WAKE ROBIN CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP

WAKE ROBIN CORPORATION AND SUBSIDIARY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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.

Board of Directors
Wake Robin Corporation and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wake Robin Corporation and Subsidiary as of December 31, 2017 and 2016, and the results of their operations, changes in their net deficit, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Residents' Assistance Fund presented in Schedule 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 12, 2018

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,306,405	$ 1,936,833
Investments	11,536,440	9,908,296
Resident Accounts Receivable and Other Receivables	252,340	314,250
Supplies Inventory	89,500	95,697
Prepaid Expenses	154,124	161,564
Total Current Assets	14,338,809	12,416,640
ASSETS LIMITED AS TO USE		
Under Priority Deposits and Donor Restrictions	8,304,384	4,533,246
Under Bond Indenture Agreement - Held by Trustee	11,703,236	4,636,731
Total Assets Limited as to Use	20,007,620	9,169,977
PROPERTY AND EQUIPMENT, NET	62,628,312	54,232,515
DEFERRED MARKETING COSTS, NET	21,158	41,266
Total Assets	$ 96,995,899	$ 75,860,398

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS (DEFICIT)	2017	2016
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 1,630,000	$ 1,660,000
Estimated Liability for Refunds of Entrance Fees	577,000	579,500
Accounts Payable	261,963	547,347
Accrued Expenses	438,989	457,877
Accrued Interest	416,504	238,174
Construction Payable - 2017 Project	3,387,871	-
Priority and Interim Deposits	489,000	505,000
Deposits - 2017 Project	4,052,368	987,578
Entrance Fee Deposits	222,550	297,850
Total Current Liabilities	11,476,245	5,273,326
LONG-TERM LIABILITIES		
Long-Term Debt - Bonds, Net of Current Portion	64,545,004	50,427,899
Derivative Financial Instrument	155,679	143,498
Deferred Revenue - Amortizable Entrance Fees	44,106,250	44,161,610
Refundable Entrance Fee Liability	2,965,951	3,041,457
Annuity Obligations	110,623	32,957
Total Long-Term Liabilities	111,883,507	97,807,421
Total Liabilities	123,359,752	103,080,747
NET ASSETS (DEFICIT)		
Unrestricted	(29,913,604)	(30,136,191)
Temporarily Restricted	3,390,621	2,775,381
Permanently Restricted	159,130	140,461
Total Net Assets (Deficit)	(26,363,853)	(27,220,349)
Total Liabilities and Net Assets (Deficit)	$ 96,995,899	$ 75,860,398

WAKE ROBIN CORPORATION WAKE ROBIN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Service Revenue	$ 12,574,062	$ 12,213,930
Amortization of Entrance Fees	4,760,208	4,773,003
Termination Fees	743,123	1,305,203
Health Care Revenue	3,501,062	3,426,647
Ancillary and Other Resident Revenue	401,895	444,614
Investment Income and Realized Gains	287,132	194,402
Contributions	1,099	12,325
Net Assets Released from Restrictions Used for Operations	24,280	10,684
Net Assets Released for Donor Related Restrictions	142,827	181,364
Total Revenue, Gains, and Other Support	22,435,688	22,562,172
EXPENSES		
General and Administrative	3,436,942	3,470,441
Dining Services	2,392,032	2,041,312
Resident Services	1,136,987	972,850
Linden Health Center	3,970,872	3,854,912
Environmental Services	2,723,110	2,511,047
Property Tax and Insurance	1,239,114	1,242,707
Utilities	1,082,002	1,017,272
Depreciation and Amortization	3,995,295	3,788,260
Interest	2,278,582	2,262,656
Total Expenses	22,254,936	21,161,457
INCOME FROM OPERATIONS	180,752	1,400,715
NONOPERATING GAIN (LOSS)		
Change in Fair Value of Gift Annuities	20,654	(5,743)
Loss on Extinguishment of Bonds	(369,648)	-
Total Nonoperating Gain (Loss)	(348,994)	(5,743)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(168,242)	1,394,972
OTHER CHANGES IN UNRESTRICTED NET DEFICIT		
Change in Fair Value of Derivative Instrument	(12,181)	142,041
Unrealized Gain on Investments	403,010	53,535
Total Other Changes in Unrestricted Net Deficit	390,829	195,576
DECREASE IN UNRESTRICTED NET DEFICIT	$ 222,587	$ 1,590,548

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN NET DEFICIT
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
INCOME FROM OPERATIONS	$ 180,752	$ 1,400,715
NONOPERATING LOSS		
Change in Fair Value of Gift Annuities	20,654	(5,743)
Loss on Extinguishment of Bonds	(369,648)	-
Total Nonoperating Loss	(348,994)	(5,743)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(168,242)	1,394,972
OTHER CHANGES IN UNRESTRICTED NET DEFICIT		
Change in Fair Value of Derivative Instrument	(12,181)	142,041
Unrealized Gain on Investments	403,010	53,535
Total Other Changes in Unrestricted Net Deficit	390,829	195,576
DECREASE IN UNRESTRICTED NET DEFICIT	222,587	1,590,548
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	303,463	37,778
Net Assets Released from Restrictions Used for Operations	(24,280)	(10,684)
Net Assets Released for Donor-Related Restrictions	(142,827)	(181,364)
Investment Income	168,851	107,592
Realized Gains (Losses) on Investments	61,550	(36,223)
Unrealized Gains on Investments	248,483	77,236
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	615,240	(5,665)
PERMANENTLY RESTRICTED NET ASSETS		
Unrealized Gains on Investments	18,669	4,460
DECREASE IN NET DEFICIT	856,496	1,589,343
Net Deficit - Beginning of Year	(27,220,349)	(28,809,692)
NET DEFICIT - END OF YEAR	$ (26,363,853)	$ (27,220,349)

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Deficit	$ 856,496	$ 1,589,343
Adjustments to Reconcile Decrease in Net Deficit to Net Cash Provided by Operating Activities:		
Amortization of Entrance Fees and Termination Income	(5,503,331)	(6,078,206)
Proceeds from Entrance Fees and Deposits	5,879,951	6,435,148
Proceeds from Entrance Fees and Deposits - 2017 Project	3,064,790	987,578
Amortization of Bond Premium	(76,304)	(8,568)
Depreciation and Amortization	3,995,295	3,788,255
Loss on Extinguishment of Bonds	369,648	-
Amortization of Deferred Financing Costs	144,762	171,281
Loss on Disposal of Property and Equipment	13,675	2,199
Change in Fair Value of Derivative Financial Instruments	12,181	(142,041)
Net Realized and Unrealized Gain on Investments	(815,596)	(94,726)
Decrease (Increase) in Operating Assets:		
Resident Accounts Receivable and Other Receivables	61,910	(124,405)
Supplies Inventory	6,197	(3,271)
Prepaid Expenses and Other Assets	7,440	94,613
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	3,083,594	112,369
Accrued Interest	178,330	(384)
Priority, Interim, and Entrance Fee Deposits	(91,300)	(291,450)
Annuity Obligation	77,666	(5,808)
Net Cash Provided by Operating Activities	11,265,404	6,431,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(12,384,654)	(3,483,030)
Purchases of Investments, Net	(812,548)	(2,696,326)
Increase in Assets Whose Use is Limited	(10,837,643)	(1,000,016)
Net Cash Used by Investing Activities	(24,034,845)	(7,179,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(15,885,000)	(1,570,000)
Proceeds from Long-Term Debt	29,602,586	-
Premiums from Issuance of Long-Term Debt	1,235,981	-
Payment of Deferred Financing Costs	(1,304,568)	-
Refunds of Entrance Fees	(509,986)	(734,689)
Net Cash Provided (Used) by Financing Activities	13,139,013	(2,304,689)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	369,572	(3,052,134)
Cash and Cash Equivalents - Beginning of Year	1,936,833	4,988,967
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,306,405	$ 1,936,833

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 1,955,490	$ 2,091,759
Construction and Equipment Expenditures within Accounts Payable and Accrued Expenses	$ 2,210,510	$ 262,544

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Wake Robin Corporation and Subsidiary (the Corporation) was organized in 1984, as a Vermont nonprofit corporation, to operate a retirement community and provide continuing and long-term care for the elderly. The Corporation operates a continuing care retirement community known as Wake Robin Continuing Care Retirement Community (the CCRC). The CCRC consists of 212 independent living homes, a community center, and a health center consisting of 31 residential care units and 51 nursing care units, all arranged in a campus setting on 136 acres in Shelburne, Vermont. The CCRC provides residents with a living unit, use of the health center and other facilities, and services for the resident's lifetime. Residents began occupying the CCRC in June 1993.

In 2011, the Organization formed Wake Robin Management, LLC (WRM), and a wholly-owned subsidiary that manages a retirement community. WRM offers management services, financial and accounting procedures, and personnel administration to provide quality independent living and assisted living services to the community's residents. WRM is incorporated under the laws of the state of Vermont as a limited liability company. WRM had no activity in 2017 and 2016.

Principles of Consolidation

The consolidated financial statements include the accounts of Wake Robin Corporation and Wake Robin Management, LLC. All significant intercompany transactions have been eliminated on consolidation.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation of derivative financial instruments, deferred revenue from entrance fees, and the obligation to provide future services and use of facilities to current residents. Actual results could differ from those estimates.

Basis of Presentation

Net assets of the CCRC and changes therein are classified in three categories and reported as follows:

Unrestricted Net Assets – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues that the board has set aside for a particular purpose.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets – 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 Net Assets – 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 nonprofit 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 Federal Deposit Insurance Corporation (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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

In addition, an allowance is estimated for other accounts based on historical experience. At December 31, 2017 and 2016, there was no allowance for uncollectible accounts.

Supplies Inventory

Inventories of supplies are stated at the lower of cost (determined by the first-in, first-out method), or market.

Investments and Investment Income

Investments are comprised of U.S. government and government agency and corporate obligations, certificates of deposit, fixed income mutual funds, and common stock, and are stated at fair value in the statement of financial position. Investment income or loss, including realized gains and losses on investment, interest and dividends, and write down of impaired investments, if any, are included in the operating income or loss. Unrealized gains and losses on investments are excluded from the operating income or loss.

A decline in the market value of any security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value. The impairment is charged to the operating loss and a new cost basis for the security is established. To determine whether impairment is other than temporary, the Corporation considers whether it has the ability and intent to hold the investment security until a market price recovery occurs and considers whether evidence indicating the cost of the investment security is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity, and duration of the impairment, changes in market value subsequent to year-end, and forecasted performance of the investment security.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Assets Limited as to Use

Assets limited as to use are comprised of U.S. government and government agency and corporate obligations, certificates of deposit, fixed income mutual funds, and common stock and are stated at fair value, based on quoted market prices. Assets limited as to use consist of assets set aside by the board of directors in accordance with donor restrictions, deposit agreements, and terms of loan and trust agreements in connection with the issuance of the bonds. These deposits become available to the Corporation upon satisfaction of certain criteria outlined by each donor stipulation and in each agreement. Amounts required to meet current liabilities of the CCRC have been reclassified to current assets in the statements of financial position at December 31, 2017 and 2016.

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 11.

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: four 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.

The Corporation records impairment losses on property and equipment when events and circumstances indicate that it is probable that the assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimation process, no impairment losses have been recorded as of December 31, 2017 and 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Projects 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. Projects in progress include approximately $14,463,000 and $3,485,000 of expenditures related to the 2017 Project (Phase III) as of December 31, 2017 and 2016, respectively (see Note 14) and other ongoing Projects in Process.

Deferred Financing Costs (Net)

Financing costs relating to the issuance of the 2006, 2012, 2014, and 2017 Vermont Economic Development Authority Revenue Bonds are being amortized by the straight-line method which approximates the effective interest method over the lives of the related bond issues. Interest expense attributable to the expensing of deferred financing costs was $144,762 and $171,281 for the years ended December 31, 2017 and 2016, respectively.

Deferred Marketing Costs (Net)

Deferred marketing costs that represented costs incurred with obtaining the initial Residence and Care Agreements of the community were being amortized on a straight-line basis over the estimated remaining lives of the community's first residents, 12 years. Costs related to the initial residents of the units have been fully amortized. Costs related to the initial marketing of additional units are being amortized over 12 years commencing in 2007 when these units were occupied. Amortization expense was $20,108 and $15,252 for the years ended December 31, 2017 and 2016. The Corporation also incurs advertising costs associated with the marketing of the CCRC, on an ongoing basis. Costs of this advertising are expensed as incurred. As of December 31, deferred marketing costs, net, are as follows:

	2017	2016
Deferred Marketing Costs	$ 183,000	$ 183,000
Less: Accumulated Amortization	161,842	141,734
Deferred Marketing Costs, Net	$ 21,158	$ 41,266

Deposits

Priority and interim deposits are received from prospective residents and deposited into an escrow account. Both deposits are fully refundable upon demand with the interest income accruing to the Corporation. Priority deposits are made in order for the prospective resident to receive a priority number. The number enables the prospective resident to receive priority status prior to move in and unit selection. Prospective residents typically make an interim deposit when they are within approximately one year of their expected move in date. Priority deposits totaled $407,000 and $419,000 at December 31, 2017 and 2016, respectively. Interim deposits totaled $82,000 and $86,000 at December 31, 2017 and 2016, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits (Continued)

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 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 a highly effective cash flow hedge of interest rate risk on variable rate debt and, accordingly, the changes in the fair value of these instruments 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entrance Fees (Continued)

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 $14,799,000 and $15,904,000 remained unexpired and contractually refundable at December 31, 2017 and 2016, respectively.

In 2015, the Corporation added a Long-Term Care Insurance Benefit addendum to their Residence and Care Agreements. The addendum provides the option for a $40,000 reduction of the standard entrance fee per person. The monthly fee changes after the first 120 days in skilled nursing from the standard fee to the per diem rate. The per diem rate is charged for up to 850 days while in skilled nursing and after that the fee reverts back to the standard monthly fee.

Obligation to Provide Future Services

The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities to current residents). The obligation is discounted at 4% for the first five years and 6% thereafter. As of December 31, 2017 and 2016, the calculation did not result in a liability.

Charity Care

The mission of the Corporation 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. The Corporation provides financial assistance on an as needed basis through the Wake Robin Residents' Assistance Fund. The fund was initially funded by the Corporation with the majority of subsequent funding from residents or their estates. The Wake Robin Residents' Assistance Fund is administered by a committee comprised of three staff of the Corporation and two residents.

The Corporation received contributions to the Wake Robin Residents' Assistance Fund of $71,390 and $2,387 for the years ended December 31, 2017 and 2016, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care (Continued)

The financial assistance provided to several residents of the community from the Wake Robin Residents' Assistance Fund was $13,118 and $81,827 for years ended December 31, 2017 and 2016, respectively.

Change in Accounting Policies

During the year ended December 31, 2017, Wake Robin adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2016-01), *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Liabilities.* This provision eliminates the requirement for entities, other than public business entities, to disclose the fair values of financial instruments carried at amortized cost, as previously required by Accounting Standards Codification (ASC) 825-10-50. As such, Wake Robin has omitted this disclosure for the years ended December 31, 2017 and 2016. The adoption of this provision did not have an impact on the entity's financial position or results of operations.

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through March 12, 2018, 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, is set forth in the following table:

	2017	2016
Under Deposits and Donor Restrictions:		
Cash and Cash Equivalents	$ 639,026	$ 779,387
Certificates of Deposit	2,686,282	1,026,919
Equities	2,654,539	2,173,933
U.S. Government Agencies	2,273,868	450,632
Corporate Bonds	50,669	102,375
Subtotal	8,304,384	4,533,246
Under Bond Indenture Agreement and Held by Trustee:		
Cash and Cash Equivalents	7,372,526	1,219,818
U.S. Government Agencies	4,330,710	3,416,913
Subtotal	11,703,236	4,636,731
Total	$ 20,007,620	$ 9,169,977

NOTE 2 INVESTMENTS (CONTINUED)

Other Investments

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

	2017	2016
Certificates of Deposit	$ 5,326,603	$ 4,413,615
U.S. Government Agencies	577,700	593,559
Corporate Bonds	1,791,916	1,891,293
Equity Mutual Funds	3,840,221	3,009,829
Total	$ 11,536,440	$ 9,908,296

Management conducts due diligence on its investments. Unrealized losses were analyzed by management as of December 31, 2017 and the unrealized losses were deemed to be immaterial in relation to the financial statements.

As of December 31, 2017, 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, 2017 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 3 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 as follows:

	2017	2016
Land	$ 2,133,946	$ 2,133,946
Land Improvements	10,377,077	10,399,882
Buildings and Improvements	79,089,663	78,662,092
Furniture and Equipment	4,134,308	4,173,271
Transportation Equipment	629,921	543,258
Projects in Process - Other	14,666,208	3,941,873
Total	111,031,123	99,854,322
Less: Accumulated Depreciation	(48,402,811)	(45,621,807)
Property and Equipment, Net	$ 62,628,312	$ 54,232,515

Depreciation expense for the years ended December 31, 2017 and 2016 was $3,975,182 and $3,773,003, respectively. Projects in Process include amounts related to the 2017 Project and other ongoing projects in process.

Substantially all of the Corporation's property and equipment is pledged as security for the bonds described in Note 5.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31:

	2017	2016
Purchase of Property and Equipment	$ 181,447	$ 119,470
Resident Activities	109,685	92,158
The Fund for Wake Robin	65,982	46,658
The Wake Robin Endowment Fund	638,012	515,360
Residents Assistance	2,281,921	1,908,004
The Wake Robin Gift Annuity Fund	113,574	47,139
Aquatic Fund	-	46,592
Total	$ 3,390,621	$ 2,775,381

During 2017 and 2016, $167,107 and $192,048, 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 July 11, 2017, 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 issued the Series 2017A, 2017B, and 2017C Bonds. The proceeds of the Series 2017A Bonds, along with other available funds, were used: 1) to refund the outstanding balance of the Series 2006B Bonds ($14,225,000), 2) to finance a portion of the costs for the renovation and reconfiguration of the Linden Health Care Center, renovate and build out of the existing unfinished lower level of the long-term care memory wing, renovate of the Community Center, and construct the new independent living apartment building, 3) to fund the debt service reserve funds for the Series 2017A Bonds and 4) to pay the costs of issuing the Series 2017A Bonds. The Series 2017A Bonds bear interest at fixed rates between 2.5% and 5.0%.

The proceeds of the Series 2017B Bonds and the Series 2017C Bonds are to be used to 1) finance a portion of the costs of the Project, and 2) to pay the cost of issuing the Series 2017B and 2017C Bonds. The Series 2017B Bonds bear interest at .72% of one-month London Interbank Offered Rate (LIBOR) plus 2.05%, a rate which was converted to a fixed rate of 1.72% using a derivative instrument through July 1, 2024. The Series 2017C Bonds bear interest at .72% of LIBOR plus 2.05%. The total amounts available under for each of the 2017 Series of bonds is as follows:

Vermont Economic Development Authority Bonds:	
Series 2017A Mortgage Revenue Bonds	$ 21,590,000
Series 2017B Mortgage Revenue Bonds	29,500,000
Series 2017C Mortgage Revenue Bonds	16,000,000
Total	$ 67,090,000

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

On July 11, 2017, the Corporation entered into an Interest Rate Swap Agreement with Manufacturers & Traders Trust to enact a variable to fixed rate swap for the Series 2017B Bonds effective March 1, 2018. The swap agreement will hedge the Series 2017B Bonds by effectively converting interest payments from variable rate to a fixed rate. The swap agreement, designated as a derivative at December 31, 2017 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 performance indicator. The expiration of the swap is July 1, 2024 and the effective fixed rate of the swap is 1.72%. As of December 31, 2017 the fair value of the interest rate swap is recorded as a liability of $137,037.

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 year ended December 31, 2017, the change in the fair value of the interest rate swap resulted in unrealized losses of $137,037.

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, 2017 and 2016 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 performance 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, 2017 and 2016, the fair value of the interest rate swap is recorded as an asset (liability) of $43,850 and $(143,498), 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, 2017 and 2016, the change in the fair value of the interest rate swap resulted in unrealized gains of $187,348 and $142,041, respectively.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

On July 11, 2017, the Corporation entered into an extension of the Interest Rate Swap Agreement with Manufacturers & Traders Trust to enact a variable to fixed rate swap for the Series 2014 Bond effective December 1, 2021. The swap agreement will hedge the Series 2014 Bonds by effectively converting interest payments from variable rate to a fixed rate. The swap agreement, designated as a derivative at December 31, 2017 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 performance indicator. The expiration of the swap extension is July 1, 2024 and the effective fixed rate of the swap is 1.92%. As of December 31, 2017, the fair value of the interest rate swap is recorded as a liability of $62,492. For the year ended December 31, 2017, the change in the fair value of the interest rate swap resulted in an unrealized loss of $62,492.

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	$ 23,835,000

From the proceeds, the organization borrowed $23,835,000 of Mortgage Revenue Bonds (Wake Robin Corporation Project), Series 2012 (referred to as the Series 2012 Bonds). The Series 2012 Bonds are comprised of 1) $10,480,000 of Serial Bonds bearing interest at fixed rates between 2.75% and 5.125% with a yield ranging between 2.75% and 5.125% over the life of the issuance; 2) $2,655,000 of term bonds at a fixed rate of 5.3% and with a yield of 5.3%; and 3) $10,700,000 of term bonds at a fixed rate of 5.4% and with a yield of 5.3%.

A portion of the proceeds from the sale of the Series 2012 Bonds were used to fund a debt service reserve fund and to pay costs of issuance relating to the Series 2012 Bonds.

On June 1, 2006, the Corporation entered into a Loan Agreement and Mortgage with the state of Vermont with the Vermont Economic Development Authority pursuant to which the authority sold the following issues of bonds and lent the proceeds to the Corporation:

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

Vermont Economic Development Authority Bonds:	
Series 2006A, Mortgage Revenue Bonds	$ 23,500,000
Series 2006B, Variable Rate Demand Mortgage Revenue Bonds	16,455,000
Series 2006C, Variable Rate Demand Mortgage Revenue Bonds	8,250,000
Series 2006D, Variable Rate Demand Mortgage Revenue Bonds - Taxable	2,250,000
Total	$ 50,455,000

The proceeds of these bonds were used to finance the construction and equipping of an additional 37 independent living and 18 skilled nursing units; to advance refund the Wake Robin Mortgage Revenue Bonds Series 1999B Bonds; to establish reserves required to be maintained by the trustee; for acquisition, improvement, and development of the facility site; for routine capital expenditures of the Corporation; and to pay for the costs of bond issuance.

During the year ended December 31, 2014, the Series 2006A were defeased using the proceeds from the issuance of the Series 2014 bonds. During the years ended December 31, 2008 and 2007, the Series 2006C and 2006D bonds were retired with the proceeds of entrance fees received from the expansion. During 2017, the 2006B bonds were fully repaid with the proceeds from the issuance of the Series 2017A Bonds.

On December 30, 2013, the Corporation executed a Letter of Credit with M & T Bank with an expiration date of December 30, 2016. The Letter of Credit had been extended annually and the expiration date of the Letter of Credit was December 30, 2018 prior to its termination upon the refunding of the 2006B Bonds.

The Corporation is subject to various covenants under the bond agreements. These covenants require various reporting, financial, and operational requirements. As of December 31, 2017, the Corporation is not aware of any instances of noncompliance with these covenants.

Capitalized interest costs amounted to $150,900 and $-0- for December 31, 2017 and 2016, respectively.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

A summary of long-term debt financed through the Vermont Economic Development Authority at December 31 is as follows:

Description	2017	2016
Series 2017A Fixed Rate Mortgage Revenue Bonds, principal due in graduated annual installments through May 1, 2047. Interest is payable semi-annually at fixed rates ranging from 2.5% to 5.0%.	$ 21,590,000	$ -
Series 2017B Variable Rate Mortgage Revenue Bonds, due in monthly interest-only installments through June 1, 2020 followed by monthly installments of principal and interest through maturity date of May 1, 2045. Interest is payable at 72% of one-month LIBOR plus 2.05% (1.85% upon obtaining Certificate of Occupancy) during Project construction. Until July 1, 2024, the variable rate was effectively converted to a fixed rate using a derivative with a rate of 1.716%.	625,958	-
Series 2017C Variable Rate Mortgage Revenue Bonds, due in monthly interest-only installments through maturity on January 1, 2021. Monthly repayments of principal to commence in 2020 using entrance fees from the Project. Interest is payable at 72% of one-month LIBOR plus 2.05% (1.85% upon obtaining Certificate of Occupancy) during Project construction.	7,386,628	-
Series 2014 Variable Rate Mortgage Revenue Bonds, due in varying monthly installments through May 1, 2036. Interest is payable monthly at 75% of one-month LIBOR plus 1.85%. Until July 1, 2024, the variable rate was effectively converted to a fixed rate using a derivative with a rate of 1.92%.	18,065,000	18,620,000
Series 2012 Fixed Rate Mortgage Revenue Bonds, due in graduated annual installments through May 1, 2033. Interest is payable semi-annually at rates ranging from 3.25% to 3.5%.	19,230,000	20,210,000

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable and Derivative Financial Instrument (Continued)

Description	2017	2016
Series 2006B Variable Rate Demand Mortgage Revenue Bonds, due in graduated annual installments through 2029. Interest is payable at a weekly rate to be determined by the remarketing agreement.	$ -	$ 14,350,000
Total Debt	66,897,586	53,180,000
Add: Unamortized Bond Premium, Series 2012	127,688	136,256
Add: Unamortized Bond Premium, Series 2017	1,174,494	-
Less: Unamortized Debt Issuance Costs	(2,024,764)	(1,228,357)
Total Debt, Net Unamortized Debt Issuance Costs and Unamortized Original Issue Premium	66,175,004	52,087,899
Current Portion of Long-Term Debt	(1,630,000)	(1,660,000)
Total Long-Term Debt, Net of Current Portion	$ 64,545,004	$ 50,427,899

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

Year Ending December 31,	Amount
2018	$ 1,630,000
2019	1,865,000
2020	9,820,266
2021	2,152,320
2022	1,780,000
Thereafter	49,650,000
Total	$ 66,897,586

The Series 2012, 2014, and 2017 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 $165,284 and $54,415 for legal services provided in December 31, 2017 and 2016, respectively. The 2017 fees included legal expenses related to the issuance of the Series 2017 Bonds.

NOTE 7 LIABILITY INSURANCE

The Corporation's general liability and resident health care facility professional liability insurance are covered under an "occurrence" policy. There are no claims outstanding as of December 31, 2017 and 2016.

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).

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, 2017 and 2016, the amount in the Cash Reserve Account of the Corporation exceeded the required balance.

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

On November 8, 2016, the Department issued an amendment to the COA which authorized Wake Robin to begin entering into Residence and Care agreements and accepting 25% entrance fee deposits for the proposed Maple apartment building. As of December 31, 2017 and 2016, deposits totaling $4,052,368 and $987,578, respectively, have been received.

On June 19, 2017, the Department issued an amendment to the COA approving the Phase III Project and related financing.

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, are as follows:

	2017	2016
Contribution	$ 37,965	$ 15,369
Investment Return	139,900	65,823
Administrative Fee	(7,015)	(4,270)
Excess of Revenue over Expenses	170,850	76,922
Balance - Beginning of Year	765,888	688,966
Balance - End of Year	$ 936,738	$ 765,888

NOTE 10 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, 2017 and 2016. The Corporation contributed $123,612 and $125,524 to the plan in 2017 and 2016, respectively.

NOTE 11 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:

	2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to				
Use - Investments	$ 20,007,620	$ -	$ -	$ 20,007,620
Investments	11,536,440	-	-	11,536,440
Liabilities:				
Fair Value of Interest				
Rate Swap Agreement	-	155,679	-	155,679
Total	$ 31,544,060	$ 155,679	$ -	$ 31,699,739

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to				
Use - Investments	$ 9,169,973	$ -	$ -	$ 9,169,973
Investments	9,908,296	-	-	9,908,296
Liabilities:				
Fair Value of Interest				
Rate Swap Agreement	-	143,498	-	143,498
Total	$ 19,078,269	$ 143,498	$ -	$ 19,221,767

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.

NOTE 12 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:

	2017	2016
Program Activities	$ 20,671,314	$ 19,564,569
General and Administrative	1,583,622	1,596,888
Total	$ 22,254,936	$ 21,161,457

NOTE 13 COMMITMENTS AND CONTINGENCIES

As of December 31, 2017, Wake Robin is in the process of construction a capital project (the 2017 Project). The 2017 Project encompasses renovations to existing buildings, additions, and new ground up construction. The three major program spaces impacted by the 2017 Project are the Linden Health Care Center (skilled nursing, long-term care, and residential), the Community Center (dining and campus amenities), and a new 38 independent living apartment building (Maple).

The Corporation had a total commitment of $55,601,000 related to the 2017 Project. As of December 31, 2017, the remaining commitment to the 2017 Project is $41,387,000. The commitment will be funded primarily from future draws on the 2017B and C Bonds and a small amount from the Project Fund, which is included in the Assets Limited as to Use.

The financing for the 2017 Project closed on July 26, 2017 and is discussed further in Note 5 - Long-Term Debt. Construction commenced in mid-July and as of December 31, 2017, approximately $14,463,000 was included in Project in Progress under Property and Equipment as outlined in Note #3. The additional independent living homes, nursing and residential care homes are expected to be available for occupancy in the fall of 2018. The renovations to the Community Center are expected to be completed in early 2019.

NOTE 14 SUBSEQUENT EVENTS

As of December 31, 2017, current liabilities associated with the Project totaled $3,387,871, which includes requisitions of November ($1,177,361) and December ($1,292,373), and retainage payable ($918,137). The November requisition was funded in January 2018 and the December requisition was funded in March 2018. As of December 31, 2017, 32 of the 38 new independent living units (Maple), 84% of the total, were reserved with deposits from prospective residents.

WAKE ROBIN CORPORATION AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
SCHEDULE 1 – RESIDENTS' ASSISTANCE FUND
DECEMBER 31, 2017 AND 2016

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

	2017	2016
REVENUE, GAINS, AND OTHER SUPPORT		
Investment Income	$ 127,147	$ 83,263
Contributions	71,390	2,387
Realized Gain (Loss) on Investments, Net	46,654	(33,147)
Unrealized Gain on Investments	210,294	62,656
Other Support	9,029	-
Total Revenue, Gains, and Other Support	464,514	115,159
EXPENSES		
Investment Management Fee	8,770	8,014
Assistance Transferred	81,827	109,842
Total Expenses	90,597	117,856
EXCESS (DEFICIT) OF REVENUE, GAINS, AND OTHER SUPPORT OVER EXPENSES	373,917	(2,697)
Net Assets - Beginning of Year	1,923,710	1,926,407
NET ASSETS - END OF YEAR	$ 2,297,627	$ 1,923,710
(A) NET ASSETS ARE COMPRISED OF:		
Board-Designated	$ 15,706	$ 15,706
Temporarily Restricted	$ 2,281,921	$ 1,908,004

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