WAKE ROBIN CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2023 AND 2022

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wake Robin Corporation and Subsidiaries
Shelburne, Vermont

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Wake Robin Corporation (a Vermont corporation) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wake Robin Corporation and Subsidiaries as of December 31, 2023 and 2022, and the results of their operations, changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Wake Robin Corporation and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wake Robin Corporation and Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wake Robin Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wake Robin Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Wake Robin Corporation and Subsidiaries

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule 1 - Residents' Assistance Fund 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 was 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 GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 16, 2024

WAKE ROBIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,521,343	$ 3,808,400
Investments	29,004,583	25,320,718
Assets Limited as to Use:		
Under Bond Indenture Agreement - Held by Trustee	1,695,088	1,640,271
Resident Accounts Receivable and Other Receivables	742,789	666,447
Allowance for Credit Losses	(154,124)	-
Food and Supplies Inventory	25,586	31,388
Prepaid Expenses	355,849	515,715
Total Current Assets	37,191,114	31,982,939
ASSETS LIMITED AS TO USE		
Under Priority Deposits and Donor Restrictions	6,406,949	5,688,041
Under Bond Indenture Agreement - Held by Trustee	7,292,864	7,018,657
Total Assets Limited as to Use	13,699,813	12,706,698
PROPERTY AND EQUIPMENT, Net	86,489,041	86,997,237
Total Assets	$ 137,379,968	$ 131,686,874

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022

	2023	2022
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 2,310,000	$ 2,200,000
Estimated Refundable Entrance Fee Liability	835,500	781,000
Accounts Payable	1,297,389	1,032,117
Accrued Expenses	1,413,552	1,011,778
Accrued Interest	533,420	550,472
Priority and Interim Deposits	1,002,100	769,100
Entrance Fee Deposits	786,639	1,253,341
Total Current Liabilities	8,178,600	7,597,808
LONG-TERM LIABILITIES		
Long-Term Debt - Bonds, Net of Current Portion	76,232,988	78,847,967
Deferred Revenue - Amortizable Entrance Fees	68,373,106	65,469,572
Refundable Entrance Fee Liability	2,574,692	2,598,244
Annuity Obligations	74,161	82,012
Total Long-Term Liabilities	147,254,947	146,997,795
Total Liabilities	155,433,547	154,595,603
NET DEFICIT		
Without Donor Restrictions	(23,400,549)	(27,786,686)
With Donor Restrictions	5,346,970	4,877,957
Total Net Deficit	(18,053,579)	(22,908,729)
Total Liabilities and Net Deficit	$ 137,379,968	$ 131,686,874

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE, GAINS, AND OTHER SUPPORT		
Resident Service Revenue	$ 19,289,565	$ 17,878,186
Health Care Revenue	5,546,633	5,487,161
Ancillary and Other Resident Revenue	721,998	699,488
Amortization of Entrance Fees	7,134,460	7,185,990
Termination Fees	1,391,228	1,778,069
Government Stimulus - State of Vermont Workforce Recruitment and Retention Grant	-	406,000
Investment Income and Realized Gains	1,019,600	284,083
Contributions	3,374	-
Net Assets Released for Donor Related Restrictions	163,036	75,325
Total Revenue, Gains, and Other Support	35,269,894	33,794,302
EXPENSES		
General and Administrative	5,769,172	5,929,441
Dining Services	3,975,281	3,580,013
Resident Services	680,195	604,869
Linden Health Center	6,092,969	5,820,564
Environmental Services	4,254,172	3,620,972
Property Tax, Insurance, and Utilities	3,239,968	3,088,010
Depreciation	5,947,497	5,821,314
Interest	2,932,770	3,221,547
Total Expenses	32,892,024	31,686,730
INCOME FROM OPERATIONS	2,377,870	2,107,572
NONOPERATING GAINS (LOSSES)		
Change in Fair Value of Gift Annuities	(7,183)	(8,779)
Net Unrealized Gain (Loss) on Equity Security Investments	547,318	(858,019)
Gain on Disposal of Property and Equipment	11,600	-
Loss on Extinguishment of Bonds	-	(172,853)
Total Nonoperating Gains (Losses)	551,735	(1,039,651)
EXCESS OF REVENUE OVER EXPENSES	2,929,605	1,067,921
OTHER CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS		
Net Unrealized Gain (Loss) on Fixed Income Securities and Other Investments	1,456,532	(2,295,994)
Net Assets Released from Restrictions Used for Property and Equipment	-	44,263
Total Other Changes in Net Deficit Without Donor Restrictions	1,456,532	(2,251,731)
(INCREASE) DECREASE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	$ 4,386,137	$ (1,183,810)

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET DEFICIT
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
(INCREASE) DECREASE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	$ 4,386,137	$ (1,183,810)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	67,491	406,768
Net Assets Released from Restrictions Used for Property and Equipment	-	(44,263)
Net Assets Released for Donor-Related Restrictions	(163,036)	(75,325)
Investment Income	23,471	46,711
Realized Gain on Investments	7,130	1,995
Unrealized Gain (Loss) on Investments	533,957	(928,078)
Increase (Decrease) in Net Assets With Donor Restrictions	469,013	(592,192)
(INCREASE) DECREASE IN NET DEFICIT	4,855,150	(1,776,002)
Net Deficit - Beginning of Year	(22,908,729)	(21,132,727)
NET DEFICIT - END OF YEAR	$ (18,053,579)	$ (22,908,729)

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Increase) Decrease in Net Deficit	$ 4,855,150	$ (1,776,002)
Adjustments to Reconcile (Increase) Decrease in Net Deficit to Net Cash Provided by Operating Activities:		
Amortization of Entrance Fees and Termination Income	(8,525,688)	(8,964,059)
Proceeds from Entrance Fees and Deposits	11,808,913	9,609,795
Amortization of Bond Premiums	(384,213)	(384,290)
Depreciation	5,947,497	5,821,314
Loss on Extinguishment of Bonds	-	172,853
Amortization of Deferred Financing Costs	79,234	129,423
Gain on Disposal of Property and Equipment	(11,600)	-
Net Realized and Unrealized (Gain) Loss on Investments	(2,669,242)	4,223,400
(Increase) Decrease in Operating Assets:		
Resident Accounts Receivable and Other Receivables	77,782	(292,870)
Food and Supplies Inventory	5,802	(1,538)
Prepaid Expenses and Other Assets	159,866	(268,610)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	667,046	369,412
Accrued Interest	(17,052)	(70,625)
Priority, Interim, and Entrance Fee Deposits	(233,649)	560,054
Annuity Obligation	(7,851)	(6,369)
Net Cash Provided by Operating Activities	11,751,995	9,121,888
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(5,427,701)	(3,633,467)
Purchases of Investments	(5,771,364)	(12,567,592)
Sales of Investments	4,756,741	4,224,828
(Increase) Decrease in Assets Whose Use is Limited	(1,047,932)	1,771,889
Net Cash Used by Investing Activities	(7,490,256)	(10,204,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	-	8,410,000
Premium from Issuance of Long-Term Debt	-	775,496
Repayment of Long-Term Debt	(2,200,000)	(3,020,000)
Redemption of Debt	-	(10,450,000)
Payments for Deferred Financing Costs	-	(247,482)
Proceeds from Refundable Entrance Fees	325,682	241,500
Refunds of Entrance Fees and Deposits	(674,478)	(1,288,978)
Net Cash Used by Financing Activities	(2,548,796)	(5,579,464)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,712,943	(6,661,918)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,808,400	10,470,318
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 5,521,343	$ 3,808,400

See accompanying Notes to Consolidated Financial Statements.

WAKE ROBIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 3,191,481	$ 3,483,855
Construction and Equipment Expenditures within Accounts Payable and Accrued Expenses	$ 288,711	$ 106,029

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Wake Robin Corporation (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 Life Plan Community (LPC) known as Wake Robin. The LPC consists of 250 independent living homes, a community center, and a health center consisting of 41 residential care units and 57 nursing care units, all arranged in a campus setting on 136 acres in Shelburne, Vermont. The LPC provides residents with a home, use of the health center and other common facilities, and services for the resident's lifetime. Residents began occupying the LPC in June 1993.

In 2011, the Corporation formed Wake Robin Management, LLC (WRM), as 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 2023 and 2022.

In 2020, the Wake Robin Corporation board approved the creation of a supporting organization called The Wake Robin Group, Inc. (WRG). WRG will be responsible for identifying and evaluating strategic opportunities and establishing a delivery network (the System) comprised of separate nonprofit entities (System Participants). In October 2021, the WRG received approval from the Internal Revenue Service (IRS) affirming it's tax-exempt status under Section 501(c)(3). The WRG had no activity in 2023 and 2022. These System Participants will provide future services beyond Wake Robin Corporation's campus or menu of life care services and manage the System in furtherance of the charitable missions of Wake Robin Corporation. WRG currently has the same board of directors as Wake Robin Corporation. In 2023, WRC became the sole member of WRG.

Principles of Consolidation

The consolidated financial statements include the accounts of Wake Robin Corporation, the Wake Robin Group, and Wake Robin Management, LLC (collectively Wake Robin Corporation and Subsidiaries). Any intercompany transactions would be eliminated upon 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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets of the Corporation and changes therein are classified in two categories and reported as follows:

Net Assets Without Donor Restrictions – 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.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Corporation or passage of time. The principal amount of restricted contributions and the related earnings can be spent for donor-restricted purposes.

Net assets with donor restrictions also includes resources subject to a donor-imposed restrictions that must be maintained permanently by the Corporation. The principal amount of these restricted contributions cannot be spent by the LPC.

Excess of Revenue Over Expenses

The consolidated statements of operations include the excess of revenue over expenses as the performance indicator. Other changes in net assets without donor restrictions, which are excluded from such amounts, consistent with industry practice, include unrealized gains and losses on fixed income securities and other investments, 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 IRS 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 Corporation's consolidated financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash

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. Restricted cash includes cash held in operating accounts before use or transfer under trust agreements, priority deposits, or donor restrictions. The Corporation had no restricted cash as of December 31, 2023 and 2022. From time to time, the Corporation's restricted investments held by third-party custodians and bond trustee may contain cash balances for or from investing activities. As these activities are not accounted for internally by the Corporation, such cash amounts are not considered restricted cash. 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 and Allowance for Credit Losses

Accounts receivable are reported net of an allowance for credit losses to represent the Corporation's estimate of expected losses at the consolidated statements of financial position date. The adequacy of the Corporation's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, future trends, and a review of specific accounts, and adjustments are made to the allowance as necessary.

Residents are not required to provide collateral for services rendered. Payment for services is required within 15 days of receipt of invoice or claim submitted. Accounts more than 90 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At December 31, 2023 and 2022, the allowance for estimate of expected credit losses related to resident receivable was $-0-. At December 31, 2023 and 2022, the allowance for estimate of expected credit losses related to other non-resident receivables was $154,124 and $-0-, respectively.

Changes in the allowance for credit losses for the year ended December 31, 2023 were as follows:

Allowance for Credit Losses:	
Balance, Beginning of Year	$ -
Provision for Losses	154,124
Balance, End of Year	$ 154,124

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

The opening and closing balances in resident and Medicare related accounts receivable were as follows:

	Accounts Receivable
Balance as of January 1, 2022	$ 139,844
Balance as of December 31, 2022	289,789
Balance as of December 31, 2023	113,659

Food and Supplies Inventory

Inventories of food and supplies are stated at the lower of cost (determined by the first-in, first-out method), or net realizable value.

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 consolidated statements 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 income from operations. The unrealized gains or losses from equity securities are recorded in excess of revenue over expenses. The unrealized gains and losses from fixed income securities and other types of investments are recorded below excess of revenue over expenses.

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 consolidated statements of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use are comprised of cash and cash equivalents, 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.

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: 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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, 2023 and 2022.

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. There were no significant projects in progress for the years ended December 31, 2023 and 2022.

Deferred Financing Costs (Net)

Financing costs relating to the issuance of the 2017A, 2021A, and 2022B 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. Deferred financing costs, less accumulated amortization related to the series 2012 bonds were written off in full as of December 31, 2022, as the series 2012 were refunded as part of the issuance of the 2021A and 2022B bonds (see Note 6). These net costs were included in the loss on extinguishment of bonds on the consolidated statements of operations. Interest expense attributable to the expensing of deferred financing costs was $79,234 and $129,423 for the years ended December 31, 2023 and 2022, respectively.

Bond Premium

Bond premiums incurred in connection with the issuance of long-term debt are deferred and amortized using the effective-interest method over the term of the related indebtedness. Amortization expense on the bond premium was $384,213 and $383,790 for the years ended December 31, 2023 and 2022, respectively.

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 home selection. Interim deposits are made by priority depositors when they are within approximately one year of their expected move in date. Effective August 2021, the deposit process was streamlined into one deposit list (Priority Deposit). This fee is fully refundable. Priority deposits plus interim deposits totaled $1,002,100 and $769,100 at December 31, 2023 and 2022, 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. 25% deposits totaled $786,639 and $1,253,341 at December 31, 2023 and 2022, respectively.

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), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated 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 support without restrictions 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 three options for Residence and Care Agreements: the Fully Amortizing Entrance Fee, the 50% Partially Amortizing Entrance Fee, and the 90% Partially Amortizing Entrance Fee. Under these agreements, the prospective resident is required to pay a deposit in the amount of 25% of the entrance fee at the time the Agreement is executed, with the balance of the entrance fee paid at the time of move in. Upon the occupancy of the home, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entrance Fees (Continued)

If a resident enters into a 50% 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.

If a resident enters into a 90% Partially Amortizing Entrance Fee Agreement and the termination is during the first five 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 five months, the resident will be refunded 90% of their entrance fee at any time the termination occurs. Partially Amortizing Entrance Fee Agreements require a premium payment for the entrance fee. The 90% contract type is no longer marketed as of December 31, 2022, but remains an approved contract type.

Under all of these refund policies, entrance fees totaling approximately $25,232,700 and $25,032,500 remained unexpired and contractually refundable at December 31, 2023 and 2022, 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.

The opening and closing balances in deferred revenue - amortizable entrance fees were as follows:

	Deferred Revenue - Amortizable Entrance Fees
Balance as of January 1, 2022	$ 65,655,781
Balance as of December 31, 2022	65,469,572
Balance as of December 31, 2023	68,373,106

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 5.5% for both the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the calculation did not result in a liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $35,000 and $115,534 for the years ended December 31, 2023 and 2022, respectively.

The financial assistance provided to several residents of the community from the Wake Robin Residents' Assistance Fund was $8,000 and $-0- for years ended December 31, 2023 and 2022, respectively. The amounts of charity provided are transferred out of the Wake Robin Residents Assistance Fund in the year following the charity provided.

Resident Service and Health Care Revenue

Resident service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing resident services and care. These amounts are due from residents. Generally, resident services revenue is monthly rental fees reported at the amount charged in exchange for providing resident services and care. These amounts are due from existing residents. The Corporation bills the residents for services performed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or residents receiving services in the facility. The Corporation measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or termination of the resident contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, guest meals) and the Corporation does not believe it is required to provide additional goods or services related to that sale. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service and Health Care Revenue (Continued)

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy and/or implicit price concessions provided to residents. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

Health care revenue is reported as net realizable amounts from residents, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price were not significant in 2023 or 2022. Health care revenue is primarily monthly fees billed in exchange for providing resident services and care when they transition to residential or skilled nursing care. The Corporation bills the residents and third-party payors for services performed and revenue is recognized as performance obligations are satisfied.

Revenues from the Medicare program accounted for approximately 7% and 9%, respectively, of the Corporation's health service revenues for the years ended December 31, 2023 and 2022. Laws and regulations governing the Medicare program are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term.

A summary of the payment arrangements with major third-party payors follows:

Medicare

The licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). Effective October 2019, the nursing facility is paid under the Medicare Patient Driven Payment Model (PDPM) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. The PDPM is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare program are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service and Health Care Revenue (Continued)

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change.

The Corporation has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized. All resident services revenue for the Corporation is provided at the single campus located in Shelburne, Vermont. The method of reimbursement is prospective payments, and the timing of revenue recognition is health care services transferred over time.

The composition of resident service revenue by primary payor for the years ended December 31, is as follows:

	2023	2022
Medicare	$ 415,252	$ 455,321
Private Pay and Other	33,668,632	32,573,573
Total	$ 34,083,884	$ 33,028,894

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Service and Health Care Revenue (Continued)

The composition of resident service revenue based on its lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31 are as follows:

	2023	2022
Service Lines:		
Independent Living	$ 28,662,956	$ 27,642,742
Skilled Care	1,887,945	2,260,022
Residential Care	2,615,023	2,198,492
Memory Care	917,960	927,638
Total	$ 34,083,884	$ 33,028,894
Method of Reimbursement:		
Fee for Service	$ 34,083,884	$ 33,028,894
Total	$ 34,083,884	$ 33,028,894
Timing of Revenue and Recognition:		
Services Transferred Over Time	$ 34,083,884	$ 33,028,894
Total	$ 34,083,884	$ 33,028,894

Contributions

Contributions received and unconditional promises to give are recorded as revenue with and without donor restrictions depending on the existence of donor restrictions and the nature of such restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Corporation leases equipment. The Corporation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our consolidated statements of financial position.

ROU assets represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Corporation uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Corporation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included in the lease liabilities or right-of-use assets on the consolidated statements of financial position. Management has evaluated the Corporation's leases and determined that there are no material leases to disclose.

New Accounting Pronouncements – Accounting Standards Update (ASU) 2016-13

At the beginning of 2023, the Corporation adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Corporation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Corporation's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 16, 2024, the date the consolidated financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these consolidated financial statements.

NOTE 2 LIQUIDITY

As of December 31, 2023 and 2022, the Corporation had working capital, current assets less current liabilities, of $29,012,514 and $24,385,131, respectively. The Corporation had 482 days cash on hand as of December 31, 2023.

Financial assets available for general expenditure within one year of the consolidated statements of financial position dates consisted of the following:

	2023	2022
Cash and Cash Equivalents	$ 5,521,343	$ 3,808,400
Accounts Receivable, Net	588,665	666,447
Investments	29,004,583	25,320,718
Board-Designated Funds	1,053,497	933,994
Total Financial Assets	$ 36,168,088	$ 30,729,559

Wake Robin Corporation has certain board-designated and donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. Wake Robin Corporation has other assets limited to use for donor-restricted purposes and debt service. These assets limited to use, which are more fully described in Note 3, are not available for general expenditure within the next year, and are not reflected in the amounts above. However, the board-designated amounts could be made available, if necessary.

As part of Wake Robin Corporation's investment guidelines, cash in excess of normal operating requirements are invested in money market funds, certificates of deposits, municipal or government agencies, corporate bonds, or readily marketable equities. Under the bond indenture, Wake Robin Corporation must maintain at least 180 days cash on hand. As of December 31, 2023 and 2022, the Corporation was in compliance with this bond covenant.

NOTE 3 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:

	2023	2022
Under Deposits and Donor Restrictions:		
Cash and Cash Equivalents	$ 1,347,699	$ 1,081,917
Certificates of Deposit	-	109,361
Equities	3,183,924	2,948,576
Corporate Bonds	1,875,326	1,548,187
Subtotal	6,406,949	5,688,041
Under Bond Indenture Agreement and Held by Trustee:		
Cash and Cash Equivalents	2,178,371	2,138,363
U.S. Government Agencies	6,809,581	6,520,565
Subtotal	8,987,952	8,658,928
Total	$ 15,394,901	$ 14,346,969

Other Investments

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

	2023	2022
Corporate Bonds	21,082,473	18,432,456
Equity Mutual Funds	7,922,110	6,888,262
Total	$ 29,004,583	$ 25,320,718

Management conducts due diligence on its investments. Any unrealized losses were analyzed by management as of December 31, 2023, and no material declines in the market value of investments are considered to be other than temporary.

NOTE 4 PROPERTY AND EQUIPMENT

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

	2023	2022
Land	$ 2,133,946	$ 2,133,946
Land Improvements	13,845,672	13,313,654
Buildings and Improvements	134,724,919	132,964,743
Furniture and Equipment	7,313,800	7,121,022
Transportation Equipment	903,686	637,522
Projects in Process	798,250	496,929
Total	159,720,273	156,667,816
Less: Accumulated Depreciation	(73,231,232)	(69,670,579)
Property and Equipment, Net	$ 86,489,041	$ 86,997,237

Depreciation expense for the years ended December 31, 2023 and 2022 was $5,947,497 and $5,821,314, respectively.

Substantially all of the Corporation's property and equipment is pledged as security for the bonds described in Note 6.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2023	2022
Subject to Expenditure for Specific Purpose:		
Residents Assistance Fund	$ 3,249,578	$ 2,871,982
Contribution Fund	419,903	408,606
Gift Annuity Fund	188,507	183,436
Stickney Scholarship Fund	187,737	184,428
Healthy Car Fund	96,811	118,989
Expenditure Subject to Board Authorization:		
Endowment Fund	1,053,497	933,994
Assets Maintained in Perpetuity:		
Memorial Garden Fund	150,937	176,522
Total	$ 5,346,970	$ 4,877,957

During 2023 and 2022, respectively, $163,036 and $119,588 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 6 LONG-TERM DEBT

On January 1, 2022, 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 2022B Bonds (referred to as the Series 2022 Bonds). The proceeds of the Series 2022 Bonds were used: 1) to refund the outstanding balance of the Series 2012 Bonds ($10,450,000), 2) to fund the debt service reserve requirement of the 2022B Bonds, and 3) to pay the costs of issuing the 2022B Bonds. The Series 2022B Bonds bear interest at a fixed rate of 4.0%. The total amount available for the Series 2022 Bonds is as follows:

Vermont Economic Development Authority Bonds:	
Series 2022B Mortgage Revenue Bonds	$ 8,410,000

On October 1, 2021, the Corporation entered into a Loan Agreement and Mortgage with the state of Vermont, acting by and through the Authority pursuant to which the Authority issued the Series 2021A and 2021C Bonds (referred to as the Series 2021 Bonds). The proceeds of the Series 2021A Bonds, along with other available funds, were used: 1) to refund the outstanding balance of the Series 2012 Bonds ($4,460,000) (exclusive of the 2033 maturity thereof), 2) to refund the outstanding balance of the Series 2014 Bonds ($15,715,000), 3) refund the outstanding balance of the Series 2017B Bonds ($28,289,924), 4) fund the termination payments of the interest rate swaps associated with the 2014 and 2017B Bonds, 5) to fund the debt service reserve requirement of the 2021A Bonds, and 6) to pay the costs of issuing the Series 2021A Bonds. The Series 2021A Bonds bear interest at a fixed rate of 4.0%.

The proceeds of the Series 2021C Bonds were to be used to 1) fund the termination payments of the interest rate swaps associated with the 2014 and 2017B Bonds, 2) to fund the debt service reserve requirements of the 2021C Bonds, and 3) to pay the cost of issuing the Series 2021C Bonds. The total amounts available for each of the 2021 Series of bonds was as follows:

Vermont Economic Development Authority Bonds:	
Series 2021A Mortgage Revenue Bonds	$ 49,190,000
Series 2021C Federally Taxable Mortgage Revenue Bonds	2,140,000
Total	$ 51,330,000

The Series 2021C Bonds fully matured as of May 1, 2022.

NOTE 6 LONG-TERM DEBT (CONTINUED)

On July 11, 2017, the Corporation entered into a Loan Agreement and Mortgage with the state of Vermont, acting by and through the Authority pursuant to which the Authority issued the Series 2017A, 2017B, and 2017C Bonds (referred to as the Series 2017 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 total amount available for each of the 2017 Series of bonds was as follows:

Vermont Economic Development Authority Bonds:	
Series 2017A Mortgage Revenue Bonds	$ 21,590,000

On May 31, 2012, the Corporation entered into a Loan Agreement and Mortgage with the state of Vermont, acting by 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 Corporation 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 1) refund the 1999A Bonds, 2) fund a debt service reserve fund, and 3) pay costs of issuance relating to the Series 2012 Bonds.

Pursuant to the issuance of the 2021 bonds, the Series 2012 Term Bonds were partially refunded in the amount of $4,460,000. Pursuant to the issuance of the 2022 bonds, the remaining 2012 Series Bonds were refunded in the amount of $10,450,000.

NOTE 6 LONG-TERM DEBT (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, 2023, the Corporation is not aware of any instances of noncompliance with these covenants.

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

Description	2023	2022
Series 2022B Fixed Rate Mortgage Revenue Bonds, principal due in semi-annual installments through May 1, 2033. Interest is payable semi-annually at a fixed rate of 4.0%.	$ 8,225,000	$ 8,225,000
Series 2021A Fixed Rate Mortgage Revenue Bonds, principal due in semi-annual installments through May 1, 2045. Interest is payable semi-annually at a fixed rate of 4.0%.	48,605,000	48,750,000
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%.	18,645,000	20,700,000
Total Debt	75,475,000	77,675,000
Add: Unamortized Bond Premium, Series 2017	289,083	436,644
Add: Unamortized Bond Premium, Series 2021A	3,680,111	3,853,443
Add: Unamortized Bond Premium, Series 2022B	648,992	712,312
Less: Unamortized Debt Issuance Costs	(1,550,198)	(1,629,432)
Total Debt, Net Unamortized Debt Issuance Costs and Unamortized Original Issue Premium	78,542,988	81,047,967
Current Portion of Long-Term Debt	(2,310,000)	(2,200,000)
Total Long-Term Debt, Net of Current Portion	$ 76,232,988	$ 78,847,967

NOTE 6 LONG-TERM DEBT (CONTINUED)

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

Year Ending December 31,	Amount
2024	$ 2,310,000
2025	2,425,000
2026	2,555,000
2027	2,670,000
2028	2,800,000
Thereafter	62,715,000
Total	$ 75,475,000

The Series 2022, 2021, and 2017A 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 7 LIABILITY INSURANCE

The Corporation's general liability insurance are covered under an "occurrence" policy. The resident health care facility professional liability and umbrella liability insurance are covered under a claims made basis. There are no claims outstanding as of December 31, 2023 and 2022.

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) approving 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).

In November 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.

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

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

In June 2018, the Department issued an amendment to the COA which allowed an acceptable bank outside of Vermont to hold the required Statutory Reserve Funds.

In December 2022, the Department issued an amendment to the COA which expanded the definition of debt escrow accounts to include eligible reserve accounts funded after 2018. Under this amendment, all Wake Robin debt service reserve funds qualify to fulfill the statutory reserve requirements.

As of December 31, 2023 and 2022, the amount in the Debt Service Reserve accounts of the Corporation exceeded the statutory 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 LPC. 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 LPC, 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 consolidated financial statements, at December 31, is as follows:

	2023	2022
Investment Return	$ 122,482	$ (183,154)
Administrative Fee	(9,004)	(9,509)
Distributions	(8,000)	-
Excess (Deficit) of Revenue over Expenses	105,478	(192,663)
Balance - Beginning of Year	1,094,419	1,287,082
Balance - End of Year	$ 1,199,897	$ 1,094,419

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 IRS. The Corporation matches employee contributions at the lesser of 50% of employee contributions or $2,000 for each of the years ended December 31, 2023 and 2022. The Corporation contributed $162,379 and $184,249 to the plan in 2023 and 2022, respectively.

NOTE 11 FAIR VALUE MEASUREMENTS

The following tables present the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31:

	2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to Use - Investments	$ 15,394,901	$ -	$ -	$ 15,394,901
Investments	29,004,583	-	-	29,004,583
Total	$ 44,399,484	$ -	$ -	$ 44,399,484

	2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets Limited as to Use - Investments	$ 14,346,969	$ -	$ -	$ 14,346,969
Investments	25,320,718	-	-	25,320,718
Total	$ 39,667,687	$ -	$ -	$ 39,667,687

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 deposit, U.S. government agency securities, corporate bonds, equities, and mutual funds.

NOTE 12 FUNCTIONAL EXPENSES

The Corporation provides residential living services and general health care services to its residents. All natural classes of expenses that are not directly related to the Corporation's programs are allocated to one or more management and supporting functions based on the estimates of time and effort involved or on a basis of square feet. Expenses related to providing these services are as follows for the years ending December 31:

	2023			
	Independent Living	Health Center	Management, General, and Administrative	Total
Wages and Benefits	$ 6,154,564	$ 8,052,468	$ 1,355,381	$ 15,562,413
Food and Supplies	708,480	874,316	38,013	1,620,809
Depreciation	5,030,673	889,483	27,341	5,947,497
Interest	2,480,675	438,613	13,482	2,932,770
Insurance	400,700	70,848	2,178	473,726
Purchased Services	667,995	592,433	467,521	1,727,949
Occupancy Expenses	2,031,122	520,250	5,216	2,556,588
Repairs and Maintenance	760,269	162,208	9,354	931,831
Other	585,995	513,291	39,155	1,138,441
Total	$ 18,820,473	$ 12,113,910	$ 1,957,641	$ 32,892,024

	2022			
	Independent Living	Health Center	Management, General, and Administrative	Total
Wages and Benefits	$ 5,549,616	$ 8,184,489	$ 1,219,137	$ 14,953,242
Food and Supplies	591,914	834,991	41,916	1,468,821
Depreciation	4,923,942	870,611	26,761	5,821,314
Interest	2,724,934	481,801	14,812	3,221,547
Insurance	365,715	64,663	1,988	432,366
Purchased Services	561,308	567,902	454,140	1,583,350
Occupancy Expenses	1,925,660	532,866	5,136	2,463,662
Repairs and Maintenance	731,006	158,749	9,021	898,776
Other	354,611	471,880	17,161	843,652
Total	$ 17,728,706	$ 12,167,952	$ 1,790,072	$ 31,686,730

NOTE 13 STIMULUS FUNDS

State of Vermont Workforce Recruitment and Retention Grant

The Governor of the state of Vermont authorized $60,000,000 for certain health care and social service employers to provide premium pay for workforce recruitment and retention in March 2022. Total funds received by the Corporation in 2022 were $406,000. At December 31, 2022, the Corporation recognized $406,000 as operating revenue and operating expense on the consolidated statements of operations. There were no additional grant funds received in 2023. Management believes the amounts have been recognized appropriately as of December 31, 2023 and 2022.

WAKE ROBIN CORPORATION AND SUBSIDIARIES
SCHEDULE 1 – RESIDENTS' ASSISTANCE FUND
YEARS ENDED DECEMBER 31, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

The following represents the activity of the Residents' Assistance Fund, which is included in net assets without donor restrictions and net assets with donor restrictions.

	2023	2022
REVENUE, GAINS (LOSSES), AND OTHER SUPPORT		
Investment Income	$ 149	$ 100,201
Contributions	35,000	43,500
Unrealized Gain (Loss) on Investments	342,447	(569,505)
Total Revenue, Gains (Losses), and Other Support	377,596	(425,804)
EXCESS (LOSS) OF REVENUE, GAINS, AND OTHER SUPPORT OVER EXPENSES	377,596	(425,804)
Net Assets - Beginning of Year	2,871,982	3,297,786
NET ASSETS - END OF YEAR	$ 3,249,578	$ 2,871,982
(A) NET ASSETS ARE COMPRISED OF:		
With Donor Restrictions	$ 3,249,578	$ 2,871,982