent for donor restricted purposes.

Permanently Restricted - Those resources subject to a donor imposed restriction that be maintained permanently by the Corporation. The principal amount of permanently restricted contributions cannot be spent by the CCRC.

Excess (Deficit) of Revenue Over Expenses

The consolidated statements of operations include the excess (deficit) of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from such amounts, consistent with industry practice, include unrealized gains and losses on investments, the effective portion of the interest rate swap agreements that are designated as hedging agreements, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, if any).

Income Taxes

The Corporation is recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from Federal income taxes pursuant to Section 501(a) of the IRC.

The Corporation follows the provisions of the income tax accounting standards regarding the recognition and measurement of uncertain tax positions. The application of these provisions has no impact on the Company's financial statements.

The Corporation's tax returns are subject to review and examination by federal, state and local authorities.

Cash and Cash Equivalents

The Corporation considers cash and cash equivalents to include all highly liquid investments with original maturity dates of three months or less, excluding amounts that are limited as to use under trust agreements, priority deposits, or donor restrictions. The Corporation deposits its temporary cash investments in financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

Accounts Receivable

The Corporation provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice or as the claim is submitted for third-party payors. Accounts past due more than 30 days are individually analyzed for collectability.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Corporation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The fair values of financial instruments are summarized further in Note 13.

Property and Equipment

Property and equipment are recorded at cost. The Corporation's policy is to capitalize expenditures for major improvements and to charge maintenance and repairs that do not extend the useful lives of the related assets. Donated property and equipment are recorded at their estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable asset. Estimated lives generally fall into the following ranges; 4 years for transportation equipment, 3 to 12 years for furniture and equipment, 20 years for land improvements, and 40 years for buildings. The Corporation capitalizes property and equipment with a cost basis of \$5,000 or greater and a useful life of greater than one year.

Construction In Progress

Construction in progress consists of costs related primarily to ongoing projects in process. Depreciation of these costs is being deferred until the projects have been completed. When the planned projects are completed the construction in progress costs are capitalized and depreciated over the life of the projects.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits

Upon execution of a Residence and Care Agreement and prior to move-in, residents must pay a deposit equal to 25% of the entrance fee amount. The resident pays the balance of the entrance fee upon move-in. The entrance fee deposits are part of the Corporation's unrestricted cash and the liability is recorded as a refundable entrance fee deposit.

Donor Restrictions

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated net assets. When a donor restriction expires (this is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net deficit as net assets released from restrictions.

The Corporation reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Derivative Financial Instrument

The Corporation utilizes a derivative financial instrument to reduce its exposure to the market risk from changes in interest rates. The instrument used to mitigate this risk is an interest rate swap. The instrument held by the Corporation is designated as a highly effective cash flow hedge of interest rate risk on variable rate debt and, accordingly, the changes in the fair value of this instrument is excluded from the performance indicator in other changes in unrestricted net assets for the year.

Entrance Fees

The Corporation offers two options for Residence and Care Agreements: the Fully Amortizing Entrance Fee and the Partially Amortizing Entrance Fee. Under both agreements, the prospective resident is required to pay a deposit in the amount of 25% of the entrance fee at the time the contract is executed, with the balance of the entrance fee paid at the time of move in. Upon the occupancy of the unit, entrance fees are recorded as deferred revenue and amortized into revenue. Under the Partially Amortizing Entrance Fee Agreement, it is the policy of the Corporation to amortize up to the contractually refundable amount. In 2015 Wake Robin began offering a Long Term Care Insurance Benefit, which provides for a discount on entrance fees and a feature converting to a per diem rate for a specified number of days while in skilled nursing.

In the event of termination of the Residence and Care Agreement due to withdrawal, death or dismissal, a refund may be paid. The refund is based upon the type of entrance fee agreement executed. If a resident enters into a Fully Amortizing Entrance Fee Agreement, their refund will equal the entrance fee paid less 2% for each month of occupancy from the month of move-in to and including the month of termination. No refund will be paid after 50 months of occupancy.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through March 2, 2016, the date the consolidated financial statements were issued.

NOTE 2 INVESTMENTS

Assets Limited as to Use

The composition of assets limited as to use, stated at fair value, at December 31, 2015 and 2014, is set forth in the following table:

	2015	2014
Under Deposits and Donor Restrictions:		
Cash and Cash Equivalents	\$ 497,087	\$ 422,995
Certificates of Deposit	749,286	837,683
Equities	2,145,897	2,151,699
Corporate Bonds	135,793	169,481
Total	<u>3,528,063</u>	<u>3,581,858</u>
Under Bond Indenture Agreement and Held by Trustee:		
Cash and Cash Equivalents	1,405,392	3,089,203
Corporate Bonds	2,986,895	-
U.S. Government Agencies	249,611	1,490,798
Total	<u>4,641,898</u>	<u>4,580,001</u>
Total	<u>\$ 8,169,961</u>	<u>\$ 8,161,859</u>

Other Investments

The composition of other investments, stated at fair value and classified as other than trading, at December 31, 2015 and 2014, is set forth in the following table:

	2015	2014
Certificates of Deposit	\$ 3,000,036	\$ 2,961,024
U.S. Government Agencies	278,824	692,696
Corporate Bonds	1,850,956	1,940,932
Equity Mutual Funds	1,987,428	1,678,596
Total	<u>\$ 7,117,244</u>	<u>\$ 7,273,248</u>

Management conducts due diligence on its investments. Unrealized losses were analyzed by management as of December 31, 2015 and the unrealized losses were deemed to be immaterial in relation to the financial statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

During 2015 and 2014, \$87,796 and \$469,950, respectively, of net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

NOTE 5 LONG-TERM DEBT

Bonds Payable and Derivative Financial Instrument

On December 1, 2014, The Corporation entered into a Loan Agreement and Mortgage with the State of Vermont, acting by and through the Vermont Economic Development Authority (the "Authority") pursuant to which the Authority sold the Series 2014 Bond in the amount of \$19,955,000 on December 11, 2014 to Manufacturers & Traders Trust. The Series 2014 Bond bears a variable interest rate equal to 75% of the 30-Day LIBOR Rate plus 1.85%.

On December 10, 2014, the Corporation entered into an Interest Rate Swap Agreement with Manufacturers & Traders Trust to enact a variable to fixed rate swap for the Series 2014 Bond effective December 11, 2014. The swap agreement will hedge the Series 2014 Bond by effectively converting interest payments from variable rate to a fixed rate. The swap agreement, designated as a derivative at December 31, 2015 is recorded at fair value as a liability in the statement of financial position with the unrealized gain (loss) reported in the statement of operations below the operating indicator. The expiration of the swap is December 1, 2021 and the effective fixed rate of the swap is 1.492%. As of December 31, 2015 and 2014, the fair value of the interest rate swap is recorded as a liability of \$285,539 and \$150,496, respectively.

The fair value of the Corporation's interest rate swap is obtained from the market values provided by the brokers. The values represent the estimated amount the Corporation would pay to terminate the agreement, taking into consideration the difference between the contract rate of interest and the rate currently quoted for the agreement. For the years ended December 31, 2015 and 2014, the change in the fair value of the interest rate swap resulted in unrealized losses of \$135,043 and \$150,496, respectively.

On May 31, 2012, the Corporation entered into a Loan Agreement and Mortgage with the State of Vermont, acting by the Vermont Economic Development Authority (the "Authority") pursuant to which the authority sold the following issues of bonds:

Vermont Economic Development Authority Bonds:	
Series 2012 Serial Bonds	\$ 10,480,000
Series 2012 Term Bonds	2,655,000
Series 2012 Term Bonds	10,700,000
Total	<u>\$ 23,835,000</u>

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

The Corporation is subject to various covenants under the bond agreements. These covenants require various reporting, financial, and operational requirements. As of December 31, 2015, the Corporation is not aware of any instances of non-compliance with these covenants.

A summary of long-term debt financed through the Vermont Economic Development Authority at December 31, 2015 and 2014 follows:

	2015	2014
Series 2014 Variable Rate Mortgage Revenue Bonds, due in varying monthly installments from January 1, 2015 to May 1, 2036. Interest is payable monthly at 75% of one-month LIBOR plus 1.85%. Until December 1, 2021 the variable rate was effectively converted to a fixed rate using a derivative with a rate of 1.492%.	\$ 19,240,000	\$ 19,955,000
Series 2012 Fixed Rate Mortgage Revenue Bonds, due in graduated annual installments ranging from \$100,000 on May 1, 2013 to \$10,700,000 on May 1, 2033. Interest is payable semi-annually at rates ranging from 3.25% to 3.5%.	21,160,000	22,075,000
Series 2006B Variable Rate Demand Mortgage Revenue Bonds, due in graduated annual installments ranging from \$125,000 in 2017 to \$2,550,000 in 2029. Interest is payable at a weekly rate to be determined by the remarketing agreement.	<u>14,350,000</u>	<u>14,350,000</u>
Total	54,750,000	56,380,000
Unamortized Bond Premium		
Series 2012	<u>144,824</u>	<u>153,392</u>
Total Long-Term Debt	54,894,824	56,533,392
Current Portion of Long-Term Debt	<u>(1,570,000)</u>	<u>(1,630,000)</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 53,324,824</u>	<u>\$ 54,903,392</u>

**WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 8 AMENDED CERTIFICATE OF AUTHORITY (THE COA) (CONTINUED)

As required by the COA, Wake Robin maintains a separate investment account, the Cash Reserve Account, with a Vermont Investment Company. The Corporation is required to transfer cash to the Cash Reserve Account, until such times as the balance in the accounts equals the required balance. The COA permits the Corporation to expend funds from the Statutory Reserve Account without approval from the Department after first exhausting all other unrestricted funds of the Corporation, or to the extent that the balance in the Cash Reserve Account exceeds the Required Balance.

As soon as practicable after December 31, 2022, or earlier date as determined by the Department at its discretion, the Corporation will transfer the Required Balance in the Cash Reserve Account to a Statutory Reserve Account with the Vermont State Treasurer's Office. Thereafter, the Corporation will make deposits to the Statutory Reserve Account sufficient to maintain the Required Balance. All income or gain on investment of the funds held in the Statutory Reserve Account will be retained in and become part of such account.

When the funds are transferred to the Statutory Reserve Account with the Vermont Treasurer's Office, the Corporation will not permit any person or entity other than the Department to acquire a perfected lien or security interest in the Statutory Reserve Account.

As of December 31, 2015 and 2014, the amount in the Cash Reserve Account of the Corporation exceeded the Required Balance.

NOTE 9 RESIDENT FUNDS HELD BY THIRD PARTY (UNAUDITED)

Under an agreement with the Vermont Community Foundation, The Norman Winde Residents' Fund (the Fund) was established on May 26, 1999 by residents of the CCRC. The contributions and earnings thereon are held by the Vermont Community Foundation. The purposes of the Fund are to provide support to the Corporation to benefit its residents, primarily for, but not limited to, the provision of financial assistance in connection with the monthly fees due from residents of the CCRC, such residents having demonstrated financial need. The Vermont Community Foundation shall accumulate, grant or expend for the purposes of the Fund as much of the net income and/or principal of the Fund as the Vermont Community Foundation from time to time deems advisable.

A summary of the Fund, which is not reflected in the accompanying financial statements, at December 31, 2015 and 2014 follows:

	2015	2014
Contribution	\$ 23,509	\$ -
Investment Return	(14,776)	24,918
Administrative Fee	(5,553)	(5,369)
Excess of Revenue over Expenses	3,180	19,549
Balance - Beginning of Year	685,786	666,237
Balance - End of Year	\$ 688,966	\$ 685,786

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 12 FAIR VALUE MEASUREMENTS

The following table presents the Corporation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014:

2015	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to Use - Investments	\$ 8,169,961	\$ -	\$ -	\$ 8,169,961
Investments	7,117,244	-	-	7,117,244
Liabilities:				
Fair Value of Interest Rate Swap Agreement	-	285,539	-	285,539
2014	Level 1	Level 2	Level 3	Total
Assets Limited as to Use - Investments	\$ 8,161,859	\$ -	\$ -	\$ 8,161,859
Investments	7,273,248	-	-	7,273,248
Liabilities:				
Fair Value of Interest Rate Swap Agreement	-	150,496	-	150,496

The following disclosure represents a financial instrument in which the ending balances at December 31, 2015 are not carried at fair value on the statement of financial position. The fair value of variable rate long-term debt approximates market value since the bonds are remarketed on a regular basis. The fair value of fixed rate bonds is based on an estimate prepared by the bond underwriter using market data regarding comparable fixed rate debt.

	Carrying Amount	Fair Value
Long-Term Debt	\$ 54,894,824	\$ 55,982,208

The determination of the fair values above incorporates various factors. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Corporation's nonperformance risk on its liabilities.

The fair value of investments is determined by third party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include money market funds and bank deposits, certificates of deposits, U.S. government agency securities, corporate bonds, equities, and mutual funds.

Liabilities utilizing Level 2 inputs are derivatives. The carrying amount represents fair market value and is based on a price estimated by a third party using the income approach, which uses valuation techniques to convert future cash flows to a discounted value, using current market expectations.

**WAKE ROBIN CORPORATION AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULE 1 – RESIDENTS' ASSISTANCE FUND
YEARS ENDED DECEMBER 31, 2015 AND 2014**

The following represents the activity of the Resident's Assistance Fund, which is included in unrestricted and temporarily restricted net assets.

	<u>2015</u>	<u>2014</u>
REVENUE, GAINS, AND OTHER SUPPORT		
Investment Income	\$ 31,575	\$ 37,961
Contributions	2,700	6,800
Realized Gain on Investments	119,600	102,142
Unrealized Loss on Investments	<u>(131,336)</u>	<u>(63,631)</u>
Total Revenue, Gains, and Other Support	22,539	83,272
EXPENSES		
Investment Management Fee	10,723	10,567
Assistance Paid, Net of Refunds	<u>-</u>	<u>91,482</u>
Total Expenses	<u>10,723</u>	<u>102,049</u>
EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER EXPENSES	11,816	(18,777)
Net Assets - Beginning of Year	<u>1,914,591</u>	<u>1,933,368</u>
NET ASSETS - END OF YEAR	<u>\$ 1,926,407</u>	<u>\$ 1,914,591</u>
[A] NET ASSETS ARE COMPRISED OF:		
Board Designated	\$ 15,706	\$ 16,608
Temporarily Restricted	\$ 1,910,701	\$ 1,897,983

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2014 AND 2013



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wake Robin Corporation and Subsidiary
Shelburne, Vermont

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wake Robin Corporation (a Vermont nonprofit Corporation) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of operations and changes in net deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS	2014	2013
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,037,047	\$ 1,140,601
Investments	7,273,248	7,302,692
Current Portion of Assets Limited as to Use	3,089,203	4,154,977
Resident Accounts Receivable and Other Receivables	317,550	263,157
Supplies Inventory	88,804	101,113
Prepaid Expenses	443,375	632,751
Total Current Assets	13,249,227	13,595,291
ASSETS LIMITED AS TO USE		
Under Priority Deposits and Donor Restrictions	3,581,858	3,794,996
Under Bond Indenture Agreement - Held by Trustee	4,580,001	7,031,147
	8,161,859	10,826,143
Less: Assets Limited as to Use Required for Current Liabilities	(3,089,203)	(4,154,977)
Total Assets Limited as to Use	5,072,656	6,671,166
 PROPERTY AND EQUIPMENT, NET	 55,356,872	 55,678,811
DEFERRED FINANCING COSTS, NET	1,438,773	1,694,877
DEFERRED MARKETING COSTS, NET	71,770	87,022
Total Assets	\$ 75,189,298	\$ 77,727,167

See accompanying Notes to Consolidated Financial Statements.

**WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Service Revenue	\$ 11,075,713	\$ 10,821,491
Amortization of Entrance Fees	3,395,566	3,341,869
Termination Fees	645,992	1,476,248
Health Care Revenue	3,311,408	3,007,003
Ancillary and Other Resident Revenue	400,876	475,725
Management Company Revenue	253,535	310,084
Investment Income and Realized Gains	226,173	172,590
Contributions	6,283	6,775
Net Assets Released from Restrictions Used for Operations	366,866	10,169
Net Assets Released for Donor Related Restrictions	<u>103,084</u>	<u>193,931</u>
Total Revenue, Gains, and Other Support	<u>19,785,496</u>	<u>19,815,885</u>
EXPENSES		
General and Administrative	3,170,605	3,173,889
Dining Services	1,811,386	1,836,507
Resident Services	927,395	747,780
Housekeeping	730,299	726,243
Linden Health Center	3,591,329	3,475,923
Environmental Services	1,554,791	1,444,539
Property Tax and Insurance	1,242,107	822,689
Utilities	947,611	919,106
Depreciation and Amortization	3,509,618	3,574,161
Interest	2,612,349	2,815,399
Management Company Expense	<u>175,929</u>	<u>163,631</u>
Total Expenses	<u>20,273,419</u>	<u>19,699,867</u>
INCOME (LOSS) FROM OPERATIONS	(487,923)	116,018
NON OPERATING INCOME (LOSS)		
Change in Fair Value of Gift Annuities	(23,738)	-
Gain (Loss) on Extinguishment of Bonds	<u>(2,238,991)</u>	<u>16,376</u>
Total Non Operating Income (Loss)	<u>(2,262,729)</u>	<u>16,376</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(2,750,652)	132,394
OTHER CHANGES IN UNRESTRICTED NET DEFICIT		
Change in Fair Value of Derivative Instrument	(150,496)	-
Unrealized Gain on Investments	<u>105,776</u>	<u>46,708</u>
Total Other Changes in Unrestricted Net Deficit	<u>(44,720)</u>	<u>46,708</u>
(INCREASE) DECREASE IN UNRESTRICTED NET DEFICIT	\$ (2,795,372)	\$ 179,102

See accompanying Notes to Consolidated Financial Statements.

**WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Increase) Decrease in Net Deficit	\$ (3,084,273)	\$ 469,863
Adjustments to Reconcile (Increase) Decrease in Net Deficit to Net Cash Provided by Operating Activities:		
Amortization of Entrance Fees and Termination Income	(4,041,558)	(4,818,117)
Proceeds from Entrance Fees and Deposits	6,265,017	6,726,941
Accretion of Bond Discount	252	504
Depreciation and Amortization	3,509,618	3,574,161
(Gain) Loss on Extinguishment of Bonds	2,238,991	(16,376)
Loss on Disposal of Property and Equipment	9,710	17,003
Change in Fair Value of Derivative Financial Instruments	150,496	-
Net Realized and Unrealized Gain on Investments	(174,413)	(158,821)
(Increase) Decrease in Operating Assets:		
Resident Accounts Receivable and Other Receivables	(54,393)	113,466
Entrance Fees Receivable	-	50,000
Supplies Inventory	12,309	(9,417)
Prepaid Expenses and Other Assets	189,376	(269,953)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(144,546)	881,528
Accrued Interest	(27,664)	(8,674)
Priority, Interim, and Entrance Fee Deposits	412,200	(1,195,650)
Annuity Obligation	8,393	(21,998)
Net Cash Provided by Operating Activities	<u>5,269,515</u>	<u>5,334,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(3,106,307)	(2,747,415)
Purchases of Investments, Net	203,857	(387,056)
(Increase) Decrease in Assets Whose Use is Limited	<u>1,124,530</u>	<u>(314,998)</u>
Net Cash Used by Investing Activities	<u>(1,777,920)</u>	<u>(3,449,469)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(1,365,000)	(1,550,000)
Redemption of Long-Term Debt	(20,485,000)	-
Proceeds from Long-Term Debt	19,955,000	-
Payment of Deferred Financing Costs	(447,884)	-
Refunds of Entrance Fees	<u>(252,265)</u>	<u>(668,590)</u>
Net Cash Used by Financing Activities	<u>(2,595,149)</u>	<u>(2,218,590)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	896,446	(333,599)
Cash and Cash Equivalents - Beginning of Year	<u>1,140,601</u>	<u>1,474,200</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,037,047</u>	<u>\$ 1,140,601</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid during the Year for Interest	\$ 2,462,068	\$ 2,806,725
SUPPLEMENTAL CASH FLOW INFORMATION:		
Construction and Equipment Expenditures within Accounts Payable and Accrued Expenses	\$ 511,068	\$ 464,670

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted - Those resources subject to donor imposed restrictions that will be satisfied by actions of the Corporation or passage of time. The principal amount of temporarily restricted contributions and the related earnings can be spent for donor restricted purposes.

Permanently Restricted - Those resources subject to a donor imposed restriction that be maintained permanently by the Corporation. The principal amount of permanently restricted contributions cannot be spent by the CCRC.

Excess (Deficit) of Revenue Over Expenses

The consolidated statements of operations include the excess (deficit) of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from such amounts, consistent with industry practice, include unrealized gains and losses on investments, the effective portion of the interest rate swap agreements that are designated as hedging agreements, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, if any).

Income Taxes

The Corporation is recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from Federal income taxes pursuant to Section 501(a) of the IRC.

The Corporation follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Corporation's consolidated financial statements.

The Corporation's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2011 to 2013 are open to examination by federal, local and state authorities.

Cash and Cash Equivalents

The Corporation considers cash and cash equivalents to include all highly liquid investments with original maturity dates of three months or less, excluding amounts that are limited as to use under trust agreements, priority deposits, or donor restrictions. The Corporation deposits its temporary cash investments in financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Corporation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The fair values of financial instruments are summarized further in Note 13.

Derivative Financial Instrument

The Corporation executed an Interest Rate Swap agreement related to the Series 2014 Mortgage Revenue Bonds, which is considered a derivative financial instrument, in order to protect against the adverse effects of market risks.

Property and Equipment

Property and equipment are recorded at cost. The Corporation's policy is to capitalize expenditures for major improvements and to charge maintenance and repairs that do not extend the useful lives of the related assets. Donated property and equipment are recorded at their estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable asset. Estimated lives generally fall into the following ranges: 4 years for transportation equipment, 3 to 12 years for furniture and equipment, 20 years for land improvements, and 40 years for buildings. The Corporation capitalizes property and equipment with a cost basis of \$2,000 or greater and a useful life of greater than one year.

Construction in Progress

Construction in progress consists of costs related primarily to ongoing projects in process. Depreciation of these costs is being deferred until the projects have been completed. When the planned projects are completed the construction in progress costs are capitalized and depreciated over the life of the projects.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits

Upon execution of a Residence and Care Agreement and prior to move-in, residents must pay a deposit equal to 25% of the entrance fee amount. The resident pays the balance of the entrance fee upon move-in. The entrance fee deposits are part of the Corporation's unrestricted cash and the liability is recorded as a refundable entrance fee deposit.

Donor Restrictions

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated net assets. When a donor restriction expires (this is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net deficit as net assets released from restrictions.

The Corporation reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Entrance Fees

The Corporation offers two options for Residence and Care Agreements: the Fully Amortizing Entrance Fee and the Partially Amortizing Entrance Fee. Under both agreements, the prospective resident is required to pay a deposit in the amount of 25% of the entrance fee at the time the contract is executed, with the balance of the entrance fee paid at the time of move in. Upon the occupancy of the unit, entrance fees are recorded as deferred revenue and amortized into revenue. Under the Partially Amortizing Entrance Fee Agreement, it is the policy of the Corporation to amortize up to the contractually refundable amount.

In the event of termination of the Residence and Care Agreement due to withdrawal, death or dismissal, a refund may be paid. The refund is based upon the type of entrance fee agreement executed. If a resident enters into a Fully Amortizing Entrance Fee Agreement, their refund will equal the entrance fee paid less 2% for each month of occupancy from the month of move-in to and including the month of termination. No refund will be paid after 50 months of occupancy. If a resident enters into a Partially Amortizing Entrance Fee Agreement and the termination is during the first 25 months after move-in, their refund will equal the entrance fee paid less 2% for each month of occupancy from the month of move-in to and including the month of termination. If the termination is after 25 months, the resident will be refunded 50% of their entrance fee at any time the termination occurs. Partially Amortizing Entrance Fee Agreements require a premium payment for the entrance fee. Under these refund policies, entrance fees totaling approximately \$13,844,000 and \$12,504,000 remained unexpired and contractually refundable at December 31, 2014 and 2013, respectively.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2 INVESTMENTS

Assets Limited as to Use

The composition of assets limited as to use, stated at fair value, at December 31, 2014 and 2013, is set forth in the following table:

	2014	2013
Under Deposits and Donor Restrictions:		
Cash and Cash Equivalents	\$ 422,995	\$ 643,277
Certificates of Deposit	837,683	759,231
Equities	2,151,699	2,087,292
U.S. Government Agencies	-	51,747
Corporate Bonds	169,481	253,449
Total	3,581,858	3,794,996
Under Bond Indenture Agreement and Held by Trustee:		
Cash and Cash Equivalents	3,089,203	4,154,977
U.S. Government Agencies	1,490,798	2,876,170
Total	4,580,001	7,031,147
Total	\$ 8,161,859	\$ 10,826,143

Other Investments

The composition of other investments, stated at fair value and classified as other than trading, at December 31, 2014 and 2013, is set forth in the following table:

	2014	2013
Certificates of Deposit	\$ 2,961,024	\$ 3,177,817
U.S. Government Agencies	692,696	602,955
Corporate Bonds	1,940,932	2,262,655
Equity Mutual Funds	1,678,596	1,259,265
Total	\$ 7,273,248	\$ 7,302,692

**WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 5 LONG-TERM DEBT

Bonds Payable and Derivative Financial Instrument

On December 1, 2014, The Corporation entered into a Loan agreement and Mortgage with the State of Vermont, acting by and through the Vermont Economic Development Authority (the "Authority") pursuant to which the Authority sold the Series 2014 Bond in the amount of \$19,955,000 on December 11, 2014 to Manufacturers & Traders Trust.

Along with the proceeds from the bond, the 2006A Debt Service Reserve Fund and other funds, were used to advance refund the 2006A Series Bonds and to pay costs of issuance relating to the Series 2014 Bond.

The Series 2014 Bond bears a variable interest rate equal to 75% of the 30-Day LIBOR Rate plus 1.85%.

The Corporation utilizes derivative financial instruments to reduce its exposure to the market risk from changes in interest rates. The instruments used to mitigate this risk are interest rate swaps. The instruments held by the Corporation are designated as highly effective cash flow hedges of interest rate risk on variable rate debt and, accordingly, the changes in the fair value of these instruments are excluded from the performance indicator in other changes in unrestricted net assets for the year.

On December 10, 2014, the Corporation entered into an Interest Rate Swap Agreement with Manufacturers & Traders Trust to enact a variable to fixed rate swap for the Series 2014 Bond effective December 11, 2014. The swap agreement will hedge the Series 2014 Bond by effectively converting interest payments from variable rate to a fixed rate. The swap agreement, designated as a derivative at December 31, 2014 is recorded at fair value as a liability in the statement of financial position with the unrealized gain (loss) reported in the statement of operations below the operating indicator. The expiration of the swap is December 1, 2021 and the effective fixed rate of the swap is 1.492%. As of December 31, 2014, the fair value of the interest rate swap is recorded as a liability of \$150,496.

The fair value of the Corporation's interest rate swaps are obtained from the market values provided by the brokers. The values represent the estimated amount the Corporation would pay to terminate the agreements, taking into consideration the difference between the contract rates of interest and the rates currently quoted for the agreements. For the years ended December 31, 2014 and 2013, the change in the fair value of the interest rate swaps resulted in unrealized gains (losses) of \$(150,496) and \$0, respectively.

WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

Management entered into a Letter of Credit with Santander (formerly Sovereign Bank, N.A.) on September 22, 2011. The Corporation paid to the bank, upon execution and delivery of the Letter of Credit, a \$15,000 amendment fee. The expiration date of the extended Letter of Credit was July 13, 2012. The terms specified in the modification of the Letter of Credit indicate that all fee payment dates commencing with October 1, 2011, the Letter of Credit fee rate will be 2.25% per annum. As a precondition to the extension of the Series 2006B Letter of Credit, the Corporation paid to the bank an amount of \$1,100,000 that was applied to the repayment of the principal amount outstanding tender advance and as such, a corresponding principal amount of Series 2006B Bonds was retired. In addition to extinguishment of debt noted above, various covenants, conditions, and modifications were agreed upon in conjunction with the execution of the Letter of Credit extension.

On May 15, 2012, the Corporation executed a modification and extension agreement with Santander (formerly Sovereign Bank, N.A.), which extended the termination date of the Letter of Credit on the Series 2006B Bonds from July 13, 2012 to July 13, 2014. In addition, this agreement required the Corporation to maintain not less than 180 Days' Cash on Hand at quarterly liquidity dates and to make additional principal payments on the Series 2006B Bonds quarterly in an amount which represents the excess of the Corporation's unrestricted investments over the amount required to result in 220 Days Cash on Hand. In 2013, a portion of the outstanding 2012 Bonds were called resulting in a gain of \$16,376 on extinguishment.

On December 30, 2013, the Corporation executed a Letter of Credit with M & T Bank, to replace the previous Letter of Credit, which extends the expiration of the Letter of Credit to December 30, 2016. This agreement requires the Corporation to maintain not less than 180 Days Cash on Hand, tested quarterly, a Debt Service Coverage Ratio of not less than 1.20 to 1.00, tested quarterly, and occupancy of at least 90%, tested annually. The Letter of Credit was extended in January 2015. The new expiration date of the Letter of Credit is December 30, 2017.

On April 1, 2014, the Corporation executed the First Amendment to the Letter of Credit and Reimbursement Agreement. Under the terms of the Amendment, the Corporation will be required to repay any unreimbursed drawings of principal and interest beginning in 2017, assuming there is no uncured event of default.

The Corporation is subject to various covenants under the bond agreements. These covenants various reporting, financial, and operational requirements. As of December 31, 2014, the Corporation is not aware of any instances of non-compliance with these covenants.

**WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt as of December 31, 2014 are as follows:

Year Ending December 31,	Amount
2015	\$ 1,630,000
2016	1,570,000
2017	1,660,000
2018	1,755,000
2019	1,790,000
2020 and Thereafter	47,975,000
Total	\$ 56,380,000

The Series 2006, 2012, and 2014 bonds are secured by a first mortgage and security interest on property and equipment, certain tangible and intangible property interests, the gross revenues and entrance fees (subject to certain provisions) of the Corporation and by certain funds held by the Trustee as defined in the Loan and Trust Agreement.

NOTE 6 RELATED PARTY TRANSACTIONS

A director emeritus of the Corporation serves as the Corporation's legal counsel. The director's law firm was paid \$96,009 and \$70,559 for legal services provided in 2014 and 2013, respectively.

NOTE 7 LIABILITY INSURANCE

The Corporation's general liability and resident health care facility professional liability insurance are covered under an occurrence basis policy. There are no claims outstanding as of December 31, 2014 and 2013.

NOTE 8 AMENDED CERTIFICATE OF AUTHORITY (THE COA)

In April 2006, The Department of Financial Regulation (the Department), formerly the Vermont Department of Banking, Insurance and Health Care Administration, issued the Corporation a Certificate of Authority approving the execution of Residence and Care Agreements, as well as the collection of deposits from prospective residents of Phase II.

In July, 2006 the Department issued another Certificate of Authority (COA) approved the Phase II expansion project and the issuance of the 2006 Bond to fund it. Among other conditions the COA required the Corporation to maintain the reserve fund required by 8 V.S.A. Section 8009, the Statutory Reserve in a separate account. The Statutory Reserve required is to be funded to no less than the greater of the following: the total annual principal and interest payments on all debt, or 15% of all operating expenses, determined at the end of the fiscal year based on projected amounts for the following fiscal year (Required Balance).

**WAKE ROBIN CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 10 INVESTMENTS

Management conducts due diligence on its investments. Unrealized losses were analyzed by management as of December 31, 2014 and the unrealized losses were deemed to be immaterial in relation to the financial statements.

As of December 31, 2014, declines in the fair value of investments and investments limited as to use reflect declines in the overall equities market. The Corporation does not believe that any individual unrealized loss as of December 31, 2014 represents an other-than-temporary impairment. The Corporation has the intent and ability to hold these investments for the time necessary to recover the amortized cost.

NOTE 11 EMPLOYEE BENEFIT PLAN

The Corporation has a 403(b) Thrift Plan, which is a defined contribution voluntary retirement savings plan for all employees with no minimum age or service requirement. Employees can contribute any percentage of their salary, limited only by the maximum contribution amounts defined by the Internal Revenue Service. The Corporation matches employee contributions at the lesser of 50% of employee contributions or \$2,000 for each of the years ended December 31, 2014 and 2013. The Corporation contributed \$124,900 and \$116,174 to the plan in 2014 and 2013, respectively.

NOTE 12 MANAGEMENT AGREEMENT

The Corporation entered into an agreement with Eastview at Middlebury, Inc. dated May 26, 2011, to operate as manager of the Community start-up, supervise, direct and control day-to-day business activities, financial and accounting procedures and provide personnel administration as necessary to carry out the goals of providing quality independent living and assisted living to the Community's residents. Subsequent to the execution of this agreement, the Corporation assigned the agreement to Wake Robin Management LLC (WRM). The term of the agreement is for four years.

During the years ended December 31, 2014 and 2013, Eastview at Middlebury paid \$112,262 and \$168,417 under the agreement for fixed monthly management fees. Effective July 1, 2013, the management agreement between Wake Robin and EastView at Middlebury was amended and the annual fixed monthly management fees were lowered to \$9,357. Additional expenses reimbursable to the corporation under the agreement paid by Eastview at Middlebury amount to \$138,635 and \$138,752 for the years ended December 31, 2014 and 2013. On December 29, 2014, the management agreement was further amended and the annual fixed monthly fee was reduced to \$4,750. The amendment changed the services provided by WRM to financial and accounting assistance.

WAKE ROBIN CORPORATION AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The following methods and assumptions were used by the Corporation in estimating the fair value of its other financial instruments:

Cash and cash equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Accounts receivable: The carrying amount reported in the balance sheet approximates fair value.

Accounts payable and accrued expenses: The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates fair value.

NOTE 14 FUNCTIONAL EXPENSES

The Corporation provides residential living services and general health care services to its residents. Expenses related to providing these services are as follows:

	2014	2013
Program Activities	\$ 18,523,063	\$ 17,892,029
General and Administrative	1,750,356	1,807,838
Total	<u>\$ 20,273,419</u>	<u>\$ 19,699,867</u>

NOTE: When completing this table make entries in the shaded fields only.

**WAKE ROBIN
SKILLED NURSING RENOVATION & ADDITION**

TABLE 9
STAFFING PROJECTIONS
TOTALS

A: WITHOUT PROJECT	8/12/2016				
	Latest Actual	Budget	Proposed Year 1	Proposed Year 2	Proposed Year 3
Non-MD FTEs		1	2	3	4
Total General Services	9.0	9.5	9.5	9.5	9.5
Total Inpatient Routine Services	36.5	40.0	40.0	40.0	40.0
Total Outpatient Routine Services					
Total Ancillary Services	6.5	6.5	6.5	6.5	6.5
Total Other Services					
Total Non-MD FTEs	52.0	56.0	56.0	56.0	56.0
Physician FTEs					
Direct Service Nurse FTEs	36.5	40.0	40.0	40.0	40.0

B: PROJECT ONLY	8/12/2016				
	Latest Actual	Budget	Proposed Year 1	Proposed Year 2	Proposed Year 3
Non-MD FTEs	0	1	2	3	4
Total General Services	N/A			0.0	0.0
Total Inpatient Routine Services	N/A			2.8	2.8
Total Outpatient Routine Services	N/A				
Total Ancillary Services	N/A				
Total Other Services	N/A				
Total Non-MD FTEs	N/A	0.0	0.0	2.8	2.8
Physician Services	N/A				
Direct Service Nurse FTEs	N/A	0.0	0.0	2.8	2.8

C: WITH PROJECT	8/12/2016				
	Latest Actual	Budget	Proposed Year 1	Proposed Year 2	Proposed Year 3
Non-MD FTEs	0	1	2	3	4
Total General Services	9.0	9.5	9.5	9.5	9.5
Total Inpatient Routine Services	36.5	40.0	40.0	42.8	42.8
Total Outpatient Routine Services	0.0	0.0	0.0	0.0	0.0
Total Ancillary Services	6.5	6.5	6.5	6.5	6.5
Total Other Services	0.0	0.0	0.0	0.0	0.0
Total Non-MD FTEs	52.0	56.0	56.0	58.8	58.8
Physician Services	0.0	0.0	0.0	0.0	0.0
Direct Service Nurse FTEs	36.5	40.0	40.0	42.8	42.8