



2010

Annual Report

June, 2011

Dear Resident:

We are very pleased to present this Annual Report to the Linden Ponds community. While the past year proved to be challenging, we continued to focus on our mission to provide excellent service and opportunity to residents and staff. Routine communication, increased presence and the development of solid relationships have served the community well, as evidenced by the many accomplishments of the year.

This Report again includes a review of our community's activities and financial summary for 2010, goals and challenges for 2011, and important information regarding your Board of Directors.

We thank you – the residents of Linden Ponds – for contributing your gifts to make Linden Ponds a great place to live. In particular, we would like to thank the members of your Residents Advisory Council (RAC) for their hard work, candid feedback and thoughtful advice. The excellent feedback from the RAC helps Linden Ponds management focus on what is most important to you. We also want to thank Linden Ponds' terrific staff members, who are committed to fulfilling the Linden Ponds mission every day.

We hope you will attend the annual meeting on Tuesday, June 14th at 2:00 p.m. in the Derby Clubhouse Performing Arts Center (PAC) to meet the Linden Ponds Board of Directors and ask any questions you may have. Thank you for the trust you have given us by choosing Linden Ponds as your home.

Sincerely,

A handwritten signature in black ink that reads "Ian Lee Brown".

Ian Lee Brown
Executive Director

A handwritten signature in black ink that reads "Mary Helen Lorenz".

Mary Helen Lorenz
Chair of the Board

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MISSION STATEMENT

**SHARING OUR GIFTS TO CREATE COMMUNITIES THAT
CELEBRATE LIFE**

The Board of Directors of National Senior Campuses, Inc. and its supported communities are committed to achieving the mission by:

- 1. Promoting an active quality of life for seniors**
 - Providing a Resident centered service culture
 - Encouraging Resident run activities with professional support

- 2. Achieving excellence in services and programs**
 - Exercising its authority in services, programs, fees, facilities and financing
 - Embracing compliance, ethics, and integrity
 - Overseeing services and programs personally and in meetings with Residents Advisory Council
 - Taking a long-term view of fiduciary responsibility vs. short term resident view and medium term management view

- 3. Insuring Affordability to middle income seniors**
 - Focusing on the long term viability of the community for current and future residents
 - Using advantageous tax-exempt financing to lower the cost of capital
 - Qualifying for exemption from federal and state income tax
 - Obtaining property tax reductions from local governments
 - Accumulating net income to benefit the community
 - Maintaining a policy for 100% refundable entrance deposit
 - Offering fee-for-service health care

- 4. Making a life care commitment**
 - Ensuring that no resident should ever have to leave a community as a result of financial inability to pay for the cost of their care to the extent financially feasible for the community
 - Encouraging fundraising efforts in support of Benevolent Care

- 5. Fostering Growth**
 - Committing to making this lifestyle available to an increasing number of seniors
 - Increasing efforts to achieve affordability

2010: In Review

Community Profile

In 2010, Linden Ponds continued to build upon its strong reputation as the retirement community of choice on the South Shore. We welcomed 109 new residents to our community, bringing Linden Pond's year-end census to 1,200 residents.

Linden Ponds settled 82 apartments in 2010, ending the year with 862 settled units, an 88 percent occupancy rate. Of the settled apartments, 44 were new and 38 were re-sales.

Renaissance Gardens continued to grow its short-term rehab and long-term stay programs on the first two floors of the building and opened up memory care program on the third floor. RG census grew from 52 in January to 82 in December.

At the end of the year, Linden Ponds had 750 employees, which included 217 part-time students working in the restaurants and café.

Summary of 2010 Financial Results

2010 has been an exciting and challenging year for Linden Ponds. While we have seen a slowdown in the pace of new residents moving into the Independent Living area of the community, Linden Ponds continues to achieve our settlements in this challenging economic environment. Renaissance Gardens continued to perform well during the year by meeting its revenue targets for the year. Our Home Support/Catered Living program exceeded its revenue targets by 49 percent. Linden Ponds also generated savings in operating expenses in many areas, including employee benefits, supplies, professional fees and medical center operations.

Despite the challenges noted above, Linden Ponds achieved significant improvement in operations as a result of strong communitywide sales results and financial management without compromising the quality of services residents have come to expect and deserve. The community achieved an operating income of \$49,453 in 2010 compared to an operating loss of \$1.3M in 2009. The community's 2010 operating performance exceeded our goal of break even by \$49,453. Nonetheless, Linden Ponds showed a \$10.7M bottom line net loss for 2010 after accounting for non-operating income, which includes interest expense and non-cash items such as depreciation and amortization. Higher legal and

professional costs due to our ongoing restructuring in 2010 also contributed to this result.

As a result of the ongoing restructuring, final audited financial statements will be delayed by several months. At the end of this report, you will find a summary financial statement that includes the 2010 results. The complete 2010 audited financial statements will be made available to you once finalized by the auditors and upon request from the Executive Director’s office.

Resident Satisfaction

Linden Ponds conducted its annual resident satisfaction survey in the late fall of 2010. While declining slightly in 2010, overall satisfaction scores and the positive response to the question, “Would you recommend Linden Ponds?” remain very high, and serve as a strong indicator of resident satisfaction at Linden Ponds. Action plans were developed and are currently in the process of implementation for areas needing improvement.

	2010 Results	2009 Results	2008 Results
Overall, I am satisfied with Linden Ponds	84.4%	87.3%	85.9%
Would you recommend Linden Ponds?	91.6%	94.9%	94.1%
Linden Ponds is fulfilling its mission statement	85.0%	86.4%	86.4%

Throughout the course of the year, we are committed to a continuous improvement plan to provide our residents with the services and programs that fulfill our mission.

Some of the initiatives that were implemented in 2010 are included in the following section.

Community Highlights and Initiatives

General Services

General Services met the Holleran 75th percentile in five of the 10 categories on the 2010 annual survey.

The statement: “I have confidence that security services would respond quickly if I had an emergency” achieved a score of 95 percent and exceeded the Holleran 90th percentile.

The parking questions were the two areas that showed a positive improvement over 2009. Several customer service initiatives were put in place and factored into this positive trend.

The two areas with decreased scores from the previous survey were transportation and the front desk. The outsourcing of taxi services and the change in scheduling at the Derby Clubhouse desk as a result of the campus' reduction in force, which were done a few months before the survey, affected our results in those areas. This was highlighted in the resident surveys by the verbatim comments.

On a positive note, the outsourcing of the taxi services afforded us the opportunity to offer some enhancements to transportation services that had been requested by residents.

In an effort to satisfy the demands of the greater community, the following changes were implemented:

- A second campus shuttle was added during the week to alleviate wait times.
- Shopping shuttles began drop offs at individual building doors on request.
- Additional complimentary shuttle runs inclusive of a medical run were added.
- Special trip offerings were increased to a minimum of three per week.
- Some top attractions were cultural trips to the Museum of Fine Arts, and to various shows that included the following: *Wicked*, *Jersey Boys*, and the Annual Flower Show.

The General Services team was busy with other initiatives in response to our resident requests:

- Purchased additional shopping carts and relabeled all as suggested by the RAC.
- Added Arledge Cable TV Office in WC for better on-site customer service.
- Upgraded and rewired TV Channel 6 feed for better reception.
- Created space for HAM radio club.
- Organized and cleaned all resident storage areas.
- Completed radio relay project in collaboration with the Town of Hingham.
- Constructed permanent snow hut at pool emergency exit door.
- Added RG walkway lighting for safety.
- Completed BC/ET link downspout drain piping.

Some Facility projects included:

- Installation of new signage in the café.

- Assisted with the reconfiguration of the serving line in the café.
- Installation of RG new carpet standard to replace VCT tiles.

The following statistics are offered in summary of the year:

- Maintenance, Grounds and Engineering completed 9,233 plus work orders.
- Housekeeping: 7,942 plus work orders with 35 percent of residents utilizing our services.
- Emergency & Non Emergency Calls for Security: 17,000 plus.
- Processed over 500 pounds of laundry per day in RG.
- Taxi Trips: 1,415.
- Special Trips: 183.

In addition, other activities that were completed by year end included:

- Updated and refurbished transportation fleet with the new Erickson Living logo.
- Participated in the reopening activities for RG floors 2 and 3.
- Certified twenty-two EMT Security Department staff.
- Security sponsored and conducted CPR training for over 40 employees.
- Hired and oriented a new Facilities Manager for Security and Communications in August.

Dining Services

Restaurant Services

- Dining Services (DS) costs were lower than budgeted per resident day (PRD) cost targets for the year in 2010. The department was able to make scheduling or cost-containment changes during the month of June, without impacting the services residents receive on a daily basis. The changes had a financial impact on an annualized basis of over \$80,000, and a reduction in total hours needed to operate the department.
- Resident Satisfaction continued to be the key driver of the department throughout the year. Department leaders worked very closely with the DS RAC subcommittee to identify areas of opportunity in our current program. The partnership has helped the department move programs forward with the implementation of resident satisfiers; improve menu selection, services, cost containment ideas and policy monitoring and enforcement.
- Catering rolled out a new catering menu with new menu categories and tiered pricing for on-site apartment events, department events and outside large and small events. The menu received a new look and new graphics

to enhance appeal and to integrate the new corporate logo. The newly created “Catering Website” has helped the department advertise its services and amenities to those who search on the internet in the area.

- As a department, Dining Services is excited about having the opportunity to generate departmental revenue and also showcase the community to potential future residents. The idea is to attract outside business by way of value-added packages and room fees other competitors cannot afford to offer in the market area. The program has proved successful and has produced more than \$5,000 in business for the department YTD. We are confident the new menu categories will help residents and non-residents find value-added choices for their planned events.
- During the month of October the Harbor Café received a menu revision, which included a new “Kids” section, a number of new sandwiches, salads, and beverages and the first price increases since the community opened the Oakleaf Clubhouse six years ago. In addition, a different style of “Menu Boards” was utilized in order to package the program with a restaurant look and feel. We expect these changes to drive higher resident satisfaction and revenues. Structural changes in daily supervision and tools used by the staff to monitor shift readiness and daily staffing changes will improve the quality of operations and employee satisfaction.
- The Derby Marketplace has seen an increase in sales with the addition of new merchandise. The merchandise ranges from pocketbooks and jewelry to new food items available for Meal-of-the-Day. This venue has seen an increase in usage in frozen meals for the “*Meal of the Day*” program. Convenience is a big factor with this program.
- The Acorn Pub will receive a menu revision in the first half of 2011. Starting in November 2010, this venue has two late night-openings per month, with activities and snacks for the residents to enjoy an evening out with friends and family. The program will be called “Pub Nights.” Initial reaction to this effort has been well received.

Student Staff Development

- The Staff Development manager continued to do a great job hiring for all open positions in time to replace the high-school seniors leaving for college at the end of the summer. The restaurants remained staffed throughout the summer and received a wealth of new, young talent.
- The Philanthropy Department was segmented into the Scholars Fund, Benevolent Care Fund and the Staff Appreciation Fund after the

departure of the Director of Philanthropy. As a result, Dining Services Administration has been designated to participate as part of the campus' Philanthropy Committee to support the Scholar's Fund and its fundraising activities. These activities include planning, coordination and collection of residents' charitable gifts to the fund.

Renaissance Gardens (RG) Dining

- The RG dining program now has a new Assistant Dining Director and a new Chef de Cuisine. The new talent is working hard on menu revisions for our five-week menu cycle and the "*Always Available*" menu. The "Midday Snack Program" was modified to a "*Freshly Baked*" program during the month of September. The menus have been improved with menu descriptors for each meal period.
- The third-floor dining program will feature a unique initiative that supports the creation of fun and interactive experiences for the residents. The third floor will also see the introduction of "Russian" style service for the dinner meal period. The program will facilitate and support the serving process that has been designed for the household staff model and will increase the interaction of the staff with the residents. This program is very similar to family style dining.

Other Dining Service Program Efforts

- During the fourth quarter of the year Dining Services planned and executed four holiday menus and buffets in IL and RG. The buffets were favorably received by the community as well as residents' family and guests who attended these events.
- During the month of January, 2011 the campus introduced for the first time since its opening, a monthly Sunday brunch buffet in the Derby Clubhouse. We conducted an internal survey of the Erickson Living properties that serve a Sunday brunch and found that it is a huge driver of resident satisfaction. Our first sampling of the brunch-style offering took place the last week of November 2010, with much success. We collected comment cards and on-site feedback to evaluate the future viability of the program and to understand future operational challenges as the program grows in popularity with residents and their families. Feedback has been largely positive.
- On October 24, 2010 the new five-week menu cycle started. The new cycle has improved language on menu titles, descriptors of menu items, improved font styles and sizes and greater selections of salads for those residents affected by blood-thinning medicines. The new menu also has a

larger selection of seasonal items in all food categories. The menu reflects the lowest number of pre-made items ever used on property. Out of all entrees served, only 10 percent are not prepared in-house. The culinary team was given a huge challenge to successfully execute the new menu.

- Recent resident satisfaction survey results for Dining Services have given the department the opportunity to analyze the feedback received and to develop plans for improvement. Our plans are to continue to move programs forward, based on the needs and wants of our resident population. During the first quarter of 2011, we began the process to make changes to the program based on the survey results, including trends in the verbatim comments of residents.

Resident Life

Resident Clubs and Activities

- Linden Ponds continues to be a highly engaged and active community. There are an average of 158 resident-run groups, clubs and organizations and 550 calendar opportunities each month. We continue to have outstanding resident artwork that is displayed in-house and in the greater Hingham community. We have many art techniques taught by residents in a variety of media, including watercolor, acrylic, oil, clay and photography. Our Linden Ponds Players created two productions for the community and there are three clubs devoted to the study of music: the Opera Club, Beethoven Symphonies, and the Savoyards. Our own resident musical talent continues to blossom and grow with the addition of live bass and piano music outside the pub on Wednesdays in conjunction with the already established programs of Kool Jazz, LPH Musicians Association, Music-in-the-Pub, Hymn Sing, Early Music Consort, Chapel Chorale, and Linden Ponds Singers. Over 100 residents participated in the two major shows produced by the LPH Repertory Company. Over \$10,000 in revenue is generated from these productions, which is used to purchase and upgrade equipment utilized in the Performing Arts Center to enhance programming. Our Events Committee continues to sponsor a variety of exciting entertainment throughout the year and is a major financial contributor of our free campus summer concert series.
- Summer 2010 brought us a visit from Governor Deval Patrick, Our New Day Celebration and our Annual Garden Promenade, featuring resident musical entertainment and a stroll through resident gardens. The “Great Decisions” group and the Linden Ponderers are avenues for lively discussion of world issues. Lifelong Learning continues to provide resident-led education on a multitude of topics and our veterans group was

host to the U.S. Navy Band for Veteran's Day commemorations. Our resident Culture Squad helped organize and execute major decorating projects for Halloween and the December holidays. The year 2010 ended with LPH First Night Celebration of 12 hours of resident entertainment and an evening of shows and dancing to ring in the New Year.

- Our Community TV continues to work with our Performing Arts Council on the purchase and usage of the new equipment to allow real-time broadcasting from our Performing Arts Center as well as supporting the whole community with audio/visual needs.
- An ongoing Parkinson's disease exercise program has been created in response to resident requests and is highly successful, with 15 participants. A second yoga class was added to the schedule of ongoing activities.
- 45 residents have completed Memory Fitness training for the year 2010. We currently have four trained facilitators. This has been a successful fee-for-service program to give residents the tools to enhance their memory skills.

Volunteer Program Opportunities

- Our part-time volunteer coordinator is housed in Renaissance Gardens, which tends to provide the most opportunities for volunteering. Volunteer hours per month have increased over the year from 28 to 206 by year end. Volunteers have been invaluable to supporting the smaller group, person-centered activity programming of the household model.
- Additionally, resident and employee groups continue to be highly engaged in local community organizations, extending the community's mission of "sharing gifts to create community that celebrates life" through volunteerism. Residents are actively involved in programs at South Shore Hospital, local faith-based organizations and educational and civic groups. Similarly, employees are highly involved in organizations from the Pine Street Inn in Boston to local parent-teacher organizations. All of these activities continue to showcase as an exemplary community resource of people with caring and compassionate hearts.

Home Support Services

- The year for the Home Support Department was one of change and growth. There were some major staff changes and additions and upgrades in the computer scheduling and billing systems. By year end this department's revenues exceeded budgeted targets by 49 percent. The actual contribution margin to the community was \$103,900 versus the

budgeted margin of \$41,296. Quality assurance suffered a bit due to the rapid growth and changes within this department and measures have been put into place to address these issues.

Pastoral Ministries

- Pastoral Ministries oversees five active faith groups who create on average 45 calendar opportunities a month across the continuum of care. The yearly resident-organized Spirituality and Aging conference with national speaker Rev. Jennifer Brower was a huge success. The Catholic community hired a pastoral associate for one day a week. The primary focus of this position is to address the spiritual needs of the home-bound in independent living as well as Renaissance Gardens residents.

The Social Work Department

- Social Work continues to be a respected field-placement site for three area schools of social work. Two new social workers were hired for Renaissance Gardens. The goal for the year was to improve upon the transitions process across the continuum, through active coordination of services at move-in and discharge.

The Fitness and Aquatics Center

- 24-hour fitness-center access is now available as well as independent use of the pool during certain hours. The center continues to have high penetration and participation and currently has 22 classes a week and a robust personal training program.

Philanthropy

The strength of the Linden Ponds community is evident in the generous contributions residents, staff, our corporate partners and the Linden Ponds Board of Directors have made to the Benevolent Care Fund and Student Scholarship Fund.

- The Benevolent Care Fund provides confidential financial support for residents who face extraordinary financial circumstances – often the result of a health-related event.
- The Student Scholarship Fund provides up to \$1,000 per year for our students who are pursuing post-secondary education. Students must meet certain criteria to qualify for this scholarship. In 2010, the Linden Ponds community granted 34 new student scholarships.

An exciting addition to the philanthropy program was the launch of the Linden Ponds Legacy Society in September 2009. Members of the Society are those interested in leaving a legacy of compassion and community spirit – while ensuring the future of the Benevolent Care Fund or Student Scholarship Fund. Options to becoming a member include donating 10 percent or more of your entrance deposit, leaving Linden Ponds in your wills and bequests, designating the community in your life insurance policy or creating a charitable gift annuity.

Following is a summary of activities in 2010 for the funds:

	Benevolent Care Fund	Scholars Fund
2009 Balance	\$400,861	\$187,467
Funds Raised, 2010	\$200,351	\$126,969
*Funds Expended, 2010	\$ 42,141	\$ 64,925
2010 Ending Balance	\$559,071	\$249,511
2009 Planned Gifts	\$410,920	
Planned Gifts	\$110,850	
2010 Ending Balance	\$521,770	
Total Resources	\$1,074,841	\$249,511
*One resident is currently utilizing BCF.		

As noted above, the Legacy Society generated \$110,850 in planned gifts (gifts for the future) for the Benevolent Care Fund. While residents have yet to choose the Scholars Fund as their charity through planned giving, both funds can accept planned gifts.

Most of the funds are invested in a pooled investment account with other NSC-supported communities through PNC Bank in order to maximize their earning potential. The remaining balances are held in a restricted-funds account with Hingham Savings Bank.

The National Senior Campuses (NSC) Investment Committee, which acts as an advisory committee to Linden Ponds, closely monitors the restricted funds collected at each community. The Investment Committee's objective is for these funds to provide current income and a relatively stable market value (a fixed-income portfolio approach). For 2010, the restricted funds held in the PNC Bank Investment Pool account managed an average return of 1.94 percent (net of fees). The portfolio mix at year-end was as follows, and it will continue to be monitored on a monthly, quarterly and annual basis:

Cash	6%
Fixed Income	94%
Corporate	54 %
US Treasury	22 %
Agency	18%

Human Resources

The Human Resources team provided a high level of support to the community’s 754 active employees over the course of the year. Our efforts have been to build a campus environment where our community employees live the mission of the company to “share gifts to create community that celebrates life.”

New Executive Director

In December 2010, Ian Lee Brown was appointed Executive Director of Linden Ponds. Ian brings very strong management and financial expertise, exceptional people skills and a “leading by serving” philosophy. He has many years experience as a highly regarded Executive Director at several Erickson Living managed communities. His substantial contributions to Linden Ponds have already been felt by residents, employees and business partners.

- ❖ Other key leaders hired in 2010:
 - Assistant Director of Dining for RG
 - Security and Communications Manager
 - RG Household Coordinator (3rd floor dementia program)
- ❖ Hired and oriented 352 new employees in 2010, including 125 in RG, 61 new Home Support aides and 90 student staff.
- ❖ Printed new badges for all employees reflecting the new management company logo.
- ❖ Achieved deficiency-free state survey findings for employee compliance files.

Retention

The campus achieved an employee retention rate of 72.25 percent in 2010.

Training and Leadership

Linden Ponds’ Executive Team members participated in Erickson Living’s Leadership Forum in Virginia in November. This was a great opportunity for campus leaders to meet the company leadership, hear about our company’s vision, mission, and values anew and be recharged to support our entire campus community.

The Erickson Living Values Committee (ELVC) continues to be very active, with a strong and diverse team of employees who focus on initiatives that ensure the company values are lived and breathed every day.

ELVC regularly plans monthly employee fun events to support a culture of employee engagement and to reflect upon the behaviors and to support our values that include:

- Respect and Caring
- Diversity
- Friendliness and Enthusiasm
- Integrity
- Responsibility
- Excellence
- Teamwork

ELVC sponsored employee Halloween contests and a drive to collect coats, hats, gloves and boots to contribute to employees in need, with the overage going to a local charity.

During the January, 2011 all-staff meeting with our Corporate Executive Team, Linden Ponds proudly honored Rehabilitation Manager Justin Paradis and Security Officer Michael Moore with Erickson Living Awards for their contributions in 2010.

Medical Center

The Medical Center is currently staffed with three primary-care physicians, a nurse practitioner, clinical behavioral health nurse and part-time podiatrist. We currently serve 89 percent of the residents at Linden Ponds, with primary-care needs or episodic visits accounting for over 900 same-day visits in 2010.

In addition, through 2010 the physicians and nurse practitioner at Renaissance Gardens made over 2,330 visits to the residents who were admitted.

We have continued our partnership with audiology, cardiology, ophthalmology and rheumatology, which provided excellent care and services at our community. In 2010 we continued to provide resident education and partnered with the Lifelong Learning program on topics of resident interest.

The Medical Center continues to rank in the upper percentile of resident satisfaction when compared to Erickson Living benchmarks and data from national third-party payors. In fact, three of the highest-scoring factors of the last Holleran survey results for Linden Ponds related to Medical Center staff being

friendly and helpful, ability to make appointments easily and in a timely manner, and to be seen in a reasonable time upon arrival at the Medical Center.

Community Outreach

One of the strengths of Linden Ponds is the level of connection and activity that exists beyond our gates, spilling out into the greater Plymouth and Bristol County areas. The tremendous gifts and talents of staff and residents are enhanced, the connection with our surrounding area is made stronger, and we create a wonderful synergy with the general community.

- Executive Assistant Rhoda Horgan represents the community as a member of the Hingham Downtown Association and as a board member of the Hingham Police Department's Citizen Police Academy.
- Residents raised \$3,600 for the Mass Hospital School annual fundraiser.
- The Wellness department sponsored the Annual Turkey Trot to benefit The Hingham/Hull Food Pantry. A truckload of food was collected for this local charity.
- Sixty-four residents joined 106 staff of LPH to participate in the Greater Boston Memory Walk and raised \$11,520 for the Alzheimer's Association.
- The Resident Life Team volunteered at Pine Street Inn to prepare meals for various sites this agency serves. The team also did painting at Fr. Bill's housing program. Teams of six members participated in each opportunity.
- The Annual Artisan Craft Fair, comprised of 32 resident and community exhibitors, raised \$3,000 for the Benevolent Care Fund.

Renaissance Gardens (RG)

For 2010, Renaissance Gardens successfully completed the opening of the final floor of the building with our "Rest Home" level of care and dementia program. At year end we had 18 residents living in that level of care. Overall census for the building finished the year at 77 with an average for the year of 64, slightly below our budget of 68. We continue to successfully lead the implementation of key elements of the "Main Street" model of care and continue to grow our staff in the new approach to caring for our residents in both the long-term care setting as well as short-term rehabilitation. Our reputation for the quality of care services continues to result in strong demand from the local market and is expanding our reputation into the Boston market. We also continue to see strong results in our recruiting and retention.

The accelerated opening of the 3rd floor resulted in a decrease in our financial operations but positioned us for a strong 2011, as the opening costs will have come into play in 2010 and census projections remain strong.

Resident Satisfaction scores for 2011 were exceptional. Our program was the 2nd highest rated within Erickson Living and our “Mean of All Items” scored just below the 90th percentile. Overall, 15 questions exceeded the 90th percentile within the Holleran benchmark, while “Overall, I am satisfied with Linden Ponds” was just below the 75th percentile.

2010 provided many opportunities for our programs to grow and develop and positioned our community for great success in 2011 with our full complement of programs operational. Marketing plans for 2011 will continue to focus on building and stabilizing our short-term rehab program while also increasing our focus on the external long-term-care market with mailings and events.

Employee recruitment remains strong and we continue to see strong responses for positions. Holiday events with residents and families were very well received and the team is always in full preparation for our annual Department of Public Health survey. Plans are also underway for the expansion of the Rest Home care on the third floor as the final neighborhood of the building.

Diversity

During 2008 the National Senior Campuses, Inc. Board of Directors chartered a Diversity and Inclusion Committee to work with Erickson management to develop a long-term strategy to promote a culture of diversity and inclusion. Erickson management empowered a Diversity and Inclusion Council to develop a strategy that leverages diversity to create an environment where residents, staff, and management feel heard and supported. The strategy capitalizes on the value of a diverse management team, staff complement and resident population. Our focus has been on establishing diversity and inclusion as key values. We view this strategy as a business imperative, given the changes in the American workforce. Success with this strategy will help position Erickson to compete for the best talent, thereby continuing to provide top-quality services to our residents.

Linden Ponds has been involved in activities to enhance community diversity and inclusion efforts, including the following:

- Staffing
- Outreach to area churches
- Recruitment in community-based information networks, particularly Hispanic, Cape Verdean and Haitian communities
- Hiring special-needs young adults through a local school district

- Advertisement in minority papers for prospective employee and resident recruitment
- Resident clubs and associations celebrate religious, ethnic and lifestyle diversity on campus and offer opportunities for inclusion throughout the community.
- We are also in the midst of a major training exercise for all staff persons across the campus. A goal of Erickson Living for 2011 is for all managers across the enterprise to be rotated through a four-hour long “Working Together” diversity and inclusion training. Similarly, all hourly employees are required to participate in an hour long diversity and inclusion training to ensure that our campus continues to be a place that is welcoming of diverse thoughts, ideas, and input.
- A RAC newsletter article also featured a discussion of diversity and inclusion, supporting the company’s drive to create greater awareness and acceptance of differences across the campus.

“Green” Initiatives

Residents, the Board and management have together been good stewards of the community’s natural resources through our business conduct in areas of energy management, community initiatives, design, development and construction. As an enterprise, we are committed to becoming more aware of how we can “go greener” and we will take action, where we can, to initiate change within the enterprise to reduce our carbon footprint and minimize the effects of global warming. This process will evolve over time.

One purpose for “going green” is to support the reduction of our overall carbon emissions. This will minimize our impact on global warming.

To reduce our carbon footprint, in 2010 Linden Ponds:

- Completed re-piping project at the waste water plant to allow for reuse of processed water for plant operations reducing the amount of water needed to be purchased.
- Installed Armstrong “Brain” mixing valve in four buildings.
- Housekeeping completed rollout of green chemicals from Johnson Diversity.
- Upgraded clubhouse bathrooms with new hands free paper towel dispensers.

Additionally, the Linden Ponds management responded to the community’s Environmental Committee’s proposal regarding wind turbines, indicating that Erickson is working to develop a comprehensive energy management plan for each community.

- Specifically, management noted that Erickson Living is vetting expert partners who may be able to:
 - Identify the highest potential solutions to reduce energy/utility demand and cost – and the company would expect that each campus will have a range of potential solutions including installation of energy-efficient equipment, building envelope issues, alternative energy sources, lighting, etc.
 - Identify and access financial incentives and rebates related to energy management.
 - Provide access to up-front financing and guarantees of energy savings to pay for the financing.

Management has also communicated to the LPH Environmental Committee that Erickson Living is interested in partnering and using work/research that has already been accomplished by the LPH Environmental Committee in considering potential solutions that can impact the campus’ “green” initiative.

Erickson Advantage

2010 year-end enrollment stood at 264 participants, or just about 22 percent of the resident population, exceeding its 2010 new enrollment goal of 259. Additionally, hospital admissions were better than target by approximately 28 percent.

Program achievements included the successful transition of independent living members to Renaissance Gardens (RG) through the joint efforts of the program’s care coordination team, RG nursing and rehabilitation program staff. Erickson Advantage and Linden Ponds continued to demonstrate outstanding member satisfaction results.

Resident Accomplishments and Highlights

The Resident Advisory Council (RAC) plays an important role in keeping us focused on what is important to residents through their support, guidance and communication. The RAC held its third election for members and officers for 2010/2011. The following were elected: Barbara Durland (Chair), Ruth Beyer (Vice Chair), Jean Whelan (Secretary), Jim Carr (Resident Life Rep), Earle Buzzell (Finance & Policy Rep), Bob Lofgren (General Services Rep), and Mona Gross (Newsletter Editor). We are grateful for the tremendous contribution of outgoing RAC Chair Barbara Ward.

Monday Live with RAC on channel 6 showcases the role of the RAC, Board Members and others. Major concerns and questions are answered and there is increased RAC visibility.

Our Internet newsletter, *Life at Linden Ponds*, has proven to be one of the best community newsletters enterprise-wide, with e-Net, hard copy subscriptions and a team of talented, willing and able reporters.

The Community Partnership continued to grow, with over 60 members who partner to provide discounts and special events for our residents and staff.

Staff Accomplishments and Highlights

All program assessments met or exceeded benchmark targets for each department. Catered Living and Home Support performed strongly and solidified the available continuum of service for residents. Our dedicated staff continues to provide outstanding service and care. We are able to attract and retain exceptional, committed personnel with market- and performance-based compensation and a culture that supports career development opportunities, work-life balance, diversity and inclusion and a commitment to service excellence. Employee and resident satisfaction remained stable despite the fiscal challenges of the past year.

2011: Looking Forward

Areas of Focus

2011 continues to be a transitional year for Linden Ponds. We are looking forward to the completion of the bond restructuring process and stabilization of our operations with the new debt structure that would allow us to continue to grow with market demand. We expect to see continued growth of our programs in 2011. Opening the remaining section of the third floor in RG will create additional capacity in the building.

However, the economic environment continues to be challenging and we need to continue to work hard to meet our settlement goals for the year. We also need to continue to be creative and flexible in delivering the vast array of services that we have in the community and in the way we maintain our high standards of service that we are known for, while continuing to remain affordable to middle-class seniors.

To achieve these goals we will:

- Use various initiatives designed to incent and facilitate settlements for new residents and continue to tailor our incentive programs to meet individual needs of each potential resident.
- Reduce expenses where possible, while not compromising on superior quality, to strengthen cash management and build cash reserves.
- Enhance opportunities to improve the ‘greening’ of our campus.
- Develop our leadership team’s potential.
- Continue the development of creative programming to augment our continuum of care and remain responsive to emerging resident needs.
- Build even stronger community partnerships to support our efforts to be the center of excellence for people 62 and better in the South Shore.
- Drive our campus and community efforts to realize an even more engaged employee population.
- Recharge our marketing efforts even more robustly once the bond restructuring is completed.

Financial Plans

We expect Linden Ponds to complete its bond restructuring process and acquire ownership of the land and the buildings that are currently owned by Hingham Campus LLC. Along with that, we expect to increase our operating costs, as we will be absorbing some of the Hingham Campus marketing and development costs. Thus, while our revenues and operations will continue to grow in the current year, we also expect our operating income to incrementally grow as well, building upon the break-even position in 2010.

We have been very careful and deliberate in preparing our 2011 budget to make sure we have realistic costs and revenue assumptions in our business plan. Our attention to detail and daily management of costs and operations is showing positive results. Despite the economic challenges that we are facing, we expect to meet our operating budget for the year and maintain continued high levels of service and programming in the community.

The Board of Directors annually approves the delivery of community services, programs and operations, and adopts a resident fee schedule, through approval of the community business plan or budget. The budget is formulated by management and approved by the Board for the ensuing calendar year. Management’s proposed budget to the Board takes into consideration suggestions from the community RAC and attempts to attain spending levels that meet the Board’s standards for community quality of life, while maintaining affordability to the residents.

In approving each annual budget the Board seeks to provide a viable annual financial plan that is based upon sustaining long-term financial stability.

Campus Development

Erickson Living develops and expands campuses based on demand. Due to the current state of the economy and the aforementioned slowing of demand relative to previous years, as well as our restructuring negotiations, Linden Ponds is holding off on the development of the next residential building. As conditions allow, further development may follow.

Programs and Initiatives to Maintain Service, Culture, Mission and Values

We have a number of goals related to resident satisfaction, employee satisfaction, and financial performance in 2011. While our goals may evolve during the year based on emerging priorities, some of the goals that are relevant to residents at Linden Ponds are as follows:

- This year Human Resources will offer a host of training classes to staff to enhance service delivery skills. Core to our company strategic objectives will be training related to employee engagement, diversity and inclusion, company values-based training, and compliance.
- To improve resident confidence in evacuation procedures, we will schedule evacuation drills in the dining rooms over the course of the year.

Your Executive Management Team

Ian Lee Brown – Executive Director

Ian was appointed the executive director of Linden Ponds in December 2010. He has been employed with Erickson Living since 2001, beginning his tenure as the associate executive director of Cedar Crest Village in Pompton Plains, New Jersey. He subsequently served as the executive director for Greenspring Village beginning in 2004, and then became the executive director of an Erickson-managed community in Lincolnshire, Illinois in 2006. Prior to joining Erickson, Ian served for three years as vice-president for organization development and community relations at Collington Episcopal Life-Care Community in

Mitchellville, Maryland. He was also a program director for a Johns Hopkins Health Care affiliated health center, where he had oversight of several departments including a large and mostly geriatric practice with over 4,500 patients. Ian obtained his B.A. from Brooklyn College in New York and a M.S. in Applied Behavioral Science and a Graduate Certificate in Senior Living and Healthcare from The Johns Hopkins University. He also has a Master of Liberal Studies degree from Lake Forest College in Illinois. Ian has served on numerous community boards including the Virginia Association of Non-Profit Homes for the Aging and the advisory board of the Mid-Atlantic Health Leadership Institute of the Johns Hopkins University Bloomberg School of Public Health. He continues to serve on the Alumni Council of Lake Forest College in the Chicagoland.

Gail Simms – *Assistant Executive Director*

Gail was appointed the assistant executive director (AED) at Linden Ponds in 2010. In her role as AED, Gail provides support to the executive director in the day-to-day operations of the community and has line responsibility for the human resources and general services departments. Prior to joining Erickson in 2007, Gail enjoyed a successful career in the hospitality industry working for both publicly-held firms and privately-owned organizations. She served in a regional capacity as well as that of general manager for various national chains such as Starwood Hotels at the Boston Park Plaza, Meridien Hotels in Boston and New Orleans, as well as the Parker House in Boston and Ambassador East in Chicago. Gail has a B.S. *cum laude* with a focus in hotel, restaurant and travel administration from the University of Massachusetts.

Olga Volfson – *Director of Finance*

Olga has served as the finance director of Linden Ponds since the campus opening in 2004. She is an experienced financial professional with a strong background in financial analysis, modeling, research, and due diligence. Prior to joining Linden Ponds, Olga worked at Fleet Securities as an associate in the company's Emerging Capital Markets section. Olga is a CPA who completed her undergraduate degree from the Wharton School at the University of Pennsylvania. She holds an MBA from the Columbia University School of Business. Prior to going to graduate school, Olga worked as a senior auditor at Ernst & Young.

Christine Hansen – *Director of Sales and Marketing*

Christine has been employed at Linden Ponds since 2004 and has held several positions at the community in both the Human Resources and Marketing Departments. She currently serves as the Director of Marketing. Christine is a graduate of Bentley College with a bachelor's degree in Finance. Prior to working at Linden Ponds, she worked at Putnam Investments of Boston for over 16 years in varying capacities ranging from client services, dealer marketing,

operations, and shareholder communications. She served the last eight of those years at Putnam Investments as an assistant vice-president in marketing and communications. Christine is a certified tax planner.

Benjamin Tyrrell – *Director of Extended Care*

Ben is a Licensed Nursing Home Administrator (LNHA) who joined the Linden Ponds team in September 2007 as the assistant executive director. Ben had served as the assistant director of extended care at Brooksby Village, an Erickson Living managed community in Peabody, Massachusetts since 2005. From 1995 to 1999, he worked at Corporate Erickson, beginning in the finance department and then joining the newly formed Corporate Health Services Group. Prior to rejoining Erickson in 2005, Ben spent 6 years at the University of Chicago Hospitals and Health System. During that time he served as the assistant director of surgical services, special assistant to the president and CEO, and senior project manager in operations management. Ben received an MBA from the University of Chicago's Booth School of Business and a B.A. in Government and Economics from Connecticut College.

Mark Samuelson, MD – *Medical Director*

Dr. Mark joined Linden Ponds in 2006 after spending six years as a primary care physician at Harbor Medical Associates in Scituate, MA. Prior to going to medical school, Mark worked as a pharmacist and completed a fellowship in geriatric pharmacy at the VA Medical Center in Los Angeles. Mark received his medical degree from Boston University School of Medicine and completed his residency at Tufts University Family Practice Center. In addition to his medical degree, Mark holds masters' degrees in nutrition from the University of Bridgeport in Connecticut and in pharmacology from Boston University.

Meredith Scott – *Director of Resident Life*

Meredith joined Linden Ponds in 2004 in the role of social work manager. In 2005 she was promoted to her current position of director of resident life. She is a graduate of the University of Massachusetts with a degree in psychology and received her Master of Social Work from Boston University. Meredith has a Certificate in Aging Services from the Boston University Institute of Geriatric Social Work and is an Assisted Living Facilities Association (ALFA) certified assisted living administrator. She brings more than 25 years of experience in community mental health as well as geriatric social work to her position at Linden Ponds. Prior to joining the Linden Ponds team, Meredith was a manager with Benchmark Assisted Living. Her roles at Benchmark included case management, community outreach, and regional training. She is a past board member of the Plymouth Council on Aging and is currently a member of her parish council of her church in Plymouth, Massachusetts.

Tomas Omar Gonzalez – *Director of Dining Services*

Omar joined Erickson Living as the director of dining services in May, 2008. He graduated from The Johnson and Wales University in 2001 with a Bachelor of Science degree *magna cum laude* in hotel/restaurant and institutional management. Prior to Linden Ponds, Omar served as a general manager for Bugaboo Creek Steak House and manager of the Coach Grill Restaurant for the Back Bay Restaurant Group.

Rhoda Horgan – *Executive Assistant to Administration*

Rhoda joined the Linden Ponds team in 2004 as the executive assistant of administration. Prior to joining Linden Ponds, Rhoda worked for Welch Healthcare & Retirement Group as the activities director and marketing assistant at the Allerton House in Hingham. As the executive assistant, Rhoda is responsible for managing the administration office, community outreach, and several community projects. Rhoda is a member of the Hingham Downtown Association and on the Board of Directors for the Hingham Citizens Police Academy. Rhoda currently resides in Hingham, MA.

Your Resident Advisory Council (RAC)

(Elected September 30, 2010)

Barbara Durland, *Chair*

Barbara Durland is an administrator retired from MIT. She has two grown daughters living in CT and NH. She holds a BA from Wheaton College in Massachusetts. She was elected to two terms on the Sandwich Housing Authority, and served as Vice-chair and Chair of the Charter Commission in Sandwich, MA. She is one of the founders and Facilitator for the Episcopal Community at Linden Ponds. She is active in LPTV6 crew, and is a member of the Photography Club. She has lived at Linden Ponds since 2008 and was elected to the Resident Advisory Council in 2009.

Ruth Beyer, *Vice Chair*

Ruth Beyer taught English at a private college preparatory school in Indianapolis for fifteen years and was chair of the department for five of those years. She holds two degrees from Butler University, a Bachelor of Arts, magna cum laude, and a Master of Arts. She was active in writing for several community organizations before moving to Linden Ponds in 2007. Her Linden Ponds activities include helping run the Opera Club, teaching courses for Life Long Learning, writing the RAC monthly news letter, working on staff for “LIFE @ Linden Ponds”, and serving as RAC liaison to the Resident Life Department.

Jean Whelan, *Secretary*

Jean started a scientific career with a BS degree in chemistry from the University of California at Davis followed by a Ph.D. degree in Organic Chemistry from the Massachusetts Institute of Technology. She carried out postdoctoral work at Brandeis University and then taught chemistry at Fairleigh Dickinson University in Madison, NJ. During a sabbatical leave at the Woods Hole Oceanographic Institution, she fell in love with Geochemistry and spent the next 30 years there studying organic compounds in marine sediments. She moved to Linden Ponds in 2007 and was elected to the Resident Advisory Committee the following year.

Earle W. Buzzell, *Finance & Policy Liaison*

After graduation from Bentley College, Earle served four years as a finance supervisor in the Air Force. The following forty five years were spent as a Cost Accountant, Office and Personnel Manager, Controller, VP Administration, Plant Manager and Chief Financial Officer with various firms in the electronics, leather and plastics industries. He also worked as a management consultant with a CPA firm and maintained his own tax practice. He served for many years as Treasurer and Board Member of Sweetser Children, Family and Community Services, the largest social service provider in Maine. He currently serves as a director of a manufacturing company in Maine. Earle moved to Linden Ponds with his wife Eleanor in July of 2009. He was elected to the RAC in 2009.

James Carr, *Renaissance Garden & Resident Life Liaison*

A graduate of Clarkson College and RPI in Chemical Engineering, Mr. Carr spent most of his career in nuclear reactor design for GE, in both naval and commercial applications, retiring after 33 years as an Engineer Manager. He moved to the Adirondacks where he became fully involved in leadership positions in a number of community organizations, including Trustee of the newly-created Natural History Museum of the Adirondacks since its inception. He and his wife, Charlotte, moved to Linden Ponds in 2006. He is an Editor of LIFE @ Linden Ponds, the resident news e-magazine, active in the wood shop as a carver and teaches genealogy in the Lifelong Learning Program. Mr. Carr is serving in his fourth year on the Residents Advisory Council.

Mona Gross, *RAC Newsletter Editor*

Mona and Paul came to Linden Ponds in 2005; she was elected to the first Residents Advisory Council that year. This is her fourth year of RAC service. Her work experience started in a cancer research lab in Philadelphia, her hometown. She taught school in Brookline, MA, where she was also chairman of the Faculty Senate. In Falmouth, MA, she was Assistant to the Superintendent of Schools. Since 1984, Mona has practiced law, specializing in Child Protection, Elder Law,

Mental Health, and Mediation. For 15 years of pro bono service to the Brookline Council on Aging, she received the Law Day Citation for Community Service of the Norfolk County Bar Association. She is a mother, grandmother, pianist, sailor, reader, writer, and a devotee of humor.

Bob Lofgren, *General Services Liaison*

With an education from Harvard College and Boston University School of Medicine, Bob spent time in both Texas and New Hampshire as a flight surgeon. He formed a partnership as an ear, nose and throat surgeon and worked with Massachusetts Eye and Ear Infirmary, Massachusetts General and Newton Wellesley Hospitals. His career spanned over 50 years and included over 30 years serving as Assistant Clinical Professor at Harvard Medical School, Chairman of Blue Cross Blue Shield's Medical Advisory Committee and Chairman of Massachusetts Eye and Ear Infirmary's Bylaw Committee. With an interest in piping, he managed the Sutherland Pipe Band and served as Assistant Chief Steward for the New Hampshire Highland Games for almost 30 years. He moved to Linden Ponds in 2004, was elected to the Resident Advisory Council in 2008 after full retirement in July of that year and serves as the liaison to the Dining Services Committee.

Organization and Governance

Organization

Linden Ponds is organized as a not-for-profit corporation and is an affiliate of National Senior Campuses, Inc. (NSC). Linden Ponds is governed by its Board of Directors, whose members are independent of Erickson Living Management, LLC (Erickson Living) and its affiliated organizations. No Erickson Living employees may serve on the Board of Directors.

Linden Ponds' Board is responsible for oversight of the development, financing and operations of the Community. The Board has retained Erickson Living to provide management services to the Community pursuant to a Management and Marketing Agreement. With no private shareholders to pay, the Community's net assets are retained for the long-term benefit of current and future residents and to further the Community's charitable mission.

Linden Ponds is one of 15 communities supported by National Senior Campuses, Inc. (NSC). NSC acts as an umbrella organization by organizing separate not-for-profit corporations that operate retirement communities (such as Linden Ponds) and providing ongoing strategic planning, governance and operational resources to the community boards. It also develops and monitors overall policies and

guidelines for operations and standards of care in order to promote efficiency while preserving the high-quality standards of its supported organizations. NSC develops long-range strategic plans and formulates relationships that are beneficial to its supported organizations and promote cost savings within the system.

The Board of NSC currently consists of 9 independent directors, each of whom brings a particular expertise to the Board. To assure that NSC is responsive to its Supported Organizations that own and operate the communities, at least one of the directors of each Supported Organization is also a director of NSC. This allows each Supported Organization to have representation and direct involvement in the formulation of the policies and activities of NSC that affect the community.

For more information about the organization and governance of Linden Ponds and NSC please visit our web site www.NationalSeniorCampuses.org.

Board of Directors

All corporate authority resides in the Linden Ponds Board of Directors as fiduciaries of the Corporation, subject to the requirements and restrictions set forth in the Corporation's Charter, Bylaws and applicable law. As fiduciaries, the directors are the stewards of the corporation's assets and have the responsibility for seeing that the corporate mission is being fulfilled and that the assets of the corporation are being effectively used for that purpose.

Erickson Living is responsible for the day-to-day management of Linden Ponds pursuant to a Management and Marketing Agreement between Linden Ponds and Erickson Living. The Board of Directors regularly monitors the quality and effectiveness of management performance and decisions including the execution of its strategies in support of the mission.

The Board of Directors comprises a maximum of 11 and a minimum of 6 people. At least one of the directors of Linden Ponds must be a member of the Board of Directors of NSC and is appointed by NSC to a one-year term. One of the members of the Board of Directors must be a resident of Linden Ponds.

Linden Ponds' Board of Directors is committed to maintaining strong corporate governance principles and practices. The Board periodically reviews evolving legal, regulatory and best practice developments to determine those that will best serve the interests of our stakeholders.

If you would like additional information about our corporate governance practices, you may view many of the documents listed below at www.National-Senior-Campuses.org or visit the Executive Director's office where you will be provided access to review the contents of the Community Reading File:

- Corporate Governance Guidelines
- Amended and Restated Articles of Incorporation
- Bylaws
- Form 1023 – Application for Recognition of Exemption
- IRS 990, Return Of Organization Exempt From Income Tax (most recent year)
- IRS determination letter recognizing exempt status under 501(c)(3)
- Management and Marketing Agreement
- Official Statement of Bond Issue
- Audit Committee Charter
- Conflict of Interest Policy
- Community Board Resident Director Recruitment Policy and Procedure
- RAC Handbook
- Summary copy of current year budget and rolling three-year business plan
- Annual Report (most recent copy) which contains the Mission Statement, Management Report, Director Biographies, and Organization Chart
- Audited Financial Statements

Corporate Governance Guidelines and Committee Charters

The Corporate Governance Guidelines and the charters of the committees of the Board of Directors describe our corporate governance practices. The Corporate Governance Guidelines and charters are intended to ensure that the Board has the necessary authority and practices in place to review and evaluate our business operations and to make decisions that are independent of the Management Company. The Corporate Governance Guidelines establish the practices the Board follows with respect to board composition and selection, board meetings, board committees and director compensation. Members of the Board of Directors are expected to participate in continuing education activities designed to maintain their knowledge of current industry developments and corporate governance practices. To achieve the Board education objective the Board maintains memberships in leading corporate governance trade associations such as the National Association of Corporate Directors and Board Source. The Board annually conducts a self-evaluation to assess compliance with the Corporate Governance Guidelines and identify opportunities to improve Board performance.

The Corporate Governance Guidelines and committee charters are reviewed periodically and updated as necessary to reflect changes in regulatory requirements and evolving oversight practices.

Board Activities 2010-2011

In April 2010, the sale of assets of the prior manager, Erickson Retirement Communities, was approved by the bankruptcy court. Erickson Living Management was organized by the purchaser as a new company. As the community's independent, not-for-profit board, the Linden Ponds Board entered into a management contract with the new Erickson Living organization and will continue its oversight role in this relationship.

As the sale of the Erickson Retirement Communities assets was being undertaken, the Board carried on its work at the community and regional level and the "Residence and Care Agreement" currently in effect continued to be honored. The Board will continue its dedicated service to residents working together with the local management team and with the support of Erickson Living.

Following the emergence of Erickson Living, the Board focused its attention on the negotiations with bondholders to restructure the Linden Ponds debt. The Board appointed a Committee on Bond Restructuring to represent the Board in the negotiations. With assistance from expert advisors and from Erickson Living, the Committee and the Board worked continually throughout the year to represent the best interests of Linden Ponds.

During 2010, the Board held its formal quarterly meetings and additional meetings, as necessary. Among the actions taken by the Board during 2010-2011 were:

- Approval of the Budget for 2011.
- Meetings with the Residents Advisory Council to receive their input on the effectiveness of community operations and priorities.
- Review of the results of the annual Residents' Satisfaction Survey including the Action Plans proposed by Erickson Retirement Communities to address matters needing corrective action as reported in the survey.
- Meeting with the residents at the Annual Town Meeting to review the operations of Linden Ponds.
- Special meetings and all board meetings to discuss Erickson Living and Linden Ponds issues.
- Special RAC meetings, town meetings, and letters to residents, and appearances on TV 6 regarding governance, Erickson Living and Linden Ponds issues.

- Meeting with residents to discuss the 2011 budget and fees.
- Numerous meetings with the Executive Director and management staff to review operating, compliance and financial reports.
- Appointment of Committee on Bond Restructuring.
- Numerous phone conferences of the Committee and Board to review issues and take actions on bond restructuring negotiations.
- Linden Ponds Board and NSC Board member support of the Benevolent Care Fund and related events

Linden Ponds requires Erickson Living to adhere to a Code of Business Conduct, a Compliance Plan and a Whistleblower Policy. The Board regularly receives reports from Erickson Living on the continued adherence to these policies.

During 2010, the Board recruited additional regional directors to expand the skill sets of the Board and to help build Linden Ponds' Board relationships with and connections to the community in which it is located. The Board welcomed Kirk Jones, Bruce Beardsley, and Nate Dudley to the Linden Ponds Board in the fall of 2010. A full listing of the Board of Directors appears at the end of this section of the report.

Committees of the Board of Directors

The Board of Directors has appointed various Committees to undertake certain aspects of the Board's duties. Each Committee is governed by a Committee Charter that was approved by the Board of Directors. The Committee members are shown with the organization chart at the end of the Governance section.

Executive Committee

The Executive Committee comprises the Chairperson of the Board, President, Treasurer and Secretary; and has the authority to act for the Board of Directors between meetings in accordance with powers granted by State law and bylaws provisions.

Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and the qualifications and performance of the independent public accounting firm engaged as the Community's independent auditor.

The Committee relies on the expertise and knowledge of the Management Company and the independent auditor in carrying out its oversight responsibilities. The Management Company is responsible for the preparation, presentation, and integrity of our financial statements, accounting and financial reporting principles, internal control over financial reporting, and disclosure controls and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. The Management Company is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of our system of internal control. The Community's independent auditor, PricewaterhouseCoopers LLC, is responsible for performing an independent audit of the financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States.

With respect to 2010, upon completion of the bond restructuring process, the Audit Committee will meet with PriceWaterhouseCoopers to review the audited financial statements and the auditor's report, to review the auditor's report on internal controls as well as the management company's response and planned corrective actions, and to review other matters that the auditors are required to discuss with the Audit Committee. Upon completion of its work with respect to the 2010 audit, the Audit Committee will deliver its report to the residents at a Town Meeting.

Investment Committee

The purpose of the Investment Committee is to assist Board of Directors to fulfill its oversight responsibilities with respect to the investment, monitoring, accountability and control of Benevolent Care Funds, Excess Cash and other community funds as may be appropriate. The Committee is an Advisory Committee with director representatives drawn from the Boards of Directors of NSC and the Communities. The Investment Committee was formally established as a separate Committee in January 2009. Previously the monitoring of investment activities was provided through an Investment Subcommittee of the Finance & Acquisitions Committee, which is no longer a functioning committee. The Boards of Directors of NSC and its Supported Communities decided to create a separate Investment Committee in recognition of the growing levels of investment dollars across the communities and the need to provide a singularly focused committee to oversee these funds.

Director Compensation

In 2010, Linden Ponds paid a total of Seventy-Five Thousand Dollars (\$75,000), in compensation to the members of the Board of Directors of Linden Ponds.

Directors' compensation for Linden Ponds was recommended by NSC and was approved by the Linden Ponds' Board of Directors based upon the recommendations of an independent compensation consultant retained to review the reasonableness of directors' compensation. In determining the amounts of compensation, the Board and the consultant considered the time and expertise requirements of directors and fees paid to directors of comparable companies, both for-profit and not-for-profit.

Form 990

A copy of the most recent Form 990, Return of Organization Exempt from Income Tax, can be reviewed in the Executive Director's Office or online at www.NationalSeniorCampuses.org.

Your 2011 Board of Directors

Mary Helen Lorenz, *Chair*

Ms. Lorenz is a city planner who has worked in community development and management, and has chaired school, town, and church boards including the Lincoln Housing Commission and First Parish, in her town of Lincoln, Massachusetts. Ms. Lorenz has worked for the W.K. Kellogg Foundation, Stubbins Associates, Inc., and Skidmore Owings and Merrill, Inc. She holds master's degrees in city planning from the University of Pennsylvania and in management of human services from Brandeis University. She obtained her bachelor's degree in United States studies from Wellesley College.

Bruce J. Beardsley

Mr. Beardsley is a principal at Next Step Healthcare, LLC, where he has provided advisory, consulting and valuation services to investors in the skilled nursing and senior housing sectors. Previously, he was Senior Vice President of Acquisitions at Harborside Healthcare Corporation which operated 76 skilled nursing centers. He has served as Chairman for the Board of Assessors for the Town of Medfield, Massachusetts, and as a member of the Owner/Operator Advisory Board and Market Area Profiles Task Force for the National Investment Center (NIC). Mr. Beardsley earned his bachelor's in Business and Economics at Lehigh University and his master's of Business Administration from Boston University.

Wayne J. Craig

Mr. Craig has served as the Chief Financial Officer for SMV Management Company since December of 2009. SMV Management Company is responsible for the oversight of approximately 200 skilled nursing facilities, assisted living facilities and long term acute care hospitals located in 23 states that are owned by a small group of private investors. Mr. Craig previously worked as CFO for a small family owned healthcare provider in Massachusetts and as VP of Finance for Harborside Healthcare Corporation. Mr. Craig began his career at Advantage Health Corporation as a staff accountant and ascended to Vice President of Finance. Mr. Craig has consistently been involved in numerous strategic financial endeavors throughout his career and directed an accounting staff in excess of 30 people for Advantage Health. Mr. Craig has a Bachelor of Science in Business Administration and Accounting from Salem State College.

Nathaniel J. Dudley

Mr. Dudley is litigation partner at McGivney & Kluger of Boston, where he coordinates and directs local counsel with respect to defense strategy in all 50 states. Previously, he served as general counsel for Landmark Health Solutions, LLC, and Harborside Healthcare Corporation. A graduate of Dartmouth College and Northeastern University School of Law, Mr. Dudley is a member of the Board of Directors for the Institute of Senior Living of Florida, Inc. He is a volunteer assistant hockey coach at Babson College and is a member of the Board of Directors for Westwood Youth Hockey

Kirk B. Jones

A native of New Orleans, Mr. Jones currently serves as an adjunct faculty member at Boston University School of Theology and Andover Newtown Theological School, where he earned his Master of Divinity. He is also senior pastor at First Baptist Church in Tewksbury, Massachusetts. In addition to authoring several books and articles, Mr. Jones is a member of the Academy of Homiletics and the Society of Christian Ethics. He received his B.S. at Loyola University in New Orleans, his Doctor of Ministry degree from Emory University and his Ph.D. from Drew University

Carolyn Markey

Ms. Markey was president and CEO of the Visiting Nurse Association of America (VNAA) from 1997 to 2007. During her tenure, she led the 400 visiting nurse agencies throughout the country in the areas of advocacy, national image, clinical education and regulatory compliance. Ms. Markey has 30 years experience in home health and community care in both for profit and not for profit organizations. Prior to VNAA, she was the CEO of Special Care Home Health Services, a \$100 million division of Advantage Health. She served on the board of

Myomo, Inc, and was a member of Leadership 18 and National Healthcare Coalition in Washington, DC. She is a registered nurse and graduate of North Shore Community College.

Willow Pasley

Ms. Pasley is a finance and management professional with 20 years of experience in the banking industry. During her tenure with Citizens Bank and BayBank, she specialized in lending to healthcare and not-for-profit organizations, including continuing care retirement communities. She earned a BA from Hartwick College and an MBA from Simmons College.

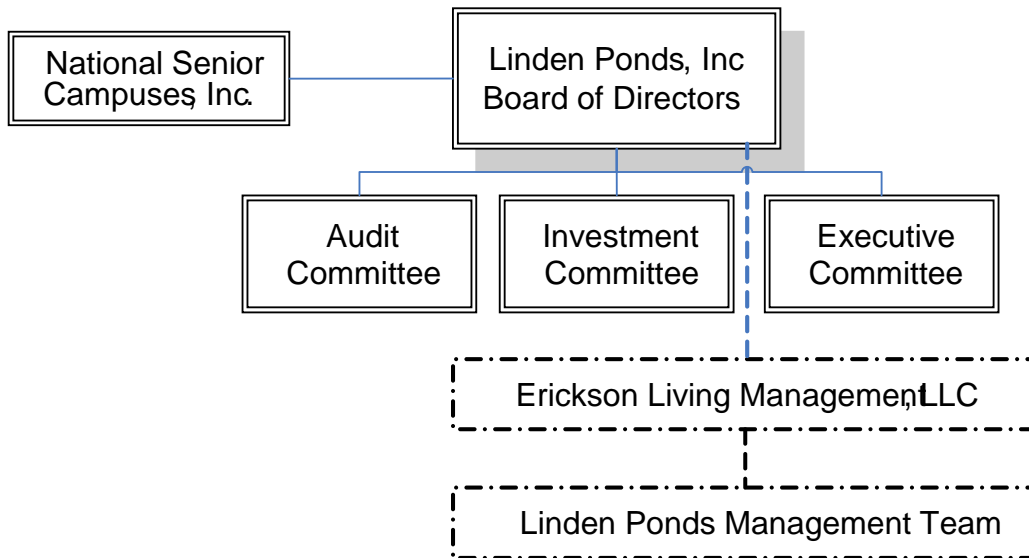
Annette Sexton

Annette Sexton is a retired Town Administrator from the Town of Norwell, MA, a position she held for 17 years. After retirement, she was appointed to the Norwell Advisory/Finance Board serving as Chairman for two of her three year term. She and her husband moved to Linden Ponds in March 2005. Her activities at Linden Ponds include being a member of the LPTV-6 Crew and a member of RAC's General Services Committee. During the spring of 2007, she served as Moderator for Linden Ponds First Constitutional Convention.

Ron Walker

Mr. Walker served as President of Lyon, Conklin & Company in Baltimore until his retirement in 1993. Prior to that position, he was Treasurer and Controller of C.C. Dickson Company in Charlotte, North Carolina. Both companies were involved in HVAC equipment distribution. Mr. Walker started his professional career as a CPA with the accounting firm of Coopers & Lybrand in Charlotte after graduating from the University of North Carolina at Chapel Hill.

Linden Ponds Organizational Chart



LEGEND:

- _____ = governance relationship (by charter or bylaws)
- - - - = contractual relationship

Linden Ponds Committees

Executive Committee:

Mary Helen Lorenz, Chair
 Wayne Craig, President and Vice Chair
 Willow Pasley, Treasurer
 Annette Sexton, Secretary

Audit Committee:

Willow Pasley, Chair
 Wayne Craig
 Annette Sexton

Investment Committee:

Jim Anders, Chair
 Fred Haas
 Jim Hayes
 Willow Pasley
 Larry Shubnell

Linden Ponds
Statement of Operations
For the Year 2010*

	2009	2010	2010
	YearTotal	YearTotal	YearTotal
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Operating Revenue			
Resident Monthly Fees	25,741,365	33,467,993	33,436,314
Departmental Revenues	3,933,999	4,569,210	4,398,725
Total Operating Revenue	<u>29,675,365</u>	<u>38,037,203</u>	<u>37,835,039</u>
Operating Expense			
Wages	12,737,022	16,131,906	15,982,748
Employee Benefits / Other EE	2,732,990	3,581,248	3,617,509
Contract Labor Expense	1,837,495	1,797,980	1,829,692
Supplies Expense	3,335,968	3,770,597	3,848,051
Repairs and Maintenance Expense	502,446	736,477	674,897
Professional Fee Expense	258,058	235,698	334,661
Purchased Services Expense	2,388,208	2,887,934	2,967,171
Insurance	298,869	472,692	469,066
Utilities	3,013,974	3,243,818	3,430,134
Real Estate Tax	2,362,669	3,126,321	2,834,220
Management Fees	1,239,692	1,651,473	1,675,100
Marketing Costs	11,208	30,199	5,500
Other Expense	238,342	321,407	166,290
Total Operating Expense	<u>30,956,941</u>	<u>37,987,750</u>	<u>37,835,039</u>
Operating Income	<u>(1,281,576)</u>	<u>49,453</u>	<u>0</u>
Non-Operating Income**	<u>(8,301,175)</u>	<u>(10,740,475)</u>	<u>(8,567,368)</u>
Net Income	<u>(9,582,751)</u>	<u>(10,691,022)</u>	<u>(8,567,368)</u>

* Audited Financial Statements will be made available to you upon finalization of the auditor's report and final release of the audited financial statements

** Non-Operating Income Includes - Investment Income, Amortization Income, Net Rent, Interest Expense, Letter of Credit Fees, Restructuring Fees, Amortization Expense, and Depreciation Expense.