STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 •(217) 782-3516 FAX: (217) 785-4111

ITEM NUMBER: D-01	BOARD MEETING: April 30, 2019	PROJECT NUMBER: 17-044
PERMIT HOLDERS: Washington and Jane Smith Community - Orland Park d/b/a Smith Crossing and The Washington and Jane Smith Home d/b/a Smith Living Center		
FACILITY NAME and LOCATION: Smith Crossing, Orland Park, Illinois		

DESCRIPTION: The permit holders are requesting an Alteration to Permit #17-044. This is the **second alteration** for this permit.

STATE BOARD STAFF REPORT
ALTERATION TO PERMIT
PERMIT #17-044

I. Project Description and Background Information:

On February 27, 2018 the State Board approved the permit holders to add 46 nursing care beds to an existing 46-bed skilled care facility for a total of 92-beds and construct an addition in 43,596 GSF of space at a cost of $22,162,276.

On April 4, 2018 the permit holders **were approved for a** permit alteration request to increase the size of the project by 1,622 GSF of space **from** 77,205 to 78,831. There **was** no increase in the approved number of beds or an increase in the total permit amount.

On March 29, 2019 the permit holders submitted a second alteration request for Permit #17-044 to fund the project will 100% debt financing. Currently the permit has been approved to be funded with $2,216,228 in cash and $19,946,048 in mortgage financing.

II. Reasons for the Proposed Alteration

The permit holders believe that the change from mortgage financing to bond financing meets the Board's requirement "t**hat the selected form of debt financing for the project will be at the lowest net cost available (77 ILAC 1120.140 (b)".** Per the Permit holders the bond financing of the project had three distinct differences from mortgage financing, lower closing costs, lower interest rate (from 4.1% down to 3.7%) and the funds could be intermittently disbursed rather than having to pay 100% interest from day one.

The alteration does NOT propose the discontinuation or addition of any categories of service, and the scope and size of the project is not changing.

III. Applicable Rules

77 IAC 1130.750 – Alteration of Post Permit Projects specifies that a permit is valid only for the project as defined in the application and any change to the project subsequent to permit issuance constitutes an Alteration to the Project. **All alterations** are required to be reported to the State Board before any alteration is executed**.**

77 IAC 1130.750 b) states the cumulative effect of alterations to a project shall not exceed the following:

1) a change in the approved number of beds or stations, provided that the change would not independently require a permit or exemption from HFSRB;
2) abandonment of an approved category of service established under the permit;
3) any increase in the square footage of the project up to 5% of the approved gross square footage;
4) any decrease in square footage greater than 5% of the project;
5) any increase in the cost of the project not to exceed 7% of the total project cost. This alteration may exceed the capital expenditure minimum in place when the permit was issued, provided that it does not exceed 7% of the total project cost;
6) any increase in the amount of funds to be borrowed for those permit holders that have not documented a bond rating of "A-" or better from Fitch's or Standard and Poor's rating agencies,

or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application).

The State Board Staff notes that only those criteria that are relevant to this alteration request are discussed below.

IV. Summary of Staff Findings

A. State Board Staff finds the proposed alteration appears to be in conformance with the provisions of 77 ILAC 1110 (Part 1110).

B. State Board Staff finds the proposed alteration appears to be in conformance with the provisions of 77 ILAC 1120 (Part 1120).

V. Project Costs and Sources of Funds

The project is currently being funded by 10% cash and 90% debt financing and the permit holders are asking the State Board to approve funding of this project to all debt financing.

TABLE ONE
Project Costs and Sources of Funds

	Approved Permit Amount			Alteration Request		
	Reviewable	Non-Reviewable	Total	Reviewable	Non-Reviewable	Total
Preplanning Costs	$143,344	$128,656	$272,000	$143,344	$128,656	$272,000
Site Preparation	$708,316	$635,737	$1,344,053	$708,316	$635,737	$1,344,053
New Construction Contracts	$6,596,903	$5,920,940	$12,517,843	$6,596,903	$5,920,940	$12,517,843
Modernization Contracts	$48,281	$1,250,423	$1,298,704	$48,281	$1,250,423	$1,298,704
Contingencies	$538,884	$483,667	$1,022,551	$538,884	$483,667	$1,022,551
Architectural/Engineering Fees	$530,126	$475,805	$1,005,931	$530,126	$475,805	$1,005,931
Consulting and other Fees	$614,372	$551,420	$1,165,792	$614,372	$551,420	$1,165,792
Movable or Other Equipment	$815,229	$731,695	$1,546,924	$815,229	$731,695	$1,546,924
Bond Issuance Expense	$250,063	$224,439	$474,502	$250,063	$224,439	$474,502
Net Interest Expense During Construction	$338,589	$303,894	$642,483	$338,589	$303,894	$642,483
Other Costs To Be Capitalized	$459,277	$412,216	$871,493	$459,277	$412,216	$871,493
Total Uses of Funds	**$11,043,384**	**$11,118,892**	**$22,162,276**	**$11,043,384**	**$11,118,892**	**$22,162,276**
Source of Funds	**Reviewable**	**Non-Reviewable**	**Total**	**Reviewable**	**Non-Reviewable**	**Total**
Cash & Securities	$1,104,339	$1,111,889	$2,216,228			
Mortgages	$9,939,045	$10,007,003	$19,946,048	$11,043,384	$11,118,892	$22,162,276
Total Sources of Funds	**$11,043,384**	**$11,118,892**	**$22,162,276**	**$11,043,384**	**$11,118,892**	**$22,162,276**

VI. Financial Viability

A) Criterion 1120.120 – Availability of Funds

To demonstrate compliance with this criterion the applicants must document that funds are available.

Original State Board Staff Report stated:

The applicants are funding this project with cash and securities totaling $2,216,228, and Mortgages totaling $19,946,048. The application contains Audited Financial Statements for years 2014, 2015, and 2016 (application pgs. 208-259), and Board resolution from Smith Crossing/Smith Senior Living, authorizing the use of its cash and securities to fund the equity portion of the project costs (application pgs. 204-207). The applicants also supplied a proposal for financing the mortgage portion of the project (application pgs. 260-264) from First Midwest Bank. The proposal does not constitute an agreement to lend; it does express interest on the lenders behalf to make the loan. Based upon the information provided in the application for permit, Board Staff is unable to make a positive finding on this criterion.

Alteration to Permit

The Permit holders have applied for and received financing from the Illinois Finance Authority[1]. The Illinois Finance Authority issued Variable Rate Bonds Series 2018A which were purchased by BBVA Compass Bank[2] in which the loan proceeds were used for construction draw down for this project. Illinois Finance Authority issued Variable Rate Bonds Series 2018B purchased by BBVA Compass Bank and Variable Rate Bonds Series 2018C purchased by First Midwest Bank[3]. Based upon the information provided in the alteration material the Permit holder has met the requirements of this criterion.

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[1] The Illinois Finance Authority (IFA) provides access to low-cost capital to public and private institutions that fosters economic development, creating and retaining jobs, and improving quality of life for Illinois residents. To date, conduit financing programs have spanned every county and helped capitalize thousands of projects, assisting farmers and agri-businesses, business and industry, school districts and higher education institutions, healthcare facilities, cultural and social entities, and local governments develop, upgrade, expand, and sustain their operations and services. Conduit financing occurs when a governmental entity issues tax-exempt municipal bonds to finance a project managed by non-profit corporations, private companies, or other governmental bodies. These entities that receive the funds from the issue are known as the conduit borrowers, and they are responsible for the interest payment and principal repayment to be made to lenders and investors. In effect, the debt is guaranteed by the revenue from the project that the debt finances generates. The conduit issuer collects these payments from the borrowers and transfers them to bondholders. Types of municipal securities used for conduit financing include private activity bonds (PAB), multi-family housing revenue bonds, and industrial development bonds. Sales of these conduits provide capital expenditures for projects, such as airports, hospitals, private schools, housing, and public works.

[2] BBVA Compass Bancshares, Inc. is a Sunbelt-based bank holding company whose principal subsidiary, **BBVA Compass,** operates 644 branches, including 331 in Texas, 89 in Alabama, 63 in Arizona, 61 in California, 45 in Florida, 37 in Colorado and 18 in New Mexico. **BBVA Compass** ranks among the top 25 largest U.S. commercial banks based on deposit market share and ranks among the largest banks in Alabama (2nd), Texas (4th) and Arizona (6th)Source: http://bbva.investorroom.com/

[3] First Midwest Bancorp, Inc. ("FMBI" or the "Company") is a bank holding company headquartered in Chicago with a principal operating subsidiary, First Midwest Bank ("First Midwest" or the "Bank"). First Midwest is a community bank that attracts deposits, makes loans and provides wealth management, investment, and retirement plan services to the local communities it serves. First Midwest provides a broad range of commercial and retail banking services to consumer, commercial and industrial, and public or governmental customers. The Bank does not engage in sub-prime or highly speculative lending, nor does it engage in non-commercial banking activities such as investment banking services. Source: https://www.firstmidwest.com/corporateprofile/

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION TO PERMIT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1120.120)

B) Criterion 1120.130 – Financial Viability
This criterion remains unchanged from the Original State Board Staff Report.

VII. <u>Economic Feasibility</u>

A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B) Criterion 1120.140 (b) -Terms of Debt Financing

Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

Original State Board Staff Report

The applicants are funding this project with cash and securities totaling $2,216,228, and Mortgages totaling $19,946,048. The application contains Audited Financial Statements for years 2014, 2015, and 2016 (application pgs. 208-259), a Board resolution from Smith Crossing/Smith Senior Living, authorizing the use of its cash and securities to fund the equity portion of the project costs (application pgs. 204-207), and a proposal for financing the mortgage portion of the project (application pgs. 260-264) from First Midwest Bank. While the proposal letter does not constitute an agreement to lend, it does express interest on the lenders behalf, and it appears that the applicants have sufficient funds to fund this modernization project. The applicants supplied a certified Reasonableness of Financing statement (application, p. 279), and a Conditions of Debt Financing Statement (application, p. 280). <u>The applicants have met the requirements of this criterion.</u>

Alteration to Permit

Per the Permit Holders the bond financing of the project had three distinct differences, lower closing costs, lower interest rate (from 4.1% down to 3.7%) and funds could be intermittently disbursed rather than having to pay 100% interest from day one. The Permit Holders have met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT FINANCING AND TERMS OF DEBT FINANCING (77 ILAC 1120.140 (a) and 77 ILAC 1120.140 (b))

VIII. Other

Attached to this report is the second alteration request for this permit.

FOLEY & ASSOCIATES, INC.

Charles H. Foley, MHSA
cfoley@foleyandassociates.com

John P. Kniery
jkniery@foleyandassociates.com

HAND DELIVERED

RECEIVED

MAR 29 2019

HEALTH FACILITIES & SERVICES REVIEW BOARD

March 28, 2019

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Project No. 17-044, Smith Crossing

Dear Ms. Avery:

Smith Crossing is requesting the Board's approval for a Permit Alteration to increase the amount of funds being borrowed to fund the project. This is our second request for a Permit Alteration[1].

Summary of Project

The project was approved on February 27, 2018 for the construction and addition of 46 nursing care beds and the renovation of the existing nursing unit. The Project as approved had a total cost of $22,162,276. The Board approved the permit application which described the project being funded with $2,216,228 in Cash and Securities and $19,946,148 coming from financing. This request seeks a permit alteration to change the method and sources of funds of the Project to 100% debt through bond financing. The total project cost will not change.

The Smith Crossing team applied for and received very favorable financing with the Illinois Finance Authority for the continued operations of their facilities and this project in particular. The Illinois Finance Authority issued Variable Rate Bonds Series 2018A which were directly purchased by BBVA Compass Bank. The loan proceeds will be a construction draw down used to finance the project as approved and the renovation of routine or non-routine capital projects within the Independent Living building.

Simultaneously, the Illinois Finance Authority issued Variable Rate Bonds Series 2018B which were directly purchased by BBVA Compass Bank and Variable Rate Bonds Series 2018C which were directly purchased by First Midwest Bank (lender on file with this project as approved). The loan proceeds from the Series 2018B and Series 2018C Bonds were used to refund the existing

[1] April 4, 2018 the HFSRB approved an alteration increasing the square footage due to a Scrivener's error in the CON application.

Series 2013 Bonds and provide funds to cover the Series 2013 swap terminations and pay the cost of issuance.

At this time Smith Crossing has not used nor is Smith Crossing compelled to use all of the funds from the bonds issued by the Illinois Finance Authority for this project. However, as described below the terms of the bonds issued provide Smith Crossing with several financial advantages and upon Board approval, they would seek to avail themselves of these benefits.

The project is currently on schedule and is proceeding according to the terms identified in the approved permit. The GMP contracts for the sitework and the vertical building construction have been signed. Actual sitework began in August 2018 and was 54% completed prior to being suspended on November 21, 2018 for the winter. On November 28, 2018 the new building pad was completed, and the foundation excavation began. Work on the vertical building has continued throughout the winter. The foundation for the new building has been completed as well as block work at level 1 and precast plank on the south portion of building has been installed. We have also started block work on the north portion of the building at level 1. Scaffolding has been set up to start block work on level 2 of the south portion of the building. It is estimated that the building will be weather tight and secure from the elements by July 2019 and at that point the interior work can begin. As of February 28, 2019, the vertical building is 11% complete.

Detail and Reason for Change

The 77 IAC Section 1125.800 Financial and Economic Feasibility Review criteria require the Applicant to document the "Reasonableness of Financing Arrangements" and the "Conditions of Debt Financing", that borrowing is less costly than the liquidation of existing investments and that the selected form of debt financing for the project will be at the lowest net cost available. Consistent with our representations made before the Board when our application was approved, Smith Crossing took this project to market and found that the conventional financing was not the least expensive (lowest) form of debt financing for the project. Bond financing of this project had three noticeable differences, lower closing costs, lower interest rate (from 4.1% down to 3.7%) and funds could incrementally be used instead of having the total funds dispersed and having to pay 100% interest from day one.

This Applicant is committed to proceeding expeditiously with the project and to reduce, wherever possible, the project costs. However, it is premature to remove potential costs savings as the project is still early in its construction and has already had to endure rough winter conditions. Moreover, the building is not sealed yet and given the extreme winter conditions over the last several months we are preparing for an equally wet spring.

Alteration improves findings related to the financial review criteria

The proposed change in financing and funding of the project effects the Availability of

Funds and Financial Viability criteria. The original State Board Report made a finding on Availability of Funds review criteria citing that the bank letter did not constitute an agreement to lend; with the issuance of bonds, this item is now in compliance. As for the financial ratios, there is no change from when the application was originally review by staff, there are viability ratios that are both in or out of compliance. Documentation of the above includes an updated Project Costs and Sources of Funds schedule (Appendix A, Page 22), appended as **EXHIBIT I. EXHIBIT II** provides the revised application pages (18 and 19) updating the Availability of Funds. Documentation of the debt financing, i.e., proof of bond financing is appended as **EXHIBIT III**. Appended as **EXHIBIT IV** are the updated financial statements that illustrate the revised terms of financing keeping the project cost constant. Finally, appended as **EXHIBIT V** are the revised financial viability ratios (page 19) and required worksheets documenting the ratio calculations (pages 274-275). A further explanation of the viability ratios is provided below:

Viability Ratios:

The viability ratio methodology/calculations as provided in **EXHIBIT V** illustrate that they are virtually unchanged from those as originally filed. The ratios in compliance include the Projected Debt to Total Capitalization, Days Cash on Hand and Cushion Ratios for all years and the Current ratio for the projected year. The ratios not in compliance are the Current Ratio for the historical years, the Net Margin Percentage and Percent Debt to Total Capitalization ratios for all years. As indicated, not only are the ratios similar, the findings for the ratios remain the same.

Current Ratio: This ratio appears to be out of compliance due to generally accepted accounting principles (GAAP) in which campus entrances fees (around $45 million) are carried on the books as a liability. This is unique to CCRC's who require entrance fees and offer "life care contracts". After the stay of the resident, the funds will convert to assets or partially returned to resident. As this negative is completely the result of required accounting principles and should not be counted against this project's consideration.

Net Margin Percentage: This can be attributed to the fact that the Applicant, Smith Crossing, is a CCRC and not just a nursing provider, but includes Independent and Assisted Living levels of care in distinct yet connected structures. It is not possible to separate out every ratio but when the net margin for the nursing unit only is calculated, the ratio exceeds the standard in all historical years and in the projected year. This ratio is provided in the ratio worksheet appended as **EXHIBIT V** and equates to 15.9 percent compared to the State Standard of 2.5%. Therefore, this item should be considered in compliance.

Percentage Debt to Total Capitalization: This item is also reflective of the financials of a CCRC corporate entity that includes each level of care under its umbrella. This ratio is also subject to the same GAAP requirements that count entrance fees collected as a liability instead of an asset. Therefore, the roughly $45 million in entrance fees that the

Applicant is holding makes it appear that there are negative net assets which then makes

this ratio out of compliance with the State's standards for this item. As this negative is the result of required accounting principles it should not be counted against the consideration of this project.

Thank you and your staff for your consideration on this matter. Should there be any questions, or should additional information be needed, please do not hesitate to contact me.

Sincerely,

John Kniery /KH

John Kniery
CON Consultant

ENCLOSURES

C: Michael Constantino, Chief Project Review
John Kniery, Health Care Consultant
Juan Morado, Jr., Legal Counsel, Benesch

APPENDIX A

Project Costs and Sources of Funds

REVISED March 22, 2019

Complete the following table listing all costs associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$ 143,344	$ 128,656	$ 272,000
Site Survey and Soil Investigation	$ -	$ -	
Site Preparation	$ 708,316	$ 635,737	$ 1,344,053
Off Site Work	$ -	$ -	$0
New Construction Contracts	$ 6,596,903	$ 5,920,940	$ 12,517,843
Modernization Contracts	$ 48,281	$ 1,250,423	$ 1,298,704
Contingencies	$ 538,884	$ 483,667	$ 1,022,551
Architectural/Engineering Fees	$ 530,126	$ 475,805	$ 1,005,931
Consulting and Other Fees	$ 614,372	$ 551,420	$ 1,165,792
Movable or Other Equipment (not in construction contracts)	$ 815,229	$ 731,695	$ 1,546,924
Bond Issuance Expense (project related)	$ 250,063	$ 224,439	$ 474,502
Net Interest Expense During Construction (project related)	$ 338,589	$ 303,894	$ 642,483
Fair Market Value of Leased Space or Equipment	$ -	$ -	$ 0
Other Costs To Be Capitalized	$ 459,277	$ 412,216	$ 871,493
Acquisition of Building or Other Property (excluding land)	$ -	$ -	$ 0
TOTAL USES OF FUNDS	**$ 11,043,384**	**$ 11,118,892**	**$ 22,162,276**
SOURCE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Cash and Securities	$ 0	$ 0	$ 0
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	$ 11,679,519	$ 10,482,757	$ 22,162,276
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$ 11,679,519**	**$ 10,482,757**	**$ 22,162,276**

SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW

Criterion 1125.800 Estimated Total Project Cost

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Availability of Funds – Review Criteria**
- **Financial Viability – Review Criteria**
- **Economic Feasibility – Review Criteria, subsection (a)**

Availability of Funds **REVISED March 22, 2019**

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$ 0	a.	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b.	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c.	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$ 22,162,276	d.	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1. For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3. For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4. For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5. For any option to lease, a copy of the option, including all terms and conditions.
______	e.	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied

		by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f.	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
______	g.	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$ 22,162,276	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver – THIS ITEM IS NOT GERMANE

The applicant is not required to submit financial viability ratios if:

1. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

1. The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Washington and Jane Smith Community-Orland Park (OWNER) — **REVISED March 22, 2019**

Provide Data for Projects Classified as:	Category A or Category B (last three years)				Category B (Projected)
Enter Historical and/or Projected Years:	2015	2016	2017	2018	2022
Current Ratio	0.95	1.62	0.67	0.37	1.78
Net Margin Percentage	-6.12%	-10.57%	14.54%	-4.49%	1.02%
Percent Debt to Total Capitalization	119.39%	129.57%	118.45%	117.5%	113.1%
Projected Debt Service Coverage	2.21	1.66	2.97	2.14	2.24
Days Cash on Hand	286	295	376	375	360
Cushion Ratio	2.72	2.87	6.20	6.56	7.11

[THIS DIRECT NOTE OBLIGATION HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED]

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK

DIRECT NOTE OBLIGATION, SERIES 2018A-2

No. R-1

WASHINGTON AND JANE SMITH COMMUNITY-ORLAND PARK, an Illinois not for profit corporation (*the "Corporation"*), for value received, hereby promises to pay to Compass Mortgage Corporation (the *"Series 2018A Purchaser"*) or registered assigns, all amounts from time to time owed to the Series 2018A Purchaser by the Obligated Group or any Member thereof pursuant to the provisions of the Series 2018A Additional Covenants Agreement hereinafter referred to.

This Series 2018A-2 Obligation shall be payable as provided in the Series 2018A Additional Covenants Agreement.

Certain capitalized words not defined herein shall have the meanings ascribed to them in the hereinafter defined Master Indenture.

This Series 2018A-2 Obligation is designated as "Washington and Jane Smith Community – Orland Park Direct Note Obligation, Series 2018A-2" (the *"Series 2018A-2 Obligation"* and, together with all other Obligations issued under the Master Indenture hereinafter defined, the *"Obligations"*) and is issued under and secured by and entitled to the security of an Amended and Restated Master Trust Indenture dated as of October 1, 2018 (the *"Master Indenture"*), between the Corporation, as the sole member of the obligated group created thereunder and UMB Bank, National Association, as master trustee (the *"Master Trustee"*), as the same may be amended and supplemented from time to time and delivered pursuant to a Continuing Covenants Agreement dated as of October 1, 2018 (the *"Series 2018A Additional Covenants Agreement"*) between the Corporation, on its own behalf and as Obligated Group Representative, and The Series 2018A Purchaser. Pursuant to the Master Indenture, each Member (as defined in the Master Indenture) of the Obligated Group and each future Member of the Obligated Group are jointly and severally liable on all Obligations (including this Series 2018A-2 Obligation) issued under the Master Indenture. It is provided in the Master Indenture that the Corporation and any future Members of the Obligated Group may hereafter issue Additional Obligations (as defined in the Master Indenture) from time to time, and if issued, such Additional Obligations will rank *pari passu* with this Series 2018A-2 Obligation and all other Obligations theretofore or thereafter issued under the Master Indenture, except as otherwise provided in the Master Indenture. Reference is made to the Master Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the nature and extent of the security for the Obligations, the rights, duties and obligations of the Corporation, any future Members of the Obligated Group and the Master Trustee and the rights of the holders of the Obligations, and to all the provisions of which the holder hereof by the acceptance of this Series 2018A-2 Obligation assents.

This Series 2018A-2 Obligation is transferable by the registered holder hereof in person or by duly authorized attorney at the designated corporate trust office of the Master Trustee, currently in Denver, Colorado, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Series 2018A-2 Obligation. Upon such transfer a new registered Series 2018A-2 Obligation or Series 2018A-2 Obligations without coupons of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and the Master Trustee shall not be affected by any notice to the contrary.

This Series 2018A-2 Obligation is issuable as a single fully registered Obligation without coupons. This Series 2018A-2 Obligation may not be exchanged for a coupon Obligation.

This Series 2018A-2 Obligation is prepayable at any time to the extent of proceeds received from insurance and condemnation or sale consummated under threat of condemnation under certain conditions, in whole or in part and if in part, by maturities designated by the Corporation, without premium, as provided in the Master Indenture and the Series 2018A Additional Covenants Agreement.

In the event this Series 2018A-2 Obligation is prepaid as aforesaid, notice thereof identifying the portion of this Series 2018A-2 Obligation to be prepaid will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, to the registered owner or owners hereof, at their addresses shown on the registration books, at the time notice of redemption of the Series 2018A Bonds is required to be given under the Series 2018A Bond Indenture. This Series 2018A-2 Obligation so called for prepayment will cease to bear interest on the specified prepayment date, *provided* funds for its prepayment are on deposit at the place of payment at that time, and this Series 2018A-2 Obligation or such portion shall no longer be protected by the Master Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture.

The Members may pay or provide for the payment of the entire indebtedness on this Series 2018A-2 Obligation or any portion of this Series 2018A-2 Obligation by depositing Escrow Obligations (as defined in the Master Indenture) in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on this Series 2018A-2 Obligation or a portion of this Series 2018A-2 Obligation at or before its maturity date. Upon such deposit, this Series 2018A-2 Obligation or portion of this Series 2018A-2 Obligation shall cease to be entitled to any lien, benefit or security under the Master Indenture. The Members shall remain the obligors on this Series 2018A-2 Obligation but the holders thereof shall be entitled to payment (to the exclusion of all other Obligation Holders) solely out of funds received from such Escrow Obligations. Other Obligations are also subject to advance defeasance, and the Members may pay or provide for the payment of all or a part of the indebtedness on all Obligations of a particular series as described in the Master Indenture.

The holder of this Series 2018A-2 Obligation shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture.

This Series 2018A-2 Obligation is an Accelerable Instrument (as defined in the Master Indenture) and, subject to the terms of the Master Indenture, the holder hereof has the right under the Master Indenture to request an acceleration of this Series 2018A-2 Obligation upon the occurrence of an event of default described in Section 502 of the Master Indenture.

In certain events (including without limitation the occurrence of an "event of default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the outstanding principal of this Series 2018A-2 Obligation may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Master Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Master Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Series 2018A-2 Obligation, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2018A-2 Obligation have been duly authorized by resolution of the Corporation duly adopted.

No recourse shall be had for the payment of the principal of or premium or interest on this Series 2018A-2 Obligation or for any claim based thereon or upon any obligation, covenant or agreement in this Master Indenture contained against any past, present or future officer, director, employee, member or agent of any Member, or of any successor Person, as such, either directly or through any Member or any successor Person, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, employees, members or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Series 2018A-2 Obligation.

The Corporation, on behalf of itself and any future Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Members.

This Series 2018A-2 Obligation shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the certificate of authentication hereon shall have been duly executed by the Master Trustee.

IN WITNESS WHEREOF, WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK has caused this Series 2018A-2 Obligation to be executed in its name and on its behalf by the manual signature of its President and Chief Executive Officer and the same to be attested by the manual signature of its Secretary, all as of the 10th day of October, 2018.

WASHINGTON AND JANE SMITH
COMMUNITY – ORLAND PARK

By: ______________________
President and Chief Executive Officer

ATTEST:

By: Coleen Barkmeier
Secretary

EXHIBIT III

CERTIFICATE OF AUTHENTICATION

This Series 2018A-2 Obligation is one of the Obligations described in the within-mentioned Master Indenture.

UMB Bank, National Association, as Master Trustee

By: ______________________
Authorized Officer

Smith Crossing
Projected Balance Sheet

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
ASSETS						
CURRENT ASSETS						
Cash and Equivalents	2,650,686	4,737,362	6,775,578	6,969,777	8,086,336	9,141,340
	-	-	-	-	-	-
Accounts Receivable-Residents & Other	1,740,052	1,740,051	1,740,051	1,959,866	2,197,076	2,206,488
Pledges and other Receivables	-	-	-	-	-	-
Deposits and Prepaid Expenses	92,857	92,857	135,816	136,890	137,990	139,119
TOTAL CURRENT ASSETS	4,483,595	6,570,270	8,651,445	9,066,533	10,421,403	11,486,945
	-	-	-	-	-	-
LAND, BLDGS & EQUIP. AT COST						
NET LAND, BUILDING & EQUIPMENT	62,367,252	66,566,832	78,925,916	77,742,706	74,989,191	72,278,417
OTHER ASSETS						
Investments - long term	13,542,249	13,542,249	14,542,249	15,542,249	16,542,249	17,542,249
Deferred Financing Costs - 2013						
Deferred Financing Costs - 2018						
Costs of Acquiring Initial Contracts	493,873	216,136	216,136	216,136	216,136	216,136
Pledges Receivable	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL ASSETS	81,196,478	87,323,810	102,718,584	102,904,977	102,460,848	101,770,132
LIABILITIES and NET ASSETS						
LIABILITIES						
Accounts Payable-Trade & Other	3,319,270	2,819,270	2,947,464	3,080,944	3,087,632	3,094,493
Accrued Expenses	247,921	247,920	312,201	350,061	353,138	356,307
Resident Deposits	678,404	678,404	678,404	678,404	678,404	678,404
Current portion of long term debt	1,044,737	1,044,737	1,046,737	1,150,737	1,364,737	1,381,737
Deferred Revenue - Nonrefundable	369,132	369,132	369,132	369,132	369,132	369,132
TOTAL CURRENT LIABILITIES	5,659,464	5,159,463	5,353,937	5,629,278	5,853,043	5,880,073
Long term debt	31,503,491	37,937,880	53,472,600	53,917,891	52,443,497	50,902,103
Subordinated debt-related party	-	-	-	-	-	-
Capital Leases						
Derivative Liability - SWAP	381,284	279,784	279,784	279,784	279,784	279,784
Entrance Fees - Refundable	44,875,239	45,330,250	45,803,462	46,295,602	46,807,427	47,339,726
Deferred Revenue - Nonrefundable	3,147,088	3,147,088	3,147,088	3,147,088	3,147,088	3,147,088
Net Assets-Beginning of Year	(5,169,308)	(4,375,924)	(4,536,490)	(5,344,122)	(6,370,501)	(6,075,826)
Equity Contribution	-	-	-	-	-	-
Current Year Net Revenue (Expenses)	793,384	(160,567)	(807,632)	(1,026,378)	294,674	291,349
Net Assets-end of Year	(4,375,924)	(4,536,490)	(5,344,122)	(6,370,501)	(6,075,826)	(5,784,477)
TOTAL LIABILITIES & NET ASSETS	81,196,477	87,323,810	102,718,584	102,904,977	102,460,848	101,770,132

EXHIBIT IV

Smith Crossing
Statement of Projected Total Revenues and Expenses
2018 through 2023

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Revenues						
Resident Fees - IL	6,640,977	7,164,032	7,378,953	7,600,322	7,828,331	8,063,181
Resident Fees - AL	4,257,327	4,446,886	4,580,293	4,717,701	4,859,232	5,005,009
	-	-				
Resident Fees - Nursing	5,633,745	6,079,760	6,231,754	10,399,164	14,887,943	15,223,359
Investment income	342,881	134,037	136,048	138,088	140,160	142,262
Other Income	255,406	287,443	296,066	393,499	494,612	508,000
Earned Entrance Fees	659,460	672,000	698,880	726,835	755,909	786,145
Total Revenues	**17,789,796**	**18,784,158**	**19,321,993**	**23,975,609**	**28,966,187**	**29,727,956**
Expenses						
Administration and General	3,244,432	3,321,852	3,404,898	3,821,743	3,957,820	4,058,077
Environmental Service	2,515,921	2,565,806	2,668,438	2,939,513	3,304,068	3,431,866
Food Service	2,840,078	2,942,702	3,030,983	3,405,491	3,661,064	3,770,932
Health Services	4,300,271	4,405,398	4,537,560	7,629,931	10,282,827	10,579,264
Activities & Salon	715,110	714,367	735,798	757,872	780,608	804,026
Amortization	57,140	26,521	45,484	45,484	45,484	45,484
Amortization	277,737	277,737	-	-	-	-
Depreciation	3,305,138	3,127,318	4,191,614	4,334,367	4,489,974	4,652,233
Interest	1,332,651	1,253,515	1,244,850	1,995,014	2,149,666	2,094,725
Pre Opening costs	-	-	270,000	-	-	-
Total Expenses	**18,588,478**	**18,635,216**	**20,129,625**	**24,929,416**	**28,671,512**	**29,436,607**
(Loss) on Extinguishment of Bonds Payable		**(309,509)**				
Excess of Revenues over Expenses	**(798,682)**	**(160,567)**	**(807,632)**	**(953,807)**	**294,674**	**291,349**
Cash Net Revenues	**2,124,733**	**2,572,488**	**2,685,102**	**2,653,726**	**4,028,740**	**4,157,437**

EXHIBIT IV

Smith Crossing
Projeected Financial Ratios

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2022	Target Year 6/30/2023	
Current Ratio								
Current Assets	$3,382,704	$4,647,393	$5,752,169	$3,121,589	$4,483,595	$10,421,403	$11,486,945	
Current Liabilities	$4,313,733	$4,897,707	$3,543,881	$4,692,721	$5,659,464	$5,853,043	$5,880,073	
Current Ratio	**0.78**	**0.95**	**1.62**	**0.67**	**0.79**	**1.78**	**1.95**	**1.5 or more**
Shown in Original CON Application	0.78	0.95	1.62	0.67	0.37	1.66	2.01	
Net Margin Percentage								
Net Income	-$3,684,533	-$1,016,488	-$1,773,339	$2,611,002	-$798,682	$294,674	$291,349	
Net Operating Revenue	$15,285,816	$16,605,484	$16,771,636	$17,955,908	$17,789,796	$28,966,187	$29,727,956	
Net Margin Percentage	**-24.10%**	**-6.12%**	**-10.57%**	**14.54%**	**-4.49%**	**1.02%**	**0.98%**	**3% or more**
Shown in Original CON Application	-24.10%	-6.12%	-10.57%	14.54%	1.28%	1.87%	1.93%	
Long-Term Debt to Capitalization								
Long-Term Debt	$39,448,015	$36,981,057	$34,095,976	$33,187,856	$31,503,491	$52,443,497	$50,902,103	
Net Assets	-$4,990,480	-$6,006,968	-$7,780,307	-$5,169,305	-$4,375,924	-$6,075,826	-$5,784,477	
Long-Term Debt to Capitalization	**114.48%**	**119.39%**	**129.57%**	**118.45%**	**116.13%**	**113.10%**	**112.82%**	**80% or less**
Shown in Original CON Application	114.48%	119.39%	129.57%	118.45%	117.50%	110.87%	109.77%	
Debt Service Coverage Ratio								
Excess (deficit) of Revenues over Expenses	-$3,684,533	-$1,016,488	-$1,773,339	$2,611,002	-$798,682	$294,674	$291,349	
Less: Earned Entrance Fees	$455,535	$616,753	$467,363	$780,809	$659,460	$755,909	$786,145	
Add:								
Net Entrance Fees	$4,400,908	$5,198,710	$1,618,323	$356,237	$1,494,714	$1,267,734	$1,318,444	
Change in Fair Value of Swap	$1,475,555	$258,773	$1,323,938	-$1,619,780	$0	$0	$0	
Interest Expense	$1,792,623	$1,465,733	$1,453,753	$1,402,949	$1,332,651	$2,149,666	$2,094,725	
Depreciation & Amortization	$4,332,691	$3,419,342	$3,389,109	$3,509,340	$3,640,015	$4,535,458	$4,697,718	
Net Revenues Available for Debt Service	$7,861,709	$8,709,317	$5,544,421	$5,478,939	$5,009,238	$7,491,624	$7,616,090	
Max Annual Debt Service	$4,001,941	$3,934,691	$3,913,045	$2,368,209	$2,338,928	$3,341,666	$3,554,981	
Debt Service Coverage Ratio	**1.96**	**2.21**	**1.42**	**2.31**	**2.14**	**2.24**	**2.14**	**1.5 or more**
Shown in Original CON Application	1.96	2.21	1.66	2.97	2.15	1.97	2.00	
Days Cash on Hand								
Cash & Investments	$7,200,720	$10,699,346	$11,222,959	$14,693,234	$15,338,219	$23,773,869	$25,828,873	
Operating Expenses before Depreciation	$12,557,175	$13,631,048	$13,875,083	$14,273,315	$14,948,463	$24,136,054	$24,738,890	
Days Cash on Hand	**209**	**286**	**295**	**376**	**375**	**360**	**381**	**45 days or more**
Shown in Original CON Application	196	286	295	376	396	375	403	
Cushion Ratio								
Cash	$2,129,301	$2,770,920	$3,320,538	$2,005,701	$2,650,686	$8,086,336	$9,141,340	
Investments	$5,071,419	$7,929,426	$7,902,421	$12,687,533	$12,687,533	$15,687,533	$16,687,533	
Total	$7,200,720	$10,700,346	$11,222,959	$14,693,234	$15,338,219	$23,773,869	$25,828,873	
Principal & Interest Payments	$4,001,941	$3,934,691	$3,913,045	$2,368,209	$2,338,928	$3,341,666	$3,554,981	
Cushion Ratio	**1.80**	**2.72**	**2.87**	**6.20**	**6.56**	**7.11**	**7.27**	**3 or more**
Shown in Original CON Application	1.80	2.72	2.87	6.20	7.10	6.90	7.60	

Additional CARF Required Ratios							
Operating Ratio							
Total Operating Expenses	$16,889,866	$17,050,390	$17,264,192	$17,782,655	$18,588,478	$28,671,512	$29,436,607
Less: Depreciation/Amortization	$4,332,691	$3,419,342	$3,389,109	$3,509,340	$3,640,015	$4,535,458	$4,697,718
Cash Operating Expenses	$12,557,175	$13,631,048	$13,875,083	$14,273,315	$14,948,463	$24,136,054	$24,738,890
Total Operating Revenue	$15,285,816	$16,605,484	$16,771,636	$17,955,908	$17,789,796	$28,966,187	$29,727,956
Less: Amortization of Entrance Fees	$455,535	$616,753	$467,363	$780,809	$659,460	$755,909	$786,145
Cash Operating Revenue	$14,830,281	$15,988,731	$16,304,273	$17,175,099	$17,130,336	$28,210,278	$28,941,811
Operating Ratio	**84.67%**	**85.25%**	**85.10%**	**83.10%**	**87.26%**	**85.56%**	**85.48%**
Shown in Original CON Application	84.67%	85.25%	85.10%	83.10%	80.50%	83.45%	83.31%
Net Operating Margin Ratio							
Cash Operating Revenue	$14,830,281	$15,988,731	$16,304,273	$17,175,099	$17,130,336	$28,210,278	$28,941,811
Less: Investment Income / Dividends	$133,727	$227,452	-$63,151	$474,464	$342,881	$140,160	$142,262
Total Resident Revenues	$14,696,554	$15,761,279	$16,367,424	$16,700,635	$16,787,455	$28,070,118	$28,799,549
Cash Operating Expenses	$12,557,175	$13,631,048	$13,875,083	$14,273,315	$14,948,463	$24,136,054	$24,738,890
Less: Interest Expense	$1,792,623	$1,465,733	$1,453,753	$1,402,949	$1,332,651	$2,149,666	$2,094,725
Expenses associated with Resident Revenue	$10,764,552	$12,165,315	$12,421,330	$12,870,366	$13,615,812	$21,986,388	$22,644,165
CCRC's Net Resident Revenue	$3,932,002	$3,595,964	$3,946,094	$3,830,269	$3,171,643	$6,083,731	$6,155,384
Net Operating Margin Ratio	**26.75%**	**22.82%**	**24.11%**	**22.93%**	**18.89%**	**21.67%**	**21.37%**
Shown in Original CON Application	26.75%	22.82%	24.11%	22.93%	24.57%	21.72%	21.45%

	Nursing Only					
	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Revenues						
Resident Fees - IL						
Resident Fees - AL						
	-	-				
Resident Fees - Nursing	5,633,745	6,079,760	7,830,727	13,416,825	14,887,943	15,223,359
Investment income						
Other Income	255,406	287,443	324,911	423,068	494,612	508,000
Earned Entrance Fees						
Total Revenues	**5,889,151**	**6,367,203**	**8,155,638**	**13,839,893**	**15,382,555**	**15,731,359**
Expenses						
Administration and General	671,055	708,634	747,113	872,590	1,127,187	1,155,740
Environmental Service	342,712	491,792	532,168	837,173	940,999	977,395
Food Service	386,868	422,073	449,690	969,884	1,042,671	1,073,961
Health Services	2,537,871	3,313,546	3,119,119	7,217,889	7,318,415	7,397,186
Activities & Salon	357,107	369,606	209,555	215,842	222,317	228,987
Amortization	7,783	7,783	21,378	21,378	21,378	21,378
Amortization			-	-	-	-
Depreciation	235,734	235,734	1,279,512	1,445,772	1,409,352	1,448,387
Interest	181,530	179,279	781,446	965,402	941,257	926,364
Pre Opening costs	-	-	270,000	-	-	-
Total Expenses	**4,720,660**	**5,728,446**	**7,409,981**	**12,545,930**	**13,023,576**	**13,229,398**
Net Income	1,168,491	638,757	745,657	1,293,963	2,358,978	2,501,961
Net Margin Percentage	19.84%	10.03%	9.14%	9.35%	15.34%	15.90%

EXHIBIT V