

**Disclosure Statement of Covenant Village of Cromwell,
a division of Covenant Home, Inc.
(hereinafter referred to as "Provider")**

52 Missionary Road
Cromwell, CT 06416

THIS DISCLOSURE STATEMENT IS DATED OCTOBER 26, 2018.

DELIVERY OF THIS DISCLOSURE STATEMENT TO A CONTRACTING PARTY BEFORE THE EXECUTION OF A CONTRACT FOR THE PROVISION OF CONTINUING CARE IS REQUIRED BY PUBLIC LAW NO. 86-252 (AN ACT CONCERNING THE MANAGEMENT OF CONTINUING CARE FACILITIES), AS AMENDED (THE "ACT"). REGISTRATION UNDER THE ACT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT OF THE FACILITY BY THE DEPARTMENT OF SOCIAL SERVICES OR THE STATE OF CONNECTICUT, NOR DOES IT EVIDENCE THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THE DISCLOSURE STATEMENT.

IN ADDITION, THE STATE OF CONNECTICUT REQUIRES THAT ALL CONTINUING-CARE (LIFECARE) COMMUNITIES INFORM YOU OF THE FOLLOWING:

1. A CONTINUING-CARE CONTRACT IS A FINANCIAL INVESTMENT AND THIS INVESTMENT MAY BE AT RISK;
2. THE COMMUNITY'S ABILITY TO MEET ITS CONTRACTUAL OBLIGATIONS UNDER THIS CONTRACT DEPENDS ON ITS FINANCIAL PERFORMANCE;
3. YOU SHOULD CONSULT AN ATTORNEY OR OTHER PROFESSIONAL EXPERIENCED IN MATTERS RELATING TO INVESTMENTS IN CONTINUING-CARE COMMUNITIES BEFORE SIGNING A CONTRACT FOR CONTINUING CARE; AND
4. THE DEPARTMENT OF SOCIAL SERVICES DOES NOT GUARANTEE THE SECURITY OF THIS INVESTMENT.



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ACKNOWLEDGEMENT

**Disclosure Statement of Covenant Village of Cromwell,
a division of Covenant Home, Inc. (hereinafter referred to as "Provider")**

NAME AND ADDRESS OF PROVIDER

1. The name and business address of the Provider and a statement of whether the Provider is a partnership, corporation, or other legal entity:

Answer: Covenant Home, Inc., d/b/a Covenant Village of Cromwell, 52 Missionary Road, Cromwell, CT 06416. Covenant Home, Inc. is a Connecticut non-stock corporation that was incorporated on March 19, 1962 as Covenant Home of the East Coast Conference, Inc. Covenant Village of Cromwell and Pilgrim Manor are unincorporated divisions of Covenant Home, Inc. Covenant Village of Cromwell began its operation in 1977, and currently own and operate the facility ("Facility") known as Covenant Village of Cromwell, 52 Missionary Road, Cromwell, CT 06416.

OFFICERS, DIRECTORS, AND TRUSTEES

2. The names of the officers, directors, trustees or managing and general partners of the Provider, the names of persons having a five (5%) percent or greater ownership interest in the Provider, and a description of each such person's occupation with the Provider:

Answer: The corporate member of Covenant Home, Inc. is Covenant Retirement Communities, Inc., an Illinois not-for-profit corporation. The names of the officers and directors of Covenant Home, Inc. are as follows:

**CRC Board of Directors
July 2018 to June 2019**

Jon P. Aagaard
Sara Bentley
Pamela Christensen
Kara Davis
Mark Eastburg

Donald Hodgkinson
Kurt Kincanon
Matthew Manlove
Robert Martin
Mary Palmer

Dale Rinard
Marlene E. Stante
Andrew Vanover

Ex Officio:
Roger Oxendale
Terri S. Cunliffe
John Wenrich
Richard Nelson

Provider Officers July 2018 to June 2019

Terri S. Cunliffe	CEO/President
Jody Holt	CFO/Treasurer/Assistant Secretary
David G. Erickson	Senior VP/General Counsel/Assistant Secretary
Rebekah Erickson	Assistant Secretary

BUSINESS EXPERIENCE

3. A description of the business of the Provider and of the manager of the Facility if the Facility will be managed on a day-to-day basis by an organization other than the Provider, in the administration of continuing-care contracts or in the administration of similar contractual arrangements:

Answer: The parent corporation of the Provider, Covenant Retirement Communities, Inc. ("CRC"), is an Illinois not-for-profit corporation activated in 1986 to give formal recognition to the administrative organization that operated the retirement personal care and health care facilities within the Board of Benevolence, an administrative board of the Evangelical Covenant Church (the "Church"). Covenant Ministries of Benevolence, an Illinois not for profit corporation, supervises the operations of each of the institutions of the Board of Benevolence, including Provider and various other retirement and health care institutions in various states.

The Church has been involved in caring for the sick and the elderly for over 128 years beginning with its Home of Mercy in April 1886. In addition to the facilities operated by the national church organizations, regional conferences of the Church also sponsored facilities. These have now been transferred to the Board of Benevolence of the Church. In the early 1980's it was recognized that the retirement centers and related health care facilities had become of sufficient size to require a separate administrative organization apart from the hospitals. A separate management committee was elected and a CRC management organization created to oversee the operations of the individual facilities.

In the early 1950's, the Church developed its first continuing care campus at Covenant Palms in Miami, Florida, with residential housing and nursing facilities sharing the same campus. Building on this experience, CRC through acquisition, development and/or transfer of responsibility from other organizations within the Church, now operates facilities on thirteen campuses in eight states with four locations in Illinois, three locations in California, and single locations in Colorado, Connecticut, Florida, Michigan, Minnesota, and Washington. Nearly 4,500 residents are currently being cared for in the facilities.

The Facility will not be managed on a day-to-day basis by an organization other than the Provider.

JUDICIAL PROCEEDINGS

4. A description of any matter in which the provider, any of the persons described in paragraph (2) above (Section 2 of this Disclosure Statement), or the manager has been convicted of a felony or pleaded nolo contendere to a felony charge, or held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or is subject to a currently effective injunction or remedial order of a court of record, within the past five years has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including but not limited to actions affecting the operation of a foster care facility, nursing home, retirement home, home for the aged, or any facility

subject to Section 17b-520 to 17b-535, inclusive, of the Connecticut General Statutes, or a similar statute in another state or country:

Answer: There are no applicable judicial proceedings at this time.

AFFILIATION

5. A statement as to whether or not the Provider is, or is affiliated with, a religious, charitable, non-profit, or for-profit organization; the extent of the affiliation, if any; the extent to which the affiliate organization will be responsible for the financial and contractual obligations of the Provider; and the provision of the Federal internal Revenue Code, if any, under which the Provider or affiliate is exempt from the payment of income tax:

Answer: The Provider is affiliated with The Evangelical Covenant Church, an Illinois not-for-profit corporation which is exempt from the payment of Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The Provider is exempt from the payment of Federal income tax as a member of the group exemption that has been granted to The Evangelical Covenant Church pursuant to Section 501(c)(3) of the Internal Revenue Code. Covenant Retirement Communities, Inc., also an Illinois not-for-profit corporation affiliated with The Evangelical Covenant Church, is the parent corporation of the Provider and administers the retirement communities and nursing homes on behalf of the Board of Benevolence of The Evangelical Covenant Church. The foregoing affiliated entities are not responsible for the financial and contractual obligations of the Provider; except that Covenant Retirement Communities, Inc. is a member of the "obligated group" under certain long-term financing of which the Provider is a part, described in Note 11 of the audit attached hereto as Exhibit "B". The Provider is not affiliated with any for-profit organization.

DESCRIPTION OF PROPERTY

6. The location and description of the physical properties of the Provider, existing or proposed; and, if proposed, the estimated completion date or dates, whether or not construction has begun, and the contingencies subject to which construction may be deferred:

Answer: The Facility, Covenant Village of Cromwell, is located at 52 Missionary Road, Cromwell, CT 06416, and currently consists of 211 units of residential living including 169 apartment, 28 patio home and 12 cottage accommodations for the elderly. Note, the Facility removed 15 cottage units from inventory to accommodate the planned construction project described in Exhibit E of this Disclosure Statement.

Pineview is located at 52 Missionary Road, Cromwell, CT 06416, and has 14 residential living apartments (included in the 226 stated above), 41 assisted living apartments, and 9 assisted living apartments with memory support.

Pilgrim Manor, also at 52 Missionary Road, Cromwell, CT 06416 comprises 60 chronic and convalescent home beds.

Legal description: A certain piece or parcel of land and improvements contained thereon located in the Town of Cromwell, County of Middlesex, State of Connecticut, and more

particularly bounded and described as follows, to-wit:

Commencing at a point on the southerly street line of West Street, said point being the northwesterly corner of the herein described parcel and the northeasterly corner of land now or formerly of St. John's Housing Corp.;

Thence running south $63^{\circ} 37' 23''$ east 165.89 feet along the southerly street line of West Street; Thence running south $17^{\circ} 14' 50''$ west 101.61 feet, south $32^{\circ} 14' 55''$ east 28.42 feet, south $07^{\circ} 02' 36''$ west 78.00 feet along land now or formerly of Jennie Zawacki and Ann Medolago; Thence running south $63^{\circ} 37' 33''$ east 109.47 feet along land now or formerly of Jennie Zawacki and Ann Medolago, and land now or formerly of Francis H. Grace, partly by each; Thence running south $55^{\circ} 34' 51''$ east 200.53 feet along land now or formerly of Francis H. Grace, and land now or formerly of Kenneth L. Bobenski and Katherine A. Bobenski, partly by each; Thence running south $07^{\circ} 02' 36''$ west 27.15 feet along land now or formerly of Nicholas J. Oslander, et al.; Thence running south $54^{\circ} 38' 36''$ east 922.60 feet along land now or formerly of Nicholas J. Oslander, et al., land now or formerly of Ursula M. Gulliksen, land now or formerly of Judy Gugliemino Santoro, land now or formerly of Aldo Casarella and Esperanza Casarella, land now or formerly of Robert Tourville and land now or formerly of Louis S. Jasion and Shirley A. Jasion, other land now or formerly of Covenant Home, Inc., land now or formerly of James E. Valentin and Barbara L. Gross, land now or formerly of Joseph Pitruzzello and Lowrey M. Pitruzzello, land now or formerly of Gilbert R. Anderson and Haruko S. Anderson and land now or formerly of Connecticut Light and Power Company, partly by each; Thence running south $05^{\circ} 43' 34''$ east 223.00 feet along land now or formerly of Michael A. Garafalo and land now or formerly of Missionary, LLC, partly by each; Thence running south $76^{\circ} 43' 20''$ west 36.30 feet along the northerly street line of Missionary Road; Thence running south $09^{\circ} 11' 50''$ east 39.12 feet along the westerly street line of Missionary Road; Thence running $77^{\circ} 17' 43''$ west 154.30 feet along land now or formerly of Giuseppe Spagnulo and Rosaria Spagnulo; Thence running south $08^{\circ} 03' 29''$ east 399.00 feet along land now or formerly of Giuseppe Spagnulo and Rosaria Spagnulo, land now or formerly of John L. Ceplenski and Pauline S. Ceplenski, land now or formerly of Frank V. Carta and Carol Carta, land now or formerly of Serafino Calafiore, land now or formerly of Francesco Briganti and Giuseppa Briganti, partly by each; Thence running north $80^{\circ} 03' 11''$ east 133.50 feet along land now or formerly of Francesco Briganti and Giuseppa Briganti; Thence running south $03^{\circ} 00' 49''$ east 5.04 feet along the northerly street line of Catherine Street; Thence running south $80^{\circ} 03' 11''$ west 138.30 feet along land now or formerly of Richard Przekopski and Ann Claire Przekopski and land now or formerly of George J. Asfalg and Rochelle Asfalg, partly by each; Thence running south $80^{\circ} 50' 11''$ west 411.37 feet along land now or formerly of George J. Asfalg and Rochelle Asfalg, land now or formerly of Clayton T. Brown and Tracey T. Brown, land now or formerly of Jeffrey T. Pandolfi and Joann M. Pandolfi, land now or formerly of Thomas Savinelli and Margaret Savinelli and land now or formerly of Adrienne Runowicz, partly by each; Thence running south $08^{\circ} 39' 49''$ east 55.73 feet along land now or formerly of Adrienne Runowicz; Thence running south $80^{\circ} 49' 11''$ west 167.60 feet along land now or formerly of Adrienne Runowicz, land now or formerly of Maureen M. Lozinski and land now or formerly of Mary Lou Ferrara, partly by each; Thence running south $80^{\circ} 52' 16''$ west 414.53 feet along land now or formerly of Mary Lou Ferrara, land now or formerly of Ronald J. Mercier and Patricia S. Mercier, land now or formerly of Kathleen Chimblo, land now or formerly of Justin D. Millar and Deborah C. Millar and land now or formerly of Kenneth D. Rice and Kara L. Rice, partly by each; Thence running north $08^{\circ} 42' 06''$ west 390.80 feet, south $76^{\circ} 56' 31''$ west 287.26 feet and north $08^{\circ} 01' 03''$ west

494.51 feet along land now or formerly of Childrens Home of Cromwell; Thence running north 77° 22' 19" east 351.00 feet and north 00° 23' 40" east 1024.01 feet along land now or formerly of St. John's Housing Corp. to the point and place of commencement.

ADDRESS OF PROPERTY: 52 MISSIONARY ROAD, CROMWELL, CONNECTICUT 06416

Please see Exhibit "E" for a description of proposed construction projects.

BENEFITS INCLUDED

7. The goods and services provided or proposed to be provided without additional charge under the contract for continuing-care including the extent to which medical or nursing care or other health-related benefits are furnished:

Answer: Goods and services provided under continuing care contracts:

Provider's services are offered through its Standard Residency Agreement attached hereto as Exhibit "A". Provider offers variations of the Standard Residency Agreement consisting of a Refundable Residency Agreement and 50% Refundable Residency Agreement that provide for increased entrance fees and a partial refund of such entrance fees upon death or termination of the residency agreement and a 30 Day Health Care Residency Agreement that provides for 30 "health care days" instead of the 60 "health care days" provided in the Standard Residency Agreement. Provider also offers a monthly option. Please see Sections III and IV(C) of the attached Residency Agreement and Residency Agreement Exhibit E for the general description of the goods and services provided under the various residency options.

Provisions of medical care under continuing care contracts:

The Standard Residency Agreement, Refundable Residency Agreement, and 50% Refundable Residency Agreement each provides a health care benefit of sixty (60) days of health care incurred at another campus facility with limited additional costs (subject to charges for services and supplies not normally provided for in the Residency Agreement) and a ten (10%) percent reduction toward the basic daily or monthly rate incurred at another campus facility. See Sections VI (B), and (C) of the Standard Residency Agreement, Refundable Residency Agreement, and 50% Refundable Residency Agreement.

The 30 Day Health Care Residency Agreement provides a health care benefit of thirty (30) days of health care incurred at another campus facility with limited additional costs (subject to charges for services and supplies not normally provided for in the Residency Agreement). The ten (10%) percent reduction toward the basic daily or monthly rate incurred at another campus facility offered in the Standard Residency Agreement, Refundable Residency Agreement, and 50% Refundable Residency Agreement is not applicable to the 30 Day Health Care Residency Agreement. See Sections VI (B), and (C) of the 30 Day Health Care Residency Agreement.

The Monthly Residency Agreement provides for a lifetime reserve of sixty (60) days of health care incurred at another campus facility with limited additional costs (subject to charges for services and supplies not normally provided for in the Residency Agreement). The lifetime reserve of sixty (60) days of health care incurred at another campus facility with limited

additional costs shall be available on the basis of one (1) day for every month of occupancy of the residential unit, up to a lifetime total of 60 days. The Monthly Residency Agreement is subject to limited availability. See Sections VI (B) and (C) of the Monthly Residency Agreement.

Goods and services made available at or by the Facility at extra charge:

See Section IV(E) of the attached Standard Residency Agreement and Residency Agreement Exhibit F attached hereto and entitled "Charges for Optional Services".

INTEREST ON DEPOSITS

8. The disposition of interest earned on entrance fees or other deposits held in escrow:

Answer: Interest earned on entrance fees, reserve funds and other deposits held in escrow is the property of the Provider and not paid to the applicant/resident.

TERMINATION OF CONTRACT

9. A description of the conditions under which the continuing-care contract may be terminated, whether before or after occupancy, by the Provider or by the resident. In the case of termination by the Provider, a description of the manner and procedures by which a decision to terminate is reached by the Provider, including grounds for termination, the participation of a resident's council or other group, if any, in reaching such a decision, and any grievance appeal or other similar procedures available to a resident whose contract has been terminated by the Provider:

Answer: The terms and conditions relating to termination and cancellation of the Residency Agreement, and corresponding refunds of entrance fees are discussed at length and in detail in Section VII of each of the Residency Agreements. This Section of the Residency Agreement, as applicable, discusses the thirty (30) day rescission period, pre-occupancy termination rights of the residents and the Provider, refunds applicable to the ninety (90) day adjustment period and termination subsequent to the adjustment period by both the resident and the Provider. Section VII of the Residency Agreement attached hereto should be reviewed in full with respect to termination of the contract for continuing-care. There is no formal appeal process available to a resident whose contract for continuing-care has been terminated by the Provider.

RIGHTS OF A SURVIVING SPOUSE

10. A statement setting forth the rights of a surviving spouse who is a resident of the Facility and the effect of the continuing-care contract on the rights of a surviving spouse who is not a resident of the Facility, in the event of the death of a resident, subject to any limitations imposed upon such rights by statute, or common law principles:

Answer: A married couple is afforded the rights and privileges as individuals as set forth in the Residency Agreement. In the event of the death of one spouse, the resident surviving spouse's rights and privileges remain unchanged as set forth in the Residency Agreement. Any person not signing a residency agreement has no rights or benefits within the Residency Agreement.

MARRIAGE OF A RESIDENT

11. A statement of the effect of a resident's marriage or remarriage while in the Facility on the terms of his continuing-care contract:

Answer: See Residency Agreement Section IV(K). If the non-resident spouse does not meet the requirements for entry to the Facility, the Provider reserves the right to refuse admission of the spouse to the Facility.

DISPOSITION OF PERSONAL PROPERTY

12. A statement of the Provider's policy regarding disposition of a resident's personal property in the event of death, temporary or permanent transfer to a nursing facility, or termination of the contract by the Provider:

Answer: See Sections V(D) and VII(K) of the Residency Agreement.

TAX CONSEQUENCES

13. PAYMENT OF AN ENTRANCE FEE OR OTHER TRANSFER OF ASSETS PURSUANT TO A CONTINUING-CARE CONTRACT MAY HAVE SIGNIFICANT TAX CONSEQUENCES. ANY PERSON CONSIDERING SUCH A PAYMENT OR TRANSFER MAY WISH TO CONSULT A QUALIFIED ADVISOR.

RESERVE FUNDING ESCROWS

14. The provisions that have been made or will be made by the Provider for reserve funding and any other security to enable the provider to perform fully its obligations under continuing-care contracts, including but not limited to escrow accounts established in compliance with Sections 17b-524 and 17b-525, trusts, or reserve funds, together with the manner in which such funds will be invested and the names and experience of persons making or who will make the investment decisions:

Answer: In accordance with Connecticut General Statutes Section 17b-524 regarding entrance fee escrows, the Provider maintains an entrance fee escrow, whereby each entrance fee or portion of an entrance fee received by the Provider from or on behalf of a resident prior to the date the resident is permitted to occupy a unit in the Facility is placed in escrow, subject to release as provided in said escrow agreement. The balance in said entrance fee escrow fund was \$96,771.81 as of March 31, 2018, in compliance with this state regulation. The funds are held on deposit with Bank of America, N.A., 99 Founders Plaza, 5th Floor, East Hartford, CT 06108.

In accordance with Connecticut General Statutes Section 17b-525 regarding reserve fund escrows, the Provider maintains an escrow account which contains a portion of all entrance fees received by the Provider in an aggregate amount of up to the total of all principal and interest payments due during the next six (6) months on account of any first mortgage loan or other long term financing by the Facility, and the total cost of operations of the Facility for a one (1) month period. The balance in said fund was \$1,310,081.47, as of March 31, 2018, in compliance with this State regulation. The escrow account is currently held at

Bank of America, N.A., 99 Founders Plaza, 5th Floor, East Hartford, CT 06108. The funds are invested in accordance with state requirements and CRC policy as monitored by the Covenant Ministries of Benevolence Finance Committee.

FINANCIAL STATEMENTS

15. The Provider's financial statements, including a balance sheet, income statement and statement of cash flow, associated notes or comments to those statement, audited by an independent certified public accounting firm for the two most recent fiscal years of the Provider or such shorter period of time as the Provider shall have been in existence:

Answer: The portion of the audit which pertains to Covenant Home, Inc. and has been prepared by Plante & Moran, PLLC is attached hereto as Exhibit "B". These audited financial statements have been derived from the audit of the Provider's parent company, Covenant Retirement Communities, Inc. Interim financial statements prepared by management of the Provider are also contained in Exhibit "B".

SOURCE OF FUNDS (IF FACILITY IS NOT IN OPERATION)

16. If operation of the Facility has not yet commenced, a statement of the anticipated source and application of the funds used or to be used in the purchase or construction of the Facility, including ... (Sections (A)-(D)):

Answer: Operation of the Facility has commenced. See Exhibit E, however, regarding new construction Project.

PRO FORMA CASH FLOW STATEMENTS

17. Pro forma cash flow statements for the Facility for the next three fiscal years, including a summary of projections used in the assumptions for such pro forma statements, including, but not limited to, anticipated resident turnover rates, average age of residents, health care utilization rates, the number of health care facility admissions per year, days of care per year and the number of permanent transfers.

Answer: See Exhibit "C" attached hereto for such pro forma statements and related assumptions for such statements.

OCCUPANCY

18. The facility's current rate schedules for entrance fees, monthly fees, fees for ancillary services and current occupancy rates.

Answer: See following charts and rate sheets.

Residency Type	Occupancy as of March 31, 2018
Independent Living	94.78%
Assisted Living	97.29%
Assisted Living with Memory Support	76.92%
Skilled Nursing	85.00%

Covenant Village of Cromwell
Pricing Effective 2/1/2018 - 1/31/2019

	Sq. Ft.	<u>Standard Contract</u>	<u>Entry Fee for 1st Person</u>			<u>Monthly Fee - **First Person</u>
			<u>30 Day Health Care Contract</u>	<u>50% Refundable Contract</u>	<u>90% Refundable Contract</u>	
Residential Living Homes - *First Person						
Studio Apartments	490-500	\$77,680	\$41,405	\$108,730	\$139,785	\$2,040
1 BR Apartment	617-654	\$98,785	\$62,315	\$138,015	\$177,420	\$2,523
1 BR apartment/Den	818	\$131,625	\$95,350	\$184,320	\$236,915	\$2,773
1 BR Dix apartment	920-960	\$151,385	\$115,210	\$211,815	\$272,350	\$2,935
2 BR Apartment	857-939	\$188,625	\$152,700	\$264,090	\$339,460	\$2,999
2 BR Dix Apartment:	1020-1150	\$205,290	\$169,365	\$287,410	\$369,585	\$3,057
2 BR Dix Suite Apartment	1164	\$249,390	\$213,465	\$349,150	\$448,780	\$3,253
2BR Custom Deluxe	1329	\$286,350	\$250,425	\$400,845	\$515,345	\$3,391
1 Br Cottage	730	\$114,910	\$78,990	\$160,775	\$206,635	\$2,778
1 BR Dix Cottage	1077	\$171,640	\$135,615	\$240,180	\$308,815	\$3,150
2 BR Cottage	948	\$192,760	\$156,840	\$238,105	\$343,705	\$3,229
2 BR Dix Cottage	1328	\$269,885	\$233,965	\$377,865	\$485,845	\$3,577
Patio Home A&B	1466-1636	\$295,045	\$259,120	\$412,960	\$530,980	\$3,174
Patio Home C	1412	\$279,205	\$243,285	\$391,010	\$502,715	\$3,015
Patio Home Dix with basement	1563-1592	\$357,265	\$321,335	\$500,025	\$642,890	\$3,432
*Entry Fee for second person standard contract, 50%, 90% (add)		\$34,765				
*Entry Fee for second person 30 day Health Care Contract (add)		\$5,535				
**Monthly Fee for second person (add)		\$844				
Monthly Fee for second person / patio home (add)		\$430				

Monthly fees on this exhibit include property taxes and the State assessment. Property taxes are billed separately and are subject to a mid-year revaluation and/or mill-rate adjustment by the Town of Cromwell. Those increases or decreases will be reflected on the monthly statement and will be retroactive to February 1, 2018.

State assessment is \$2

The entrance fee for the Monthly, and Alternative Monthly Agreements is \$5,000. The monthly fee for the Monthly Residency Agreement is the standard monthly fee noted above plus a monthly fixed fee equal to 2% of the entrance fee for the Standard Residency Agreement.

The fees for the Assisted Living and Skilled Nursing Facilities are as follows:

Assisted Living and Skilled Nursing Rates and Fees					
Effective February 1, 2018					
Pineview Assisted Living Rates	Monthly Care Fee	Monthly Service Level Fee	Monthly State Assessment	Monthly Property Taxes	Total Monthly Charges
Alcove - base fee	\$6,050		\$2	\$130	\$6,182
Service Level 2 - ancillary fee	\$6,050	\$391	\$2	\$130	\$6,573
Service Level 3 - ancillary fee	\$6,050	\$784	\$2	\$130	\$6,966
Service Level 4 - ancillary fee	\$6,050	\$1,567	\$2	\$130	\$7,749
Service Level 5 - ancillary fee	\$6,050	\$2,348	\$2	\$130	\$8,530
Alcove Deluxe - base fee	\$6,587		\$2	\$194	\$6,783
Service Level 2 - ancillary fee	\$6,587	\$391	\$2	\$194	\$7,174
Service Level 3 - ancillary fee	\$6,587	\$784	\$2	\$194	\$7,567
Service Level 4 - ancillary fee	\$6,587	\$1,567	\$2	\$194	\$8,350
Service Level 5 - ancillary fee	\$6,587	\$2,348	\$2	\$194	\$9,131
One Bedroom - base fee	\$7,058		\$2	\$254	\$7,314
Service Level 2 - ancillary fee	\$7,058	\$391	\$2	\$254	\$7,705
Service Level 3 - ancillary fee	\$7,058	\$784	\$2	\$254	\$8,098
Service Level 4 - ancillary fee	\$7,058	\$1,567	\$2	\$254	\$8,881
Service Level 5 - ancillary fee	\$7,058	\$2,348	\$2	\$254	\$9,662
Two Bedroom - base fee	\$7,457		\$2	\$377	\$7,836
Service Level 2 - ancillary fee	\$7,457	\$391	\$2	\$377	\$8,227
Service Level 3 - ancillary fee	\$7,457	\$784	\$2	\$377	\$8,620
Service Level 4 - ancillary fee	\$7,457	\$1,567	\$2	\$377	\$9,403
Service Level 5 - ancillary fee	\$7,457	\$2,348	\$2	\$377	\$10,184
Second person fee - base fee	\$3,594				\$3,594
Second person fee - Service Level 2	\$3,594	\$391			\$3,985
Second person fee - Service Level 3	\$3,594	\$784			\$4,378
Second person fee - Service Level 4	\$3,594	\$1,567			\$5,161
Second person fee - Service Level 5	\$3,594	\$2,348			\$5,942
Well Spouse Fee	\$1,175				\$1,175
Pineview Memory Support Rates	Monthly Care Fee	Monthly Service Level Fee	Monthly State Assessment	Monthly Property Taxes	Total Monthly Charges
Alcove - base fee	\$7,848		\$2	\$184	\$8,034
Service Level 2 - ancillary fee	\$7,848	\$783	\$2	\$184	\$8,817
Alcove Deluxe - base fee	\$8,486		\$2	\$200	\$8,688
Service Level 2 - ancillary fee	\$8,486	\$783	\$2	\$200	\$9,471
One Bedroom - base fee	\$8,848		\$2	\$208	\$9,058
	\$8,848	\$783	\$2	\$208	\$9,841
Pilgrim Manor Care Center Fees	Daily Room Charge	Daily Property Tax	Total Daily Charges		
Private	\$595	\$1.18	\$596.18		
Semi-Private	\$509	\$0.77	\$509.77		
*Additional clinical services may be provided for residents in assisted living. Costs for those services are listed on the "optional services" price sheet.					
*The optional services rate sheet for Pilgrim Manor Care Center is available from the health care administrator or the nursing office. The optional services rate sheet for Pineview assisted living is available from the Pineview receptionist or health care administrator.					
*Property taxes are billed separately and are subject to a mid-year revaluation and/or mil-rate adjustment by the town of Cromwell. Those increases or decreases will be reflected on the monthly statement and will be retroactive to February 1st, the start of our fiscal year.					

Please see Exhibit "D" attached hereto for a list of ancillary/optional services and the current rates relating to such services.

ENTRANCE FEES/PERIODIC CHARGES

19. A description of all entrance fees and periodic charges, if any, required of residents, and a record of past increases in such fees and charges during the previous five (5) years:

Answer: The basic fees charged by Provider comprise a one-time entrance fee and a monthly service fee (also referred to as a periodic charge) which covers the use of the apartment of choice for the entire period of residence and the monthly operational costs such as meals, housekeeping, utilities, linens and towels, health monitoring, etc. The entrance fee and the monthly fee vary, depending upon the residency type; the location, size and type of unit; and whether a second person occupies the unit. The fees for the various residency options are summarized in the tables below. In addition, residents are responsible for health care costs as described above in Section 7 of this Disclosure Statement based on the residency option selected, and for the charges associated with the various optional services used by such residents from time to time as described in Section IV(E) of the Residency Agreements entitled "Charges for Optional Services" and Exhibit F of such Residency Agreements. An additional charge is made every month to a resident for his pro rata share of the Facility's real estate taxes, special assessments, and expenses and fees incurred in connection thereto, as more specifically set forth in Section IV(I) of the Residency Agreement.

The entrance fees are paid by residents as follows: (i) \$1,350 is paid at the time of application; \$3,650 is paid when the application is accepted by Provider; and (iii) the balance of the entrance fee, if any, is paid on or before occupancy. Realizing that liquidating assets may require time, Provider is open to reasonable requests to vary the above schedule of payments, in its sole discretion, subject to interest charges **All rates subject to change.**

Under the Refundable Residency Agreement, 90% of the entrance fee less certain deductions, as provided in the Residency Agreement, is refundable to the resident or resident's estate upon death or termination of the Residency Agreement. Similarly, under the 50% Refundable Residency Agreement, 50% of the entrance fee less certain deductions, as provided in the 50% Residency Agreement, is refundable to the resident or resident's estate upon death or termination of the Residency Agreement. See Sections VI (B), (C), and VII of the Refundable Residency Agreement and the 50% Refundable Residency Agreement.

The monthly service fee due under the Residency Agreements may be adjusted from time to time by the Provider in accordance with Section IV of the Residency. A summary of the increases of such monthly service fees and entrances fees for the past five (5) years are shown in the following schedules of entrance fees and monthly fees:

[See Schedules on Following Page]

Schedule of Entrance Fees - Standard Residency Agreement

Year	Apartment		Cottage		2nd Person Entrance Fee
2013	\$70,000	to \$226,980	\$104,530	to \$325,130	\$31,350
2014	\$71,400	to \$265,800	\$106,600	to \$250,600	\$32,600
2015	\$72,800	to \$271,116	\$108,800	to \$256,600	\$32,600
2016	\$74,900	to \$276,600	\$111,000	to \$226,000	\$33,250
2017*	\$77,680	to \$286,350	\$114,910	to \$192,760	\$34,765

* **Note:** The maximum entrance fee stated for cottages for 2017 is reduced from \$269,885 as a result of Provider removing 15 cottage units from service in anticipation of Provider's construction of additional residential units and Town Center as described in this Disclosure Statement.

Schedule of Monthly Fees - Standard Residency Agreement

Year	Apartment		Cottage		2nd Person Monthly Fee
2013	\$ 1,728	to \$ 2,775	\$ 2,365	to \$ 2,936	\$ 363 to \$ 712
2014	\$ 1,782	to \$ 2,858	\$ 2,437	to \$ 3,143	\$ 375 to \$ 736
2015	\$ 1,852	to \$ 3,116	\$ 2,532	to \$ 3,265	\$ 390 to \$ 736
2016	\$ 1,923	to \$ 3,377	\$ 2,621	to \$ 3,376	\$ 405 to \$ 795
2017	\$ 2,042	to \$ 3,397	\$ 2,782	to \$ 3,583	\$ 430 to \$ 844

**DEPARTMENT OF SOCIAL SERVICES - FILINGS
ELDERLY SERVICES DIVISION**

20. A statement that all materials required to be filed with the department are on file, a brief description of such materials, and the address of the department at which such materials may be reviewed:

Answer: Covenant Village of Cromwell submitted a Disclosure Statement for the year ending December 31, 1986 to the Department of Social Services prior to the promulgation of regulations. As of May 9, 1988, an updated Disclosure Statement for Covenant Village of Cromwell was accepted for filing by the Department of Social Services. The required financial and actuarial data has been filed for the fiscal years ending January 1987 through January 2017.

These materials may be reviewed at:

State of Connecticut
Department of Social Services
25 Sigourney St.
Hartford, CT 06106
Phone: (860) 424-5103

EXHIBIT "A"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL

RESIDENCY AGREEMENT

COVENANT VILLAGE OF CROMWELL

STANDARD RESIDENCY AGREEMENT

RESIDENCY AGREEMENT
COVENANT VILLAGE OF CROMWELL
Cromwell, Connecticut

This Residency Agreement (the "Agreement") is between COVENANT HOME, INC., a Connecticut non-stock corporation, authorized to do business in Connecticut as COVENANT VILLAGE OF CROMWELL, Cromwell, Connecticut, (referred to in this Agreement as "Corporation") and _____ (referred to in this Agreement as "Resident"). "Resident" shall be considered plural in the event that two individuals are named as Residents in this Agreement.

THE CORPORATION is wholly owned by COVENANT RETIREMENT COMMUNITIES, INC., which is managed and governed by the BOARD OF BENEVOLENCE OF THE EVANGELICAL COVENANT CHURCH (The Evangelical Covenant Church is referred to in this Agreement as "Church"); and

THE CORPORATION owns and operates COVENANT VILLAGE OF CROMWELL, a continuing care retirement community (referred to in this Agreement as "Community") located at 52 Missionary Road, Cromwell, Connecticut 06416 (referred to in this Agreement as "Property"); and

RESIDENT desires to enter into an agreement with the Corporation in order to become a resident at the Community and to occupy one of the residential units at the Community.

THEREFORE, in consideration of the terms of this Agreement, the Corporation and Resident agree as follows:

I. **STATEMENT OF PURPOSE:**

The Corporation has been established by the Church to provide a Christian continuing care retirement community. Residency at the Community is open, as space permits, regardless of race, color, national origin or gender, to people who respect The Evangelical Covenant Church's Christian principles. The Corporation will operate in the spirit of Christian principles as stated in the Bible and believed and practiced in The Evangelical Covenant Church. Residency normally does not begin before the age of 62. **The Church, its Board of Benevolence, and Covenant Ministries of Benevolence shall not be and are not financially responsible in any manner for the obligations of the Corporation under this Agreement.**

II. **APPLICATION PROCESS AND DISCLOSURES:**

II. A. **Incorporation of Resident's Application:**

Resident certifies to the Corporation that all of the information contained in Resident's application for residency, including the financial information, is complete and accurate. A copy of Resident's application is either incorporated by reference or attached to this Agreement as Exhibit A. The Corporation has relied on all of the information contained in Resident's application in accepting Resident and in its execution of this Agreement. Any misrepresentation or omission on the part of Resident shall render this Agreement null and void at the option of the Corporation. Resident agrees to notify the Corporation of any material change in Resident's physical, financial or mental condition prior to residency.

II. B. **Acknowledgement of Receipt of Financial Disclosure Statements:**

Resident acknowledges receipt of the financial disclosure statement required by state law on or before the date of this Agreement. Upon request, Resident shall be provided with the Corporation's subsequent financial disclosure statements and, if applicable, the name, address and telephone number of the escrow agent for the Entrance Fee escrow account.

III. **DESIGNATION OF RESIDENTIAL UNIT:**

The Corporation agrees to provide, for the exclusive use of Resident, subject to the terms of this Agreement and the general rules and regulations governing residents, the following designated initial residential unit: _____, known as a _____ type (referred to in this Agreement as "Residential Unit"). The date that Monthly Service Fees begin for use of the Residential Unit is referred to in this Agreement as the "Date of Occupancy." Except for circumstances beyond the control of the Corporation, the Date of Occupancy of the Residential Unit is _____, 20_____.

The Corporation's obligation to provide care and services according to this Agreement, shall not become effective until the day Resident occupies the Residential Unit. The Entrance Fees are due, and the Monthly Service Fees and other charges begin as of the Date of Occupancy or as agreed upon in writing.

Resident's right to occupy the Residential Unit or such other unit to which Resident is transferred according to this Agreement, shall continue throughout the lifetime of Resident unless terminated in the manner provided in this Agreement. This Agreement is not a lease and does not transfer any property interest to Resident.

Resident's rights as set forth in this Agreement apply exclusively to Resident and do not extend to any other individuals. This Agreement and the right to reside at the Community are not assignable by act of Resident or by law. In addition, no person other than Resident may occupy the Residential Unit, except with the express written approval of the Community's Executive Director.

IV. **RESIDENT'S FINANCIAL OBLIGATIONS:**

IV. A. **Entrance Fee:**

Resident agrees to pay an Entrance Fee in the sum of _____ Dollars (\$) (referred to in this Agreement as "Entrance Fee") and an additional sum of _____ Dollars (\$) for a second Resident, (referred to in this Agreement as the "Second Person Entrance Fee") if applicable, as follows:

- IV. A. 1. In the event the Residential Unit is not a newly constructed unit:
- IV. A. 1. (a) Application deposit of \$1,350.00. This application deposit includes a \$350.00 filing fee which is non-refundable after the Rescission Period as defined in Subsection A of Section VII of this Residency Agreement; and
- IV. A. 1. (b) An additional sum of \$3,650.00 at the time of reservation of the Residential Unit.

IV. A. 1. (c) The balance in the amount of _____ Dollars (\$) at the Date of Occupancy or as agreed upon in writing.

IV. A. 2. In the event that the Residential Unit is a newly constructed unit, Resident shall pay the fees according to the terms of the Escrow Agreement and Reservation Agreement as required by state statutes, copies of which are incorporated by reference as Exhibit D.

The Entrance Fee paid by Resident is deemed to be the sole property of the Corporation, and the right of refund upon termination or death of Resident is limited only to the express provisions contained in Section VII of this Agreement and shall not be subject to the claims of creditors of Resident. However the Corporation can make partial refunds of the Entrance Fee to Resident at the Corporation's sole discretion at any time.

IV. B. **Monthly Service Fees:**

Resident also agrees to pay, on a timely basis, a monthly fee (referred to in this Agreement as "Monthly Service Fee"). The Monthly Service Fee covers the cost of the basic care and services provided to Resident by the Corporation.

The Monthly Service Fee for single occupancy of the Residential Unit is initially established at _____ Dollars (\$) per month. In the event that a second Resident is named in this Agreement, the additional Monthly Service Fee to cover the second person's basic care and services is initially established at _____ Dollars (\$) per month. These charges will be adjusted from time to time as provided for in this Agreement.

Monthly Service Fees and any other charges will be billed in advance to Resident on or before the first day of each month (for the month to follow) and shall be paid by Resident on or before the 10th day of each month. Resident agrees to pay interest to the Corporation at the current rate as established periodically by the Corporation on all Monthly Service Fees and any other fees received by the Corporation after the 10th day of the month. Except as provided in Subsection H of Section IV, occupancy and use of the accommodations by Resident are contingent upon the regular payment of these fees.

It is understood that when Resident is away from the Community for an extended period of time no credit to the Monthly Service Fee including second person Monthly Service Fee will be allowed for the time away except as expressly granted under policies established by the Corporation. Monthly Service Fees shall be considered as payment for services rendered, and shall not be refunded.

IV. C. **Care and Services Included in Monthly Service Fees:**

The care and services as described in Exhibit E are included in the Monthly Service Fee.

IV. D. **Furnishings, Other Care and Service Providers, Housekeeping and Maintenance, and Redecorating:**

IV. D. 1. **Furnishings:**

The Corporation will provide fixtures and appliances for the Residential Unit including the following: kitchen appliances (refrigerator-freezer, range with oven and hood, and garbage disposal), wall-to-wall carpeting, and window treatments. Laundry facilities for personal items are also located on the campus. Furniture and other furnishings within the Residential Unit will not be provided by the Corporation.

Resident agrees that furniture and furnishings provided by Resident will not interfere with the health, safety, peaceful habitation and general welfare of other residents. The Corporation reserves the right to monitor and, if necessary, to require changes in the furnishings, carpeting, appliances, etc., in the living accommodations consistent with the health or safety of Resident or the health, safety and general welfare of other residents of the Community.

IV. D. 2. **Other Care and Service Providers:**

No services may be provided to Resident at the Community by another care provider unless such provider has previously registered with the Corporation and provided proof of appropriate licensure and insurance coverage. Registration with the Corporation is not to be construed in any way as an endorsement of the provider by the Corporation. The selection of such provider is in Resident's discretion and at Resident's expense.

IV. D. 3. **Housekeeping, Repairs, Maintenance and Replacements:**

Except as provided in Exhibit E, Resident shall perform all usual light housekeeping tasks necessary to keep the Residential Unit in a clean, sanitary and orderly condition. In the event Resident fails to keep the Residential Unit in such condition, the Corporation shall have the right, but not the obligation, to perform, at Resident's expense, all work necessary to do so.

The Corporation shall maintain the building and grounds of the Community on a regular basis. Necessary repairs, maintenance and replacement of property or equipment owned by the Corporation shall be performed and provided by the Corporation. Resident is responsible for repair, maintenance and replacement expenses of Resident's property.

IV. D. 4. **Redecorating:**

The Corporation will redecorate the Residential Unit from time to time as may be, in its sole discretion, necessary to maintain the quality standards of the residential units. Any redecoration or modification of the Residential Unit by Resident shall be at Resident's expense and requires the prior written approval and supervision of the Corporation.

IV. E. **Charges for Optional Services:**

Services and items not specifically set forth in Exhibit E of this Agreement as included in the Monthly Service Fee are optional services (referred to as "Optional Services") and are an additional charge to Resident. A list of the currently offered Optional Services and fees is attached as Exhibit F. However, the Corporation does not guarantee that the Optional Services shall be available throughout the entire term of this Agreement. Resident shall pay for Optional Services as billed on or before the 10th day of each month.

IV. F. **Adjustments in Monthly Service Fees and Included Services:**

The Corporation may increase or decrease the Monthly Service Fee and the fees for any or all of the Optional Services, or modify the care and services included in the Monthly Service Fee or available Optional Services from time to time upon thirty (30) days advance notice of any change, except for changes required by State or Federal assistance programs. Any such adjustment(s) shall be based upon the Corporation's projected costs, prior year per capita costs and economic indicators, as determined by the Corporation in its sole discretion, which costs and indicators may include, without limitation, all costs of providing services and amenities, administrative costs and fees, employee expenses, marketing costs, insurance (including, without limitation, property, casualty and liability insurance), costs of maintenance, repair, replacement, improvement and acquisition of capital items (including furniture, fixtures and equipment), operating and capital reserves, bond reserve requirements, working capital, related organization fees, changes in various economic indicators, actuarial requirements, State and Federal regulations, and changes in contract services or other costs deemed to be in the best interest of the Community.

IV. G. **Joint and Severable Liability:**

In the event that more than one Resident executed this Agreement, each Resident agrees that they are jointly and severally liable for all payments hereunder.

IV. H. **Inability to Pay Monthly Charges:**

Failure to pay the Monthly Service Fee or any other charges described in this Agreement may be cause for termination of this Agreement. However, if the sole reason for Resident's inability to pay, is insufficient funds and if such lack of funds was not caused by Resident's, Resident's agent's (under power of attorney, joint tenancy account or as co-signer on an account) or Resident's trustee's willful or negligent action (such as Resident's, Resident's agent's or Resident's trustee's gifting of assets to others without regard to Resident's financial responsibility under this Agreement) the Corporation will review the situation with Resident. If the facts, in the Corporation's opinion, justify special financial consideration, the Corporation, to the extent public assistance of any sort is unavailable, will partially or wholly subsidize or defer Resident's monthly charges provided that such subsidy or deferral can be granted or continued without jeopardizing the ability of the Corporation to operate on a sound financial basis for the benefit of all residents. Any such subsidies or deferrals will be accrued and will continue to be an obligation of Resident and his or her estate, together with interest as stated in this Agreement.

In the event Resident's finances are not sufficient to pay the Monthly Service Fee or other monthly charges, Resident hereby agrees to make every effort to meet these costs and to take the necessary steps to obtain Social Security, Supplemental Income, Medicaid or other

available benefits from any source. The Corporation, at the expense of Resident is granted the right to initiate necessary proceedings on Resident's behalf to obtain all sources of income. The Corporation shall not be obligated to furnish subsidies which are available from any kind of public assistance and subsidies furnished by the Corporation will be limited to the cost of care not covered by public assistance. Resident shall spend down any refund of the Entrance Fee prior to receiving a deferral of fees or applying for Medicaid benefits.

Resident certifies that Resident has not made any gifts, sales or other disposition of real or personal property or changed beneficiaries under any insurance policies during the past 5 years which has affected his or her ability to meet his or her financial responsibility to the Corporation, and Resident agrees not to do so pending his or her admission and during his or her residency at the Community. Resident shall not add parties as joint owners or as co-signers to any accounts, execute any durable powers of attorney, or transfer property to any trustee, without providing notice to the Corporation. The Corporation shall have the right to require any agent in custody of Resident's funds to certify in writing that the agent will preserve Resident's financial ability to pay all of Resident's responsibilities under this Agreement.

If a resident receiving assistance shall acquire property and sources of income which were not taken into account at the time of the application, it shall be the obligation of Resident to disclose the same to the Corporation, and the Corporation shall have the right in its discretion, to make such adjustments to the monthly charges, or any other charges described in this Agreement, as may be appropriate in the circumstances.

IV. I. **Real Estate Taxes:**

An additional charge shall be made every month to Resident for Resident's prorata share of the real estate taxes, if any, levied against the Community. Resident's prorata share is based upon the Residential Unit and Resident's share of the common areas of the Community. The monthly charge shall vary from year to year based upon an estimate of the next year's real estate tax bill.

When the final real estate tax bill is received, the Corporation will recalculate Resident's share of the taxes. If Resident's actual share exceeds the amount paid by Resident towards the taxes, Resident shall pay the remaining balance to the Corporation within 10 days of written notice by the Corporation. If Resident's actual share of taxes is less than the amount paid by Resident, the Corporation will issue a credit to Resident.

In addition, Resident shall be obligated to pay a prorata share of any special assessments and a prorata share of all appraisal fees, legal fees and other fees incurred with regard to the real estate taxes or special assessments. Any real estate tax refunds or benefit received because of any special tax exemptions shall be credited directly to any Resident qualifying for the exemption.

IV. J. **Voluntary Change of Accommodations to Another Residential Unit:**

In general, movement of residents between residential units is not encouraged. However, certain circumstances may create a need for such a move. If Resident requests a transfer to another residential unit, the Corporation will attempt to comply with such request so long as a suitable requested residential unit is available, and such move will be made in accordance with established corporate policy including a transfer fee to Resident.

IV. K. **Marriage:**

If Resident marries another, changes to health care benefits, Monthly Service Fees and additional fees upon transfer to another residential unit shall be according to established corporate policy.

IV. K. 1. If a Resident marries another resident, any changes in the residential units and Monthly Service Fees will be made according to established corporate policy.

IV. K. 2. If a Resident marries a non-resident and they wish to live at the Community, the non-resident must complete an application and must fully qualify under all regular requirements for entrance to the Community. A new residency agreement shall be signed by the new resident, and an entrance fee for the non-resident spouse shall be required equal to the lesser of (i) 50% of the then current first-person entrance fee for the residential unit to be occupied and residency agreement option selected or (ii) the then current entrance fee for a studio residence for the residency agreement option selected at the Community.

IV. L. **Separation of Joint Residents:**

IV. L. 1. **Separate Living Accommodations:**

If each Resident desires separate residential units and one Resident remains in the Residential Unit, no refund of the Entrance Fee is given and a new Residency Agreement must be submitted for the Corporation's approval accompanied by the current entrance fee for the second residential unit. The single person Monthly Service Fee for each of the residential units is charged to the respective Residents.

IV. L. 2. **Termination of Residency by One Resident:**

If one Resident desires to terminate residency and move from the Community, the remaining Resident retains full rights as a Resident. The second person Monthly Service Fee shall be discontinued. The refund provisions as set forth in Section VII are followed.

IV. L. 3. **Termination of Residency by Both Residents:**

If both Residents desire to terminate the Residency Agreement following the separation or divorce, the refund provisions as set forth in Section VII of the Residency Agreement are followed.

V. **RESIDENT'S OTHER OBLIGATIONS:**

V. A. **Power of Attorney, Guardianship:**

Resident shall within sixty (60) days of this Agreement execute or provide copies of durable powers of attorney for general/financial and health care purposes. The Corporation should be provided with copies of such powers of attorney and any amendments thereto. In the event Resident is unable to properly handle his or her affairs and there is no power of attorney or the person designated is unable or unwilling to act, the Corporation is empowered to have a guardian or conservator appointed at Resident's expense.

V. B. **Cost of Physicians, Medicine, Etc.:**

Resident, while living at any of the Corporation's facilities, is responsible for all personal medical expenses including but not limited to the cost of physicians, medicines, prescription drugs, medical supplies, vitamins, food supplements, crutches, braces, walkers, wheelchairs, special duty nursing, private rooms including private rooms at the Other Campus Facilities, special diets that require special purchasing or preparation, hospitalization, care and treatment of eyes, ears and teeth, therapies, and any and all other personal medical expenses. Resident shall go to the physician of his or her choice and at his or her expense. In an emergency, the Corporation is authorized to seek assistance on Resident's behalf if Resident's physician cannot be reached. The Corporation will also assist Resident in arranging transportation for medical needs, but payment for such transportation will be the responsibility of Resident.

V. C. **Health Insurance:**

Medicare may cover a portion of Resident's medical needs. Each Resident must be enrolled in both parts (A and B) of the Medicare program and have a supplemental health insurance policy (or an equivalent health insurance plan) acceptable to the Corporation. If Resident is ineligible for Medicare, Resident must have adequate health insurance. Resident must make the premium payments required to keep these policies in force. It is agreed that any responsibility of the Corporation under this Agreement to furnish the cost of medical care shall be deferred during periods and to the extent such cost is covered by insurance, Medicare, any other government agencies, or other programs then available. Resident agrees to prepare claim forms and to take required actions to receive all health insurance benefits available to Resident.

V. D. **Testamentary Disposition of Resident's Property:**

Resident shall within sixty (60) days of the date of this Agreement, make provisions for testamentary disposition by will, trust agreement or otherwise, of all furniture, possessions, and property located at the Corporation if not done already.

V. E. **Guests:**

Guests are welcome at the Community. Extended guest stays must be approved in advance and additional charges will be made. Resident agrees to notify the Community when Resident will have overnight guests in the Residential Unit. The Corporation shall have the right to regulate guest visits. Subletting of the Residential Unit is not permitted.

V. F. **Structural and Physical Changes to Residential Unit:**

Resident shall not make any alterations, additions or improvements to the interior or exterior of the Residential Unit without first obtaining the written consent of the Corporation, and any such repairs shall be at Resident's sole expense.

V. G. **Community Guidelines:**

The Community is a place for people to live in peace, contentment, cooperative good will, and Christian neighborliness. Resident and Corporation agree to strive

conscientiously to promote these objectives. Activities that infringe on the rights and comfort of others are prohibited. Smoking is not permitted in common areas or other areas where the safety, health and personal consideration of others is affected as determined by the Corporation in its sole discretion.

V. H. **Resident's Handbook:**

The Corporation will provide a Resident's Handbook, acquainting Resident with the Community guidelines. The Corporation may change the Resident's Handbook from time to time. Resident agrees to abide by the terms of the Resident's Handbook in effect from time to time. In the event that any provision of this Agreement conflicts with the Resident's Handbook in effect from time to time, the terms of this Agreement shall and do control.

V. I. **Right of Entry:**

Resident hereby authorizes the Corporation, through the Corporation's duly authorized employees, to enter Resident's Residential Unit upon reasonable notice as required by law and without notice in case of an emergency for management, repair or emergency purposes, including without limitation (1) observation of the condition of the Residential Unit; (2) observation of the physical and/or mental condition of Resident; (3) alteration or addition to the Residential Unit; (4) compliance with applicable laws, ordinances and/or statutes; (5) protection of the premises; or (6) for any other lawful purposes.

V. J. **Updates to Resident's Financial Statements:**

Resident agrees to provide complete updates to Resident's Financial Status included in Resident Application for Residency, including without limitation updating Resident's personal financial statements listing all of Resident's assets and obligations, in the form required by the Corporation upon the earlier of: (i) a material change in Resident's personal financial condition, or (ii) at such additional times as requested by the Corporation.

VI. **OTHER FACILITIES:**

VI. A. **Other Campus Facilities:**

There are two other facilities located on the Corporation's campus: PINEVIEW and PILGRIM MANOR (collectively referred to in this Agreement as "Other Campus Facilities" or individually as "Other Campus Facility").

PINEVIEW is an assisted living facility, with assisted living services provided by a licensed Assisted Living Services Agency, for residents who require additional assistance in activities of daily living.

PILGRIM MANOR an infirmary which has as its purpose the care of residents who require skilled nursing care.

VI. B. **Cost of Care at Other Campus Facilities:**

VI. B. 1. As a Resident of the Community, access to additional levels of care will be provided by the Corporation. All applicable health care benefits under this Residency Agreement apply only to the Other Campus Facilities. The fees for care at the Other

Campus Facilities are separate from and in addition to the Monthly Service Fees, except as provided in this Section.

- VI. B. 2. Upon transfer to one of the Other Campus Facilities, each individual named in this agreement as Resident is entitled to a lifetime reserve of sixty (60) "health care days." During the use of such "health care days," Resident shall be responsible for the cost of services and supplies which are an additional charge beyond the basic room fee at the assisted living facility or semi-private room fee at the skilled nursing care facility. The Community's policy is to apply the "health care days" to Resident's first use of one of the Other Campus Facilities unless Resident directs otherwise in writing. Unused "health care days" are cancelled on termination of this Agreement.

During the time the "health care days" are being used (including any time "health care days" are used after Resident has vacated the Residential Unit), Resident will continue to pay the then applicable Monthly Service Fee for the Residential Unit to the Corporation. If the Residential Unit is occupied by two Residents, and if one or both Residents are using the "health care days," Residents will continue to pay the then applicable first and second person Monthly Service Fees for the Residential unit.

- VI. B. 3. Once Resident has used all of Resident's "health care days," Resident will be provided a 10% discount off the basic room fee at the Community's assisted living facility or a 10% discount off the semi-private room fee at the Community's skilled nursing facility. Resident specifically acknowledges and agrees that the 10% discount only applies to the basic room fee and semi-private room fee as described above, and does not apply to additional services required by Resident, including but not limited to additional service levels, packages, supplies and medications provided to Resident at the Community's assisted living facilities or skilled nursing facility.

Resident shall continue to pay the full Monthly Service Fee for the Residential Unit if there is a second Resident named in this Agreement remaining in the Residential Unit or until the Residential Unit is vacated and released to the Community for use by another resident.

- VI. C. **Cost of Care at Off-Campus Facilities:**

In the event of a transfer from the Community to an off-campus facility, Resident shall be responsible for the total cost of moving to the off-campus facility and the total cost of all care at such other off-campus facility. However, in the event the transfer is made solely because space is unavailable at the Other Campus Facilities, Resident will be reimbursed to the extent that the Corporation would have paid such expense had Resident been cared for on the Corporation's campus. In addition, until Resident's Residential Unit is vacated and released for use by another resident, Resident shall continue to pay the Monthly Service Fees applicable to the Residential Unit.

- VI. D. **Decision Process for Move From Residential Unit:**

Resident recognizes and agrees that at some future time it may be in Resident's best interests, or may be required by law due to Resident's physical or mental condition, to be transferred to another residential unit, to one of the Other Campus Facilities or to a care facility or hospital which is not on the campus. Such decisions shall be made in the best interests of Resident by the Corporation after consultation with Resident, Resident's family, and Resident's

physician in accordance with the Corporation's Resident Assessment Policies and in accordance with applicable law. In the event that such a decision is made, Resident agrees to relocate as decided.

Circumstances in which it shall be considered to be in the best interests of Resident to be transferred include but are not limited to:

- VI. D. 1. The determination that Resident's remaining at the Residential Unit, Other Campus Facility or at the Community would be harmful to either Resident or other residents at the Community;
- VI. D. 2. The determination that Resident is no longer able to function at the Residential Unit in an independent manner;
- VI. D. 3. The determination that Resident requires additional assistance in activities of daily living or nursing care; or that Resident is unable to remain ambulatory. The term "ambulatory" is used to describe a person who is capable of demonstrating the mental competence and physical ability to leave a building without assistance or supervision in case of emergency; or
- VI. D. 4. The determination that applicable law, including but not limited to all State statutes and regulations, prevents Resident from continuing to occupy a specific Residential Unit or any residential unit.

VI. E. **Resident's Responsibility For all Moving Expenses:**

In the event of any move to another facility or residential unit according to this Section, Resident shall be responsible for any and all relocation expenses other than routine painting, carpeting and draperies of a residential unit. If Corporation personnel are used by Resident to move to the new facility or residential unit, Resident shall be charged at the hourly rate for additional maintenance services as set forth in the then current Schedule of Optional Services.

VI. F. **Disputes Regarding Transfer:**

In the event Resident's attending physician and Resident, if competent, or if not competent, Resident's representative, disagree with the Corporation's determination regarding Resident's relocation, such disagreement shall be submitted to the Corporation for reconsideration and resolution. The decision of the Corporation shall be final and binding.

VI. G. **Additional Health Care Agreements:**

Resident agrees to execute such health care agreements with the other facility provider as may reasonably be required by the other facility provider so long as the cost of care at the other facility is consistent with the terms of this Agreement.

VII. **TERMINATION OF AGREEMENT:**

VII. A. **Rescission Period:**

Resident or Corporation may unilaterally rescind this Agreement without penalty or forfeiture, with or without cause, by notifying the other party in writing by registered or certified mail during the Rescission Period. The Rescission Period (referred to in this Agreement as "Rescission Period") shall be a thirty (30) day period of time beginning with the first full calendar day after the date when this Agreement has been executed by both Resident and the Corporation.

Resident shall not be required to move into the Facility before the expiration of the Rescission Period. During this Rescission Period, Resident's deposit shall be retained in an escrow account under terms approved by the State.

In the event that such rescission is made, all monies paid by Resident to the Corporation with regard to this Agreement shall be refunded to Resident less (a) those costs specifically incurred by the Corporation at the request of Resident and described in this Agreement or in any addendum hereto signed by Resident; and (b) a service charge of \$350.00.

VII. B. **Termination Before Date of Occupancy:**

VII. B. 1. Resident may terminate this Agreement after the Rescission Period at any time prior to the Date of Occupancy by providing written notice of termination to the Corporation.

VII. B. 2. If, after the Rescission Period, a Resident dies before the Date of Occupancy, or on account of illness, injury or incapacity is precluded from initially occupying the Residential Unit under the terms of this Agreement this Agreement shall terminate upon written notice to the Corporation.

VII. B. 3. The Corporation shall have the right to terminate this Agreement after the Rescission Period at any time prior to the Date of Occupancy for good and sufficient cause. Good and sufficient cause would include but is not limited to a change in the financial or health status of Resident, or either Resident if this is a two-party Agreement, prior to Resident's occupying the Residential Unit.

VII. B. 4. In the event of a termination according to this Subsection B of Section VII, the Corporation will refund to Resident or Resident's legal representative all money or property transferred to the Corporation, less (a) those costs specifically incurred by the Corporation at the request of Resident and described in this Agreement or in any addendum hereto to this Agreement signed by Resident; and (b) the filing fee of \$350.00. However, in the event termination of this Agreement is made by the Corporation according to this Subsection B of Section VII, the Corporation will also refund the \$350.00 filing fee.

VII. C. **Adjustment Period:**

The first ninety (90) day period of residency beginning as of the Date of Occupancy, shall be considered an adjustment period (referred to in this Agreement as "Adjustment Period"). At any time during this period either Resident or the Corporation may

terminate this Agreement by giving two weeks prior written notice to the other party. If termination is initiated by either Resident or Corporation the refund of Resident's entrance fee is determined according to Subsection D-3 of this Section VII.

VII. D. **Termination After Adjustment Period:**

VII. D. 1. **Termination by Resident:**

Resident may terminate this Agreement at any time after the Adjustment Period by providing ninety (90) days written notice to the Corporation and, if requested by the Corporation, certification by a physician approved by the Corporation that Resident is in reasonably good health. The Agreement shall not terminate until the end of the ninety (90) day period or at such earlier date as agreed to by the parties. Until such termination date, Resident shall continue to pay all fees required under this Agreement. Upon termination, the refund of the Entrance Fee, if any, is determined according to Subsection D-3 of Section VII.

VII. D. 2. **Termination by Corporation:**

The Corporation may terminate this Agreement at any time after the Adjustment Period for good and sufficient cause with ninety (90) days written notice. Good and sufficient cause shall include, but is not limited to, any misrepresentations or omissions in Resident's application, failure of Resident to comply with the terms of this Agreement, and Resident's incompatibility with the lifestyle of the community. The Agreement shall not terminate until the end of the ninety (90) day period or at such earlier date as agreed to by the parties. Until such termination date, Resident shall continue to pay all fees required under this Agreement. Upon termination, the refund of the Entrance Fee, if any, is determined according to Subsection D-3 of Section VII.

VII. D. 3. **Calculation of Refund of Entrance Fee:**

The amount of the refund of the Entrance Fee to Resident in the event of termination under Subsection C or D of Section VII shall be Resident's Entrance Fee paid (including the Second Person Entrance Fee if there are two Residents and both have terminated the Agreement and there has been no prior refund of the Second Person Entrance Fee), less the following amounts: (a) the \$350.00 filing fee; (b) 2% of the Entrance Fee for each full or partial month beginning with the Date of Occupancy through the effective date of termination of this Agreement; and (c) any other accrued financial obligations of Resident under this Agreement.

In the event two individuals are named as Resident in this Agreement and only one Resident terminates this agreement according to Subsection C or D of Section VII, there shall be a refund in the amount of the Second Person Entrance Fee paid less the following amounts: (a) 2% of the Second Person Entrance Fee for each full or partial month beginning with the Date of Occupancy through the effective date of termination of this Agreement; and (b) any other accrued financial obligations of Resident under this Agreement.

VII. D. 4. **No Termination During Stay at Health Care Facility:**

When in the best interest of Resident, this Agreement may not be terminated by Resident while any Resident, or the surviving Resident, is a patient in a health care facility operated or arranged for according to this Agreement by the Corporation, except by reasonable mutual agreement of all parties to this Agreement. This Agreement may not be terminated by the Corporation while Resident, or the surviving Resident, is a patient in a health care facility operated or arranged for pursuant to this Agreement by the Corporation, except for good and sufficient cause or by mutual agreement of all parties to this Agreement.

VII. E. **Death of Resident After Occupancy:**

In the event of the death of Resident, this Agreement shall with respect to such deceased Resident terminate, but it shall continue in full force and effect with respect to any surviving Resident named in this Agreement. A partial refund of the Entrance Fee paid by such Resident, if any, is determined as follows:

In the event of death where there is no surviving Resident, there shall be a refund in the amount of the Entrance Fee paid less the following amounts: (a) the \$350.00 filing fee; (b) 2% of the Entrance Fee for each full or partial month beginning with the Date of Occupancy through the effective date of termination of this Agreement; and (c) any other accrued financial obligations of Resident under this Agreement.

In the event of death of one Resident, where there is a surviving Resident, there shall be a refund in the amount of the Second Person Entrance Fee paid less the following amounts: (a) the \$350.00 filing fee; (b) 2% of the Second Person Entrance Fee for each full or partial month beginning with the Date of Occupancy through the effective date of termination of this Agreement; and (c) any other accrued financial obligations of Resident under this Agreement. There shall be no further refunds of the Second Person Entrance Fee in the event the Agreement is later terminated.

VII. F. **Refund Procedures:**

VII. F. 1. **Notices of Termination:**

The Corporation will honor notices of termination signed by all of the persons signing this Agreement as Resident, or by the last survivor of them. Notices signed by a guardian, or an attorney in fact under a durable general power of attorney shall also be accepted. No other persons shall have the right to terminate this Agreement on behalf of Resident. All notices required by this Agreement shall be delivered to the Corporation at the office of the Administrator and to Resident at his or her Residential Unit. Notices required by this Agreement shall be effective when delivered in person at the office of the Administrator or when deposited in the mail properly addressed and with postage prepaid.

VII. F. 2. **Time of Payment of Refund:**

Except as otherwise stated in this Agreement, in the event of termination of this Agreement or death of Resident, the applicable refund of the Entrance Fee shall be paid to Resident by the earlier of the following to occur, (a) one hundred twenty (120)

days of Resident's vacating of and release of the Residential Unit to the Corporation; or (b) upon the re-occupancy of the Residential Unit by another resident.

VII. F. 3. **Apportionment:**

The Corporation shall have no responsibility for apportionment between signers of this Agreement if both persons signing as Resident are still alive.

VII. F. 4. **Payment of Refund:**

All refunds shall be made directly to Resident or Resident's estate. A refund to more than one signer of this Agreement shall be made by a single check payable to both signers or the survivor of them.

VII. G. **Termination Upon Transfer to an Off-Campus Facility:**

In the event that Resident is transferred to an off-campus health care facility, sheltered care facility, or hospital and it is determined by the Corporation that the kind and/or level of care required by Resident exceeds what the Corporation is able to provide on campus, and there is no reasonable prospect that Resident will return to the Corporation, and if Resident was the sole occupant of the Residential Unit, Resident shall have the right on 60 days written notice to declare this Agreement terminated. Any refund to Resident will be determined in accordance with Subsection D-3 of Section VII above, provided that the Residential Unit has been vacated and released for use by another resident.

VII. H. **Release of Residential Unit Upon Transfer:**

Following transfer to one of the Other Campus Facilities, or to another health care facility or hospital, and if Resident is the sole occupant of the Residential Unit, Resident's Residential Unit shall be released to the Corporation so that it may be made available to another resident when it is determined by the Corporation that it is unlikely for Resident to return to the Residential Unit. The Corporation may then enter into an agreement with another resident to reoccupy the Residential Unit. Resident grants to the Corporation the right to remove Resident's personal property from the Residential Unit and to store the same at Resident's sole expense.

VII. I. **Return to Residential Unit After Transfer:**

In the event that a Resident is transferred from his or her Residential Unit to one of the Other Campus Facilities or to an off-campus health care facility or hospital and Resident is subsequently able to return to a residential unit, then Resident shall be allowed to return to a residential unit at the Community. The approval of the Corporation and of Resident's personal physician is required prior to such return. Resident shall return at such time as there is a suitable and comparable residential unit at the Community available for Resident and provided that this Agreement has not been terminated. Upon such return the applicable and prevailing monthly service fees of the Corporation shall apply.

VII. J. **Burial Plans:**

The Corporation does not provide any burial or funeral benefits or services. Resident has or agrees to arrange for and take care of all such plans and costs.

VII. K. **Vacating of Premises:**

Upon the termination of this Agreement or upon permanent transfer to another residential unit, Resident or Resident's representative shall within thirty (30) days vacate Resident's Residential Unit. Monthly Service Fees will be continued until the unit has been vacated.

Upon permanent transfer of Resident to an Other Campus Facility or another facility, Resident shall vacate and release the Residential Unit to the Corporation. In the event there is no other individual named in this Agreement as Resident remaining in the Residential Unit, Resident shall vacate and release the Residential Unit within thirty (30) days of the decision of permanent transfer. Resident shall vacate the Residential Unit within said thirty (30) day period even if Resident has not used the full number of Resident's "health care days" as provided for in Section VI(B) of this Agreement. Monthly Service Fees will continue until the Residential Unit has been vacated and the "health care days" have been fully utilized.

Resident waives any notice to quit to which he is entitled by law of summary of process. In the event Resident's property is not removed within the thirty (30) day period as set forth above, the Corporation shall remove and store Resident's property at Resident's expense or at the expense of Resident's estate. Vacating of a unit in an Other Campus Facility by Resident shall be done in accordance with the care agreement and policies of such Other Campus Facility.

VIII. **MISCELLANEOUS PROVISIONS:**

VIII. A. **Subordination:**

Resident acknowledges and agrees that Resident's rights hereunder are at all times subordinate and junior to the lien of any mortgage or other document creating a lien encumbering the Property now or hereafter executed by the Corporation and/or the fee owner of the Property. Resident agrees to execute, acknowledge and deliver, in a timely manner, a separate subordination agreement or such other written evidence of subordination as may be required by the Corporation to establish such mortgage or other document as a prior and superior lien against the Property.

VIII. B. **Liability:**

VIII. B. 1. **Uncontrollable Interruption of Services:**

No breach of the Corporation's obligations under the Residency Agreement and no liability for injury to Resident or Resident's property shall result from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of the Corporation, specifically including strikes or other forms of labor disturbances, government regulations and/or embargoes, shortages of labor or materials, fire, flood, earthquakes, inclement weather or acts of Resident. The Corporation will make every effort to provide the usual services in such event.

VIII. B. 2. **Personal Injury:**

The Corporation shall not be liable for damages to Resident or Resident's heirs, executors or administrators for any personal injuries which Resident may sustain

unless such injuries are the direct result of negligence on the part of the Corporation or its employees or agents.

VIII. B. 3. **Resident's Property:**

The Corporation shall not be responsible for the loss of or any damage to any furniture, furnishings or other property belonging to Resident resulting from theft, water, fire or any other cause. Resident acknowledges that the Corporation's insurance does not cover Resident's property. Resident acknowledges and agrees that it is Resident's responsibility to secure and maintain such insurance protection for Resident's property as Resident deems necessary or appropriate. Resident and the Community mutually waive their rights of subrogation against each other in the event of casualty loss or damage to property owned by the Community or Resident.

VIII. B. 4. **Third Party Liability:**

In case of injury to Resident caused as a result of the fault, negligence, or carelessness of a third party or parties, the Corporation shall have a lien on any judgment or recovery for all expenses incurred by the Corporation by reason of such injuries and shall have authority to take all reasonable steps necessary to enforce the payment of such expenses by those responsible for such injuries. Additionally, this right shall extend to recovery of expenses from any accident or medical insurance policies which Resident may carry up to the full amount of cost incurred, regardless of how or by whom the accident may have been caused, and is not limited to third party claims.

VIII. B. 5. **Resident Liability:**

Resident agrees to fully indemnify and reimburse the Corporation for any loss or damage beyond normal wear and tear sustained by the Corporation as a result of willful acts, carelessness or negligence of Resident.

VIII. C. **Reserves:**

The Corporation has a policy of maintaining reserve funds applicable to the financial security of the Corporation as required by its financing agreements and reserves the right to create and administer reserve funds in excess of those specifically dedicated to individual projects for the mutual benefit of all projects or institutions.

VIII. D. **Forbearance by Corporation Not a Waiver:**

Any forbearance by the Corporation in exercising any right or remedy set forth in this Agreement or otherwise granted to the Corporation shall not be a waiver of or preclude the exercise of that or any other right or remedy.

VIII. E. **Changes Required by Law:**

The Corporation shall have the right to make such changes to this Agreement as become appropriate or necessary to meet the requirements of law or the regulations of any governmental authorities or agencies. In addition, the Corporation shall have the right to make any alterations or changes to Resident's living unit as become appropriate or necessary.

VIII. F. **Invalidity of Provisions:**

In the event that any of the provisions of this Agreement are held to be invalid, unenforceable, or in conflict with any Federal, State, or local law or regulation which is now in effect or which may be enacted in the future, such invalidity, unenforceability or conflict shall not in any way impair or affect any of the remaining portions of this Agreement, but such remaining portions shall remain in full force and effect.

VIII. G. **Governing State Law:**

This Agreement will be interpreted according to the laws of the State of Connecticut.

VIII. H. **Complete Agreement:**

Resident and the Corporation acknowledge and agree that this Agreement, along with all documents which have been specifically incorporated by reference, contains the full and complete understanding of the parties and there are no representations, promises or other oral agreements between the parties to this Agreement. The Corporation shall not be liable for any statements, representations or promises made by any person representing or purporting to represent the Corporation unless such statement, representations or promises are set forth in this Agreement. This Agreement may only be amended by a written instrument dated and signed by all the parties to this Agreement.

VIII. I. **Other Residency Agreement Options:**

The Community may currently offer other residency agreement options. Resident has selected this residency agreement option knowing other options are available. Resident does not have the right to convert to other residency agreement options after signing this Agreement. The Community may currently or in the future offer different residency agreement options and fee arrangements to other residents without making these options available to Resident.

VIII. J. **Statement of Growth:**

In order to improve and enhance the campus, the Corporation may make changes and improvements to the buildings and grounds to maintain the Community's standards and to meet the changing needs of the residents. In order to achieve this goal, the Corporation may in the future make changes to the campus including expansion and new construction, replacement and renovation of buildings, changes to the landscaping and grounds and other modifications. These changes may affect Resident's Residential Unit including changes to views, access to parking or accessibility. Resident agrees to relocate to another similar residential unit in the event the Corporation's renovation plans ever include the replacement or renovation of the Residential Unit. In the event relocation is required, the Corporation will provide advance notice to Resident and will work with Resident to provide a similar residential unit for relocation. The Corporation will undertake reasonable efforts to minimize any inconvenience to Resident during any renovation or construction.

VIII. K. **Binding Nature of Agreement:**

This Agreement shall be binding on the heirs, executors, administrators, successors, or assignees of the parties to this Agreement.

VIII. L. **Authorized Agent Signature:**

This Agreement has been executed on behalf of the Corporation by its duly authorized agent, and no officer, director, agent or employee of the Corporation shall have any personal liability hereunder to Resident under any circumstances.

VIII. M. **Effective Date:**

This Agreement shall be effective upon the later to occur of: (a) the date of execution of the Agreement by the Corporation; and (b) the date of execution of the Agreement by Resident.

(The balance of this page is intentionally left blank.)

IN WITNESS WHEREOF, this Agreement has been signed in duplicate, one originally signed copy being retained by Resident.

COVENANT HOME, INC., a Connecticut non-stock corporation, doing business as COVENANT VILLAGE OF CROMWELL

By: _____
for Corporation ()

Date: _____

Resident ()

Date: _____

Resident ()

Date: _____

Exhibits to Residency Agreement

- Exhibit A** Applicant's Application for Residency and Financial Status.
- Exhibit B** Schedule of Payment of Fees Before Occupancy, Escrow Agreement and Reservation Agreement, If Applicable.
- Exhibit E** Care and Services Included in Monthly Service Fee.
- Exhibit F** Optional Services List.
- Exhibit G** Special Requirements of Resident Installed in Residential Unit. This Exhibit Has Been Separately Executed by Resident and Corporation.

***** Note: Exhibit C and Exhibit D have been intentionally omitted from this Agreement***

**EXHIBIT A
COVENANT VILLAGE OF CROMWELL
APPLICATION**

EXHIBIT B
COVENANT VILLAGE OF CROMWELL
Schedule of Payment of Fees Prior to Occupancy

Residential Unit Number: _____

Entrance Fee \$ _____

Second Person Entrance Fee \$ _____

Discounts: (delete field if N/A)

Total Entrance Fee \$ _____
(Same as entrance fee recorded in section IV A.)

PAYMENT SCHEDULE	DATE OF PAYMENT
Application Deposit \$ <u>1,000</u>	_____
Filing Fee \$ <u>350</u>	_____
Priority Choice \$ _____	_____
Reservation Deposit \$ <u>3,650</u>	_____
Construction Deposit \$ _____	_____
Subtotal of payments	\$ _____
Upgrades \$ _____	_____
Balance Due	\$ _____

PROMISSORY NOTE (subject to limited availability)

Date Initiated _____

Amount Owed \$ _____

Due Date _____

Resident Name

Date

Resident Name

Date

EXHIBIT E
COVENANT VILLAGE OF CROMWELL
Care and Services Included in Monthly Service Fees

The care and services as described in this Exhibit E are included in the Monthly Service Fee. The Corporation will from time to time modify the care and services included in the Monthly Service Fee and appropriately adjust the Monthly Service Fee according to the changing needs of all residents. Modifications of the care and services described in this Exhibit E will be made according to the terms of the Residency Agreement.

1. **Meals:** The Corporation offers various meal plans at the Community as described in the Community's policies and procedures. The specific meal plan selected by Resident will affect the amount of the Monthly Service Fee paid by Resident. Resident may change the meal plan chosen by Resident from time to time, subject, however to the rules and procedures implemented from time to time by the Corporation relating to the selection of the meal plan. Any change in the selected meal plan may increase or decrease the Monthly Service Fee. Regardless of the selected meal plan, additional meals are available for an additional charge. Meals will be served in the campus dining venues designated by the Corporation, subject to exceptions that may be made.
2. **Utilities:** The Corporation provides water, electricity, heating, air conditioning, and refuse disposal for the Residential Unit. Resident shall be responsible for all telephone expenses.
3. **Social, Recreational, Cultural and Religious Activities:** The Corporation provides an activity program including regularly scheduled and planned social, recreational, cultural and religious activities. There may be an additional charge for certain activities such as off campus activities.
4. **Parking:** Limited Free outdoor parking for residents, as well as residents' guests, is available on the campus according to the Corporation's policies. A limited number of covered parking areas/garages are also available as space permits at additional cost to Resident.
5. **Health Care:** Limited health services are available on campus during scheduled business hours. A Licensed Nurse is on staff and is available for consultation, health monitoring (e.g. blood pressure and weight checks and clinical observation) and visiting the individual residential units when residents are ill on a temporary basis. There may be an additional charge for some of these services.
6. **Housekeeping:** The Corporation shall provide bi-weekly housekeeping service for the residential units (except for residents of the Patio Homes which receive monthly housekeeping service). The Corporation will periodically furnish such heavier housecleaning services, such as cleaning of carpets and draperies, as in its discretion are deemed to be necessary, and will clean corridors and common areas on a regular basis. The Corporation shall also provide fresh towels, sheets and pillowcases on a weekly basis (except for residents of the Patio Homes).
7. **Miscellaneous:** The Corporation may provide, as part of the Monthly Service Fees, such other care and services as it deems appropriate.

EXHIBIT F
COVENANT VILLAGE OF CROMWELL
OPTIONAL SERVICES

The following services are optional services and are provided to Resident at an additional charge to Resident:

EXHIBIT G
COVENANT VILLAGE OF CROMWELL
SPECIAL REQUIREMENTS OF RESIDENT

Special Requirements of Resident to be installed in a residential unit.

The undersigned agree that the following special requirements shall be installed by the corporation for Resident at Resident's sole cost and expense:

The cost of installation is \$ _____ which shall be due and payable on or before _____.

Signature of Resident ()

Signature of Resident ()

Date: _____

**** Note: All costs and fees paid for the installation of special requirements are non-refundable to Resident.**

EXHIBIT "B"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL

AUDITED FINANCIAL STATEMENTS
(derived from audited financial statement of
COVENANT RETIREMENT COMMUNITIES, INC.)

Covenant Retirement Communities, Inc.

**Consolidated Financial Report
with Additional Consolidating Information
January 31, 2018**

Covenant Retirement Communities, Inc.

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Independent Auditor's Report

To the Board of Benevolence of
The Evangelical Covenant Church
Covenant Retirement Communities, Inc.

We have audited the accompanying consolidated financial statements of Covenant Retirement Communities, Inc. (an affiliate of The Evangelical Covenant Church (see Note 2)), which comprise the consolidated statements of financial position as of January 31, 2018 and 2017 and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Retirement Communities, Inc. as of January 31, 2018 and 2017 and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

May 18, 2018

Covenant Retirement Communities, Inc.**Consolidated Statements of Financial Position**

January 31, 2018 and 2017

(in thousands)

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,008	\$ 21,178
Restricted cash (Note 5)	2,174	2,952
Assets whose use is limited, including beneficial interest in investment pool: (Notes 3, 6, 9 and 11)		
Board designated	65,182	53,708
Restricted under debt agreements	4,969	3,683
Accounts receivable - Net	24,127	29,602
Prepaid expenses and other assets	4,859	5,153
Total current assets	117,319	116,276
Property and Equipment - Net (Notes 8, 11 and 13)	552,226	579,981
Other Assets (Notes 7 and 14)	32,664	31,812
Interest in Irrevocable Trusts (Notes 3 and 17)	4,334	4,180
Assets Whose Use is Limited, Including Beneficial Interest in Investment Pool (Notes 3, 6, 9 and 11)		
Board designated	192,979	154,782
Restricted under state and debt agreements	37,849	37,967
Endowment	8,348	7,461
Total assets whose use is limited, including beneficial interest in investment pool	239,176	200,210
Total assets	\$ 945,719	\$ 932,459

Covenant Retirement Communities, Inc.**Consolidated Statements of Financial Position (Continued)**

January 31, 2018 and 2017

(in thousands)

	2018	2017
Liabilities and Net Assets		
Current Liabilities		
Accounts payable - Trade	\$ 15,256	\$ 13,353
Accounts payable - Contractors (Note 13)	-	780
Accrued salaries and wages	7,191	10,817
Accrued interest	2,582	2,654
Advanced deposits	1,466	1,068
Current maturities of long-term debt (Note 11)	19,730	11,860
Deferred revenue subject to refund (Note 2)	91,823	94,836
Refundable contract liabilities (Note 2)	92,457	83,276
Other current liabilities	13,089	14,844
Total current liabilities	243,594	233,488
Long-term Debt - Less current maturities (Note 11)	339,896	359,233
Payable to Covenant Institutions (Notes 11 and 14)	13,050	18,150
Other Liabilities (Notes 2, 11 and 12)	39,310	54,530
Deferred Revenue from Entrance Fees (Note 2)	210,346	200,886
Total liabilities	846,196	866,287
Net Assets		
Unrestricted	83,391	53,437
Temporarily restricted (Note 17)	7,784	5,274
Permanently restricted - Endowment (Note 17)	8,348	7,461
Total net assets	99,523	66,172
Total liabilities and net assets	<u>\$ 945,719</u>	<u>\$ 932,459</u>

Covenant Retirement Communities, Inc.

**Consolidated Statement of Operations and Changes in
Unrestricted Net Assets**

Years Ended January 31, 2018 and 2017

(in thousands)

	2018	2017
Operating Revenue		
Routine resident services	\$ 213,238	\$ 208,059
Ancillary services	49,881	45,874
Amortization of deferred entrance fees	42,047	39,843
Net assets released from restrictions for operations	2,333	2,115
Other	6,163	5,611
Total operating revenue	313,662	301,502
Expenses		
Routine nursing services	67,341	61,456
Ancillary services	18,297	17,556
Resident benefits	14,288	13,582
Dining services	37,501	37,074
Laundry	1,737	1,666
Housekeeping	7,911	7,933
Maintenance	17,642	18,574
Utilities	11,784	11,339
Administrative and general	56,879	54,943
Interest (Note 11)	16,815	16,386
Property taxes	3,148	2,979
Insurance	5,521	5,536
Marketing and promotion	11,606	11,950
Depreciation	46,552	44,653
Amortization	754	596
Other	398	406
Total expenses (Note 19)	318,174	306,629
Operating Loss	(4,512)	(5,127)
Nonoperating Revenue (Expense)		
Gifts and bequests - Net of related expenses	792	(237)
Net assets released from restriction - Distributions from trusts	658	361
Loss on extinguishment of debt (Note 11)	(471)	-
Other nonoperating revenue - Net	71	(1,051)
Interest and dividend income	4,461	4,143
Realized gains (losses) on fixed-income and equity securities - Net	4,185	(2,001)
Unrealized gains on fixed-income and equity securities - Net (Note 2)	9,647	13,780
Alternative investment income - Including net realized gains	14,120	6,418
Unrealized gains on derivative instruments (Note 12)	3,706	5,201
Interest expense on interest rate swaps (Note 12)	(3,246)	(3,778)
Loss on swap termination	(45)	(23)
Total nonoperating revenue	33,878	22,813
Income	29,366	17,686
Net Asset Transfer - Related organization (Note 14)	-	(500)
Net Assets Released from Restriction for Capital Purchases	588	199
Increase in Unrestricted Net Assets	\$ 29,954	\$ 17,385

Covenant Retirement Communities, Inc.**Consolidated Statement of Changes in Net Assets**

Years Ended January 31, 2018 and 2017

(in thousands)

	2018	2017
Unrestricted Net Assets		
Income	\$ 29,366	\$ 17,686
Net asset transfer - Related organization	-	(500)
Net assets released from restriction for capital purchases	588	199
	<u>29,954</u>	<u>17,385</u>
Increase in unrestricted net assets	29,954	17,385
Temporarily Restricted Net Assets		
Contributions	5,836	2,884
Net assets released from restriction for capital purchases	(588)	(199)
Change in present value discount	217	228
Net additions - Present value of new trusts received (Note 17)	36	70
Net assets released from restriction - Distribution from trusts - Net	(658)	(361)
Transfer from unrestricted net assets	-	431
Net assets released from restriction for operations	(2,333)	(2,115)
	<u>2,510</u>	<u>938</u>
Increase in temporarily restricted net assets	2,510	938
Permanently Restricted Net Assets - Income restricted for reinvestment	887	732
	<u>33,351</u>	<u>19,055</u>
Increase in Net Assets	33,351	19,055
Net Assets - Beginning of year	66,172	47,117
	<u>66,172</u>	<u>47,117</u>
Net Assets - End of year	<u>\$ 99,523</u>	<u>\$ 66,172</u>

Covenant Retirement Communities, Inc.**Consolidated Statement of Cash Flows****Years Ended January 31, 2018 and 2017****(in thousands)**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash received from resident care fees	\$ 269,203	\$ 259,600
Cash received from nonrefundable entrance fees	54,051	48,747
Cash from nonrefundable entrance fees refunded due to early termination	(7,284)	(4,883)
Cash paid to suppliers	(100,795)	(100,552)
Cash paid to employees	(152,791)	(141,214)
Interest paid, including interest on derivatives	(20,133)	(20,237)
Contributions received (excluding endowment and capital contributions)	7,983	4,836
Investment income received	323	354
	<u>50,557</u>	<u>46,651</u>
Net cash provided by operating activities (Note 18)	50,557	46,651
Cash Flows from Investing Activities		
Major capital project expenditures	(1,069)	(9,771)
Routine property and equipment expenditures	(34,230)	(38,464)
Withdrawals from bond project funds	-	6,738
Net change in assets whose use is limited, including beneficial interest in pooled investments	(17,798)	8,500
Proceeds from sale of real estate	14	29
Net asset transfer to related party	-	(500)
Net change in other assets	(2,982)	(226)
	<u>(56,065)</u>	<u>(33,694)</u>
Net cash used in investing activities	(56,065)	(33,694)
Cash Flows from Financing Activities		
Proceeds from borrowings, including original issue premium and discount	52,070	-
Early termination of debt	(52,070)	-
Payment of debt issuance costs	-	(463)
Payment of debt	(12,378)	(22,008)
Refundable entrance fees collected	20,882	25,857
Refundable entrance fees refunded	(8,060)	(9,451)
Changes in advances to Covenant Institutions	(106)	(149)
	<u>338</u>	<u>(6,214)</u>
Net cash provided by (used in) financing activities	338	(6,214)
Net (Decrease) Increase in Cash and Cash Equivalents	(5,170)	6,743
Cash and Cash Equivalents - Beginning of year	21,178	14,435
Cash and Cash Equivalents - End of year	<u>\$ 16,008</u>	<u>\$ 21,178</u>
Supplemental Disclosures of Noncash Investing and Financing Activities		
Capitalized interest - Net of interest earned: 2017 - \$33	\$ -	\$ 958
Capital expenditures incurred but not paid	-	780

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 1 - Mission Statement

As a ministry of the Evangelical Covenant Church, Covenant Retirement Communities, Inc. celebrates God's gift of life in Christian community. We follow the Great Commandment to love and serve God and one another as taught by Jesus Christ. That compels us to affirm the dignity of each person and to pursue excellence and financial integrity in all that we do.

As we provide a broad range of resources, services, and programs to enhance individual and community wellness, we collaborate with residents and families to achieve the best possible results. While seeking to foster independence, we respond to each individual's evolving needs in order to provide the security that assures peace of mind.

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidation

Covenant Retirement Communities, Inc., an Illinois not-for-profit corporation, and its consolidated facilities (together, the "Retirement Communities") are responsible for operating retirement, assisted living, skilled care facilities, and home and community-based services. Covenant Retirement Communities, Inc. operates as an affiliate of Covenant Ministries of Benevolence (CMB), which is administered by the Board of Benevolence of The Evangelical Covenant Church, and the consolidated facilities operate as wholly owned subsidiaries of Covenant Retirement Communities, Inc.

The consolidated financial statements include the accounts of Covenant Retirement Communities, Inc. and the following entities for which it is the sole corporate member: Covenant Village of Florida, Inc.; Covenant Retirement Communities of the Great Lakes Conference dba Covenant Village of the Great Lakes; Covenant Home, Inc. (CT) dba Covenant Village of Cromwell; Colonial Acres Home, Inc. dba Covenant Village of Golden Valley; Covenant Home (IL) dba Covenant Village of Northbrook; The Holmstad, Inc.; Covenant Health Care Center, Inc. (Batavia); Covenant Home of Chicago; Covenant Village of Colorado, Inc.; Windsor Park; Covenant Retirement Communities West dba The Samarkand; Covenant Village of Turlock; Brandel Manor; Mount Miguel Covenant Village; and Covenant Shores. The consolidated financial statements also include the accounts of Covenant Retirement Services and its wholly owned subsidiaries: Covenant Solutions Business and Development Support LLC (Covenant Solutions); CRC Holdings One, LLC (CRC Holdings One); CRC Holdings Two, LLC (CRC Holdings Two); CovenantCare at Home (CovenantCare at Home); Management Services Organization LLC (Ontrac); Covenant Place of Lenexa (Lenexa); and Covenant Place of Tulsa (Tulsa). Covenant Retirement Communities, Inc. is the sole corporate member of Covenant Retirement Services. All significant interfacility transactions and balances have been eliminated in the consolidated financial statements.

Covenant Retirement Communities, Inc. is the sole shareholder of Covenant International Insurance Company, Ltd. (CIIC). Certain accounts of CIIC directly attributable to the Retirement Communities' insurance-related activities are included in the consolidated financial statements of Covenant Retirement Communities, Inc. (see Note 7).

In October 2015, the Retirement Communities sold their shares of Symbria, Inc. to the Symbria, Inc. Employee Stock Ownership Trust. The Retirement Communities had accounted for the investment in Symbria, Inc. using the equity method. As a result of the sale, the following consideration was received: \$1,581 in cash proceeds, \$3,169 in an interest-bearing note, and 32,051 of unexercised warrant shares. As of January 31, 2018 and 2017, the subordinated note plus accrued interest totaling \$2,947 and \$3,317, respectively, is recorded in other assets in the consolidated statements of financial position. The Retirement Communities have not recorded any amounts related to the warrant shares as the value is not material at January 31, 2018 and 2017.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 2 - Summary of Significant Accounting Policies (Continued)

On December 15, 2017, the Retirement Communities sold Covenant Place of Lenexa. As a result of the sale, a gain of \$950 was recorded in other nonoperating revenue in the consolidated statement of operations for the year ended January 31, 2018.

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as codified in the Accounting Standards Codification.

The Retirement Communities recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing consolidated financial statements. The Retirement Communities do not record transactions related to subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position and arose after the statements of financial position date, but before consolidated financial statements are issued; however, such events may be required to be recognized as a disclosure. For these purposes, the Retirement Communities have evaluated events occurring subsequent to the statements of financial position date through May 18, 2018, the date the consolidated financial statements were issued. The Retirement Communities have not evaluated events occurring after May 18, 2018 in these consolidated financial statements.

Industry

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation and regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Management believes that the Retirement Communities are in substantial compliance with current laws and regulations. Revenue from the Medicare and Medicaid programs accounted for approximately 28 percent and 29 percent of the Retirement Communities' routine resident and ancillary services revenue for the years ended January 31, 2018 and 2017, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of bank money market demand deposits with maturities at the date of purchase of three months or less.

Assets Whose Use is Limited, Including Interest in Investment Pool

Assets whose use is limited are classified as trading and are recorded at fair value. See Note 3 for more information regarding the methods used to estimate fair value. See Note 6 for details regarding the composition of assets whose use is limited.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 2 - Summary of Significant Accounting Policies (Continued)

Board-designated assets are invested in a Combined Investment Fund that aggregates investments of all Board of Benevolence institutions. While these funds are held and invested by Covenant Ministries of Benevolence, the Retirement Communities retain the benefits of ownership of their proportional interest in the Combined Investment Fund. This ownership interest in the Combined Investment Fund is reported as an interest in investment pool in the accompanying consolidated financial statements (see Note 6). The Retirement Communities recognize their interest in the Combined Investment Fund equal to the amounts contributed, less amounts withdrawn, and adjust the balance for their share of the changes in the fair values of the underlying investments in the Combined Investment Fund. Realized gains and losses from sales of investments and unrealized gains and losses on investments are determined using the average cost method. Interest, dividends, realized gains and losses, and unrealized gains and losses are recorded as nonoperating revenue.

The Retirement Communities' investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statements of financial position and the consolidated statement of operations and changes in unrestricted net assets.

Accounts Receivable

Accounts receivable from residents, insurance companies, and governmental agencies are based on net charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Retirement Communities' ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. The allowance for doubtful accounts totaled \$1,889 and \$2,275 at January 31, 2018 and 2017, respectively.

Overpayments from third-party payors on residents' accounts receivable balances have been included in other current liabilities on the consolidated statements of financial position.

The Retirement Communities provide services without collateral to their residents, most of whom are local residents and are insured under third-party agreements. The mix of receivables from residents and third-party payors for the year ended January 31, 2018 was 39 percent from private payors, 35 percent from Medicare, and 26 percent from Medicaid. The mix of receivables from residents and third-party payors for the year ended January 31, 2017 was 37 percent from private payors, 32 percent from Medicare, and 31 percent from Medicaid.

Derivative Instruments

All derivative instruments, specifically interest rate swaps, are recorded on the consolidated statements of financial position at their fair value. The Retirement Communities use interest rate swaps to reduce volatility in cash flow arising from its variable rate borrowings. Management has elected not to pursue hedge accounting. Therefore, the change in the fair value of derivative instruments is reflected in nonoperating expense in the accompanying consolidated statement of operations and changes in unrestricted net assets (see Note 12).

Benevolent Care Fund

The Retirement Communities have adopted a policy requiring amounts received from unrestricted wills and bequests through Covenant Estate Planning Services, net of assessments for Covenant Estate Planning Services' operating expenses, to be placed into the Benevolent Care Fund (a component of board-designated assets whose use is limited). The earnings from the Benevolent Care Fund are used to offset charity care costs (see Notes 4 and 6).

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 2 - Summary of Significant Accounting Policies (Continued)

Unamortized Debt Expense

Underwriting fees and expenses related to the procurement of debt are deferred and amortized on the bonds outstanding method. These costs are recorded as a reduction in the recorded balance of outstanding long-term debt. Unamortized debt expense is shown net of accumulated amortization of \$1,961 and \$1,979 at January 31, 2018 and 2017, respectively.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the expected useful lives of the assets, which are as follows:

	Years
Land improvements	5-20
Buildings and improvements	10-50
Furniture and equipment	3-20

Certain apartment refurbishing costs are expensed as incurred, whereas significant renewals and betterments are capitalized. Maintenance expense includes refurbishing costs of \$877 and \$1,133 in 2018 and 2017, respectively.

Interest costs are capitalized during periods of active construction for qualified expenditures based upon interest rates in place during the construction period until construction is substantially complete. Capitalized interest costs are amortized over the lives consistent with the constructed assets. There were no capitalized costs for the year ended January 31, 2018. Capitalized interest costs were \$958 for the year ended January 31, 2017.

Long-lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the analysis indicates that an asset group is not recoverable from the estimated future cash flows from use, the fair value of the asset group is determined. If the carrying amount of the asset group is in excess of the estimated fair value, an impairment is recorded to reduce the carrying amount to fair value.

Advance Deposits

These amounts are deposits made by prospective residents of the Retirement Communities. Upon entrance to a community, the deposit is applied toward the resident's entrance fee. If the prospect does not become a resident, the deposit, less a service charge, is refunded. Advance deposits are recorded as a current liability.

Routine Resident and Ancillary Service Revenue

Resident service fees are charged monthly and are recognized as revenue during the month to which the fees relate. Ancillary service revenue is recognized when the related service is provided to the resident.

Entrance Fees

In addition to monthly service fees, entrance fees are one-time payments made by residents of the Retirement Communities entitling them admission to and use of the retirement community facilities. Nonrefundable entrance fees are recorded as deferred revenue and are amortized into income based on expected future costs using the actuarial life of each resident.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 2 - Summary of Significant Accounting Policies (Continued)

The Retirement Communities also offer 90 percent, 75 percent, and, on a limited basis, 50 percent refundable contracts (approximately 9 percent of contract residents have chosen these three options). Included in refundable contract liabilities, other current liabilities, and other long-term liabilities on the consolidated statements of financial position are \$105,142 and \$96,369 at January 31, 2018 and 2017, respectively, for refundable entrance fees.

Under the terms of most residents' agreements, a pro rata refund of a resident's entrance fee will be made in the event the resident leaves a retirement community within the first 50 or 60 months of residency. Included in deferred revenue at January 31, 2018 and 2017 are \$91,823 and \$94,836, respectively, of deferred entrance fees subject to the above refund provisions.

Certain of Windsor Park's current resident agreements are life care agreements that include a 55 percent refund of the entrance fee (payable at the date of resale of the apartment) to the resident's estate. Windsor Park recognizes the 45 percent resident-based amount as income ratably over the estimated remaining life expectancy of each resident, which is evaluated annually. The 55 percent refundable portion is not amortized. Included in other liabilities are \$2,241 and \$2,689 at January 31, 2018 and 2017, respectively, for refunds due to residents' estates. The 55 percent refundable life care agreement is not currently being offered to new residents.

Entrance fee refunds under all programs were \$15,344 and \$14,334 in 2018 and 2017, respectively. Although a portion of refundable contract liabilities and deferred revenue is classified as current liabilities, the actual payment of these total liabilities within one year is remote based on the Retirement Communities' experience.

Obligation to Provide Future Services

Annually, the Retirement Communities calculate the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities were to exceed the deferred revenue from entrance fees, a liability (obligation to provide future services) would be recorded with the corresponding charge to income. No such obligation was required to be recorded at January 31, 2018 and 2017.

Charity Care

Under the terms of the residents' agreements, the Retirement Communities are not required to maintain those residents who are unable to pay their entire monthly service fees. However, as a matter of policy, such residents generally have remained in the facilities. Funds to support these residents are derived primarily from contributions, public aid, and earnings from the Benevolent Care Fund (see Note 4).

Income Performance Indicator

Income reports the results of operations of the entire Retirement Communities. In addition to the income from resident care operations, income includes investment income, realized gains and losses on investments, unrealized gains and losses on investments, and other items. Changes in unrestricted net assets, which are excluded from income, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods (net asset transfer to support benevolent care) and services and contributions of long-lived assets (including assets acquired using contributions, which, by donor restriction, were to be used for the purpose of acquiring such assets).

Temporarily and Permanently Restricted Endowment Net Assets

Temporarily restricted net assets comprise irrevocable trusts, which are not available for use until assets are distributed from the trusts, and contributions restricted for a particular purpose. Permanently restricted endowment net assets have been restricted by donors to be maintained in perpetuity.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 2 - Summary of Significant Accounting Policies (Continued)

Tax Status

The Retirement Communities qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Despite the overall exemption from federal and state income tax, the organization is required to pay tax on unrelated business income (UBI) activities. The Retirement Communities have an overall loss from such UBI activities and have not recorded a benefit for such activities, as management has concluded that it is more likely than not that the benefits will not be realized in the future.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Retirement Communities' year ending January 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Retirement Communities have not yet determined which application method it will use. The Retirement Communities are in the process of evaluating the impact of the new standard on their consolidated financial statements with a focus on the timing and pattern of amortization revenue recognized on the nonrefundable portion of entrance fee contracts.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Retirement Communities, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Retirement Communities' year ending January 31, 2019 and thereafter and must be applied on a retrospective basis. The standard is expected to have an impact on the presentation of net assets and to result in enhanced disclosures related to liquidity and availability.

Note 3 - Fair Value Measurements

In determining fair value, the Retirement Communities use various valuation approaches. ASC No. 820, *Fair Value Measurements and Disclosures*, establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. ASC No. 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or a liability.

ASC No. 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Retirement Communities. Unobservable inputs are inputs that reflect the Retirement Communities' assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

The hierarchy is measured in three levels based on the reliability of inputs:

Level 1

Valuations are based on quoted prices in active markets for identical assets or liabilities that the Retirement Communities have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2

Valuations are not based on quoted prices for identical assets or liabilities, but rather are based on significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Fair values are primarily obtained from third-party pricing services for comparable assets or liabilities.

Level 3

Valuations are derived from other valuation methodologies and incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances whereby the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Retirement Communities' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Retirement Communities' policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period of the event of change in circumstances that caused the transfer.

Fair Value of Financial Instruments Carried at Fair Value

The following are categories of assets measured at fair value on a recurring basis during the years ended January 31, 2018 and 2017, using unadjusted quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3).

The Retirement Communities' interest in the investment pool is valued on a recurring basis and is a direct interest in the investment pool, valued using Level 3 inputs of the valuation hierarchy for both 2018 and 2017. There were total withdrawals of \$6,500 and \$17,500 in 2018 and 2017, respectively, and total deposits of \$24,298 and \$9,000 in 2018 and 2017, respectively. The total allocation of pooled earnings was \$31,844 and \$21,545 in 2018 and 2017, respectively.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

	Fair Value as of Reporting Date			
	January 31, 2018	Quoted Prices in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in investment pool	\$ 261,491	\$ -	\$ -	\$ 261,491
Other - Cash and short-term investments	2,174	2,174	-	-
Covenant trust endowment - Equity investment funds	2,844	-	2,844	-
Restricted under state and debt agreements:				
Cash and money market securities	5,524	5,524	-	-
Fixed-income securities	37,294	-	37,294	-
Total restricted under state and debt agreements	42,818	5,524	37,294	-
Total	\$ 309,327	\$ 7,698	\$ 40,138	\$ 261,491
Investments held for insurance obligations:				
International equity	\$ 6,279	\$ -	\$ 6,279	\$ -
Fixed-income securities	11,093	-	11,093	-
Alternative investment funds (held within beneficial interest in investment pool)	168	-	-	168
Total (Note 7)	17,540	-	17,372	168
Interest in irrevocable trusts	4,334	-	-	4,334
Derivatives - Interest rate swaps (Note 12)	\$ 9,497	\$ -	\$ 9,497	\$ -

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

	Fair Value as of Reporting Date			
	January 31, 2017	Quoted Prices in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in investment pool	\$ 211,849	\$ -	\$ -	\$ 211,849
Other - Cash and short-term investments	1,564	1,557	7	-
Covenant trust endowment - Equity investment funds	2,538	-	2,538	-
Restricted under state and debt agreements:				
Cash and money market securities	4,239	4,239	-	-
Fixed-income securities	37,411	-	37,411	-
Total restricted under state and debt agreements	41,650	4,239	37,411	-
Total	\$ 257,601	\$ 5,796	\$ 39,956	\$ 211,849
Investments held for insurance obligations:				
International equity	\$ 6,087	\$ -	\$ 6,087	\$ -
Fixed-income securities	10,007	-	10,007	-
Alternative investment funds (held within beneficial interest in investment pool)	141	-	-	141
Total (Note 7)	16,235	-	16,094	141
Interest in irrevocable trusts	4,180	-	-	4,180
Derivatives - Interest rate swaps (Note 12)	\$ 13,204	\$ -	\$ 13,204	\$ -

See Note 6 for details regarding the composition of assets whose use is limited, including interest in investment pool.

A reconciliation of the beginning and ending balances for the other assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended January 31, 2018 and 2017 is as follows:

	Assets Measured on a Recurring Basis Using Significant Unobservable Inputs (Level 3)		
	Interest in Irrevocable Trusts	Held for Insurance Obligations	Total
Beginning balance - February 1, 2017	\$ 4,180	\$ 141	\$ 4,321
Assets whose use is limited:			
Net deposits	56	-	56
Unrealized gains	98	27	125
Ending balance - January 31, 2018	\$ 4,334	\$ 168	\$ 4,502

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

	Assets Measured on a Recurring Basis Using Significant Unobservable Inputs (Level 3)		
	Interest in Irrevocable Trusts	Held for Insurance Obligations	Total
Beginning balance - February 1, 2016	\$ 4,825	\$ 131	\$ 4,956
Assets whose use is limited:			
Net withdrawals	(749)	-	(749)
Unrealized losses	104	10	114
Ending balance - January 31, 2017	<u>\$ 4,180</u>	<u>\$ 141</u>	<u>\$ 4,321</u>

Note 4 - Charity and Other Unreimbursed Care

Pursuant to its mission statement as described in Note 1, the Retirement Communities provide free services to those residents who are unable to pay all or a portion of their charges and who meet certain eligibility criteria.

Records are maintained to identify and monitor the level of charity care provided. Unreimbursed costs foregone for charity care were \$5,021 and \$4,769 in 2018 and 2017, respectively. Charitable gifts received to offset costs were \$4,171 and \$3,998 in 2018 and 2017, respectively. The Retirement Communities use a cost per resident day amount to determine unreimbursed costs.

In addition to charity care, the Retirement Communities provide care to residents under governmental programs that reimburse the Retirement Communities at rates less than their cost. The Retirement Communities provided partially reimbursed care in 2018 and 2017 as follows:

	2018	2017
Estimated cost of Medicaid services provided	\$ 34,166	\$ 33,599
Less government reimbursement	(21,296)	(21,788)
Unreimbursed care - Based on estimated cost	<u>\$ 12,870</u>	<u>\$ 11,811</u>

Note 5 - Restricted Cash

Restricted cash consists principally of deposits received for entrance fees that are required by state law to be held in escrow accounts and other debt agreements.

Note 6 - Assets Whose Use is Limited, Including Interest in Investment Pool

Assets whose use is limited, including interest in investment pool, include assets classified in the following three categories:

Board Designated

These are assets set aside by the board of directors (the "Board") for benevolent care, property replacement, refundable entrance fee contracts, and certain current and future construction and capital projects over which the Board retains control and, at its direction, may subsequently use for other purposes.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

**Note 6 - Assets Whose Use is Limited, Including Interest in Investment Pool
(Continued)**

Restricted Under State and Debt Agreements

These are assets held by trustees under the terms of the master indenture agreement, various bond trust indentures, and state laws for debt service reserves, certain construction projects, and operating expense escrow accounts.

Endowment

These are assets permanently restricted by the donor as an endowment fund.

Assets whose use is limited, including interest in investment pool at January 31, 2018 and 2017, consisted of the following funds:

	<u>2018</u>	<u>2017</u>
Beneficial interest in investment pool:		
Board designated:		
Benevolent care fund	\$ 68,356	\$ 56,626
Capital reserve fund	30,452	23,171
Property replacement fund	59,731	44,577
Reserve for refundable contracts	76,090	63,361
Other	21,358	19,191
Total board designated	<u>255,987</u>	<u>206,926</u>
Endowment - Brandel Fund	<u>5,504</u>	<u>4,923</u>
Total beneficial interest in investment pool	261,491	211,849
Endowment - Covenant Trust	2,844	2,538
Board-designated investments - Other	2,174	1,564
Restricted under state and debt agreements:		
Bond interest and sinking fund	4,969	3,683
Debt service reserve fund	29,395	29,559
State-required reserves	8,454	8,408
Total restricted under state and debt agreements	<u>42,818</u>	<u>41,650</u>
Total	<u>\$ 309,327</u>	<u>\$ 257,601</u>

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

**Note 6 - Assets Whose Use is Limited, Including Interest in Investment Pool
(Continued)**

	2018	2017
Equity securities:		
Board designated	\$ 73,426	\$ 64,115
Brandel endowment	1,577	1,110
Covenant trust endowment	2,844	2,538
Total equity securities	77,847	67,763
Fixed-income securities:		
Board designated	76,478	76,595
Restricted under state and debt agreements	37,294	37,411
Endowment	1,645	1,475
Total fixed-income securities	115,417	115,481
Alternative investments:		
Board designated:		
International equity	40,908	18,412
Hedge funds	19,366	18,960
Private equity	8,691	7,356
Mortgages	508	452
Domestic equity	29,239	18,895
Puts and calls	2,176	2,141
High-yield bonds	5,195	-
Endowment:		
International equity	880	650
Hedge funds	528	669
Private equity	187	260
Mortgages	12	16
Domestic equity	628	667
Puts and calls	47	76
Total alternative investments	108,365	68,554
Cash and short-term investments:		
Board designated	2,174	1,564
Restricted under state and debt agreements	5,524	4,239
Total cash and short-term investments	7,698	5,803
Total	\$ 309,327	\$ 257,601

Note 7 - Other Assets

Other assets at January 31, 2018 and 2017 consisted of the following:

	2018	2017
Unamortized deferred marketing costs - Net	\$ 697	\$ 770
Investment in real estate - Net	8,282	8,517
Investment held for insurance obligation by CIIC	17,540	16,235
Other	6,145	6,290
Total	\$ 32,664	\$ 31,812

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 7 - Other Assets (Continued)

Included in other assets is \$17,540 and \$16,235 of investments held by CIIC primarily for the purpose of funding insurance obligations as of January 31, 2018 and 2017, respectively (see Note 3).

Included in other assets of the consolidated statements of financial position is \$2,947 and \$3,318 related to the subordinated note receivable received as consideration for the sale of shares in Symbria, Inc. as of January 31, 2018 and 2017, respectively.

Note 8 - Property and Equipment

Property and equipment at January 31, 2018 and 2017 consisted of the following:

	2018	2017
Land and land improvements	\$ 50,245	\$ 51,327
Buildings and improvements	770,944	779,355
Furniture and equipment	205,234	189,164
Construction in progress (Note 13)	10,123	13,161
Property and equipment - At cost	1,036,546	1,033,007
Less accumulated depreciation	484,320	453,026
Property and equipment - Net	<u>\$ 552,226</u>	<u>\$ 579,981</u>

Note 9 - Continuing Care Requirements

Under the provisions of various state regulations, the Retirement Communities are required to maintain escrow accounts to cover defined portions of debt service and annual operating expenses. Management believes the Retirement Communities were in compliance with all such state regulations at January 31, 2018.

Note 10 - Line of Credit

Covenant Retirement Communities, Inc. have a secured bank line of credit for a maximum of \$8,000, reduced by certain outstanding letters of credit, which totaled \$6,144 at January 31, 2018. Borrowings under the line bear interest at the prime rate. The line has no compensating balance arrangement, but requires a commitment fee equal to 1/4 of 1 percent per annum on the average daily unused portion, payable quarterly. There were no draws on the line during 2018 or 2017 and no balance outstanding at January 31, 2018 or 2017. The line expires on March 1, 2019.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 11 - Long-term Debt and Other Obligations

Long-term debt at January 31, 2018 and 2017 as follows:

	2018	2017
Master indenture obligations:		
Illinois Finance Authority revenue refunding direct placement bonds, series 2011A	\$ -	\$ 15,830
Illinois Finance Authority revenue refunding direct placement bonds, series 2011B	-	36,240
Colorado Health Facilities Authority revenue bonds, series 2012A, due 2034, interest at 4.500 percent - 5.000 percent	104,205	104,205
Colorado Health Facilities Authority revenue bonds, series 2012B, due 2027, interest at 4.000 percent - 5.000 percent	22,905	22,905
Colorado Health Facilities Authority revenue bonds, series 2012C, due 2023, interest at 2.000 percent - 5.000 percent	9,875	11,455
Colorado Health Facilities Authority revenue bonds, series 2013A, due 2036, interest at 4.250 percent - 5.750 percent	21,995	21,995
Colorado Health Facilities Authority revenue bonds, series 2013B (TEMPS), due 2018, interest at 3.150 percent	7,550	7,550
California Statewide Communities Development Authority revenue bonds, series 2013C due 2036, interest at 5.625 percent	20,450	20,450
Colorado Health Facilities Authority revenue refunding bonds, series 2015A due 2036, interest at 1.000 percent - 5.000 percent	101,875	106,305
Colorado Health Facilities Authority revenue refunding bonds, series 2015B due 2025, interest adjusted weekly, 2.67 percent at January 31, 2018	15,295	17,900
Illinois Finance Authority revenue refunding direct placement bonds, series 2017, due 2029, interest rate adjusted weekly, 2.46 percent at January 31, 2018	48,825	-
	<u>352,975</u>	<u>364,835</u>
Total long-term debt		
Less current maturities	(19,730)	(11,860)
Less unamortized debt issuance costs - Net of accumulated amortization	(4,403)	(5,329)
Plus unamortized original issue discount - Net of unamortized original issue premium	11,054	11,587
	<u>\$ 339,896</u>	<u>\$ 359,233</u>

Master Indenture Obligations

The Retirement Communities, excluding Covenant Retirement Services and its affiliates, are members of the obligated group, as defined (the "Obligated Group"), under the Master Indenture. As members, each community is jointly and severally liable for the repayment of the Master Indenture Bonds. The Master Indenture obligations, totaling \$352,975 at January 31, 2018, are secured by mortgages on substantially all real estate, personal property (equipment and fixtures), and accounts receivable of the Obligated Group. Members of the Obligated Group make monthly interest and principal deposits into bond interest and sinking funds controlled by the bond trustees. The Master Indenture and related agreements require the maintenance of minimum debt service coverage and days cash on hand ratios, as defined; require the maintenance of minimum debt service reserve funds; and place restrictions on the incurrence of additional debt and disposal of assets. Management believes the Obligated Group was in compliance with these requirements at January 31, 2018.

All of the tax-exempt revenue bonds are subject to optional early redemption by the issuers prior to maturity at premiums of up to 2 percent for redemptions within stated time periods.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 11 - Long-term Debt and Other Obligations (Continued)

On February 1, 2017, the Retirement Communities issued \$52,070 of tax-exempt revenue refunding direct placement bonds with the Illinois Finance Authority (Series 2017). Proceeds from the Series 2017 bonds were used to pay the Illinois Finance Authority Series 2011 A and B direct placement bonds. The Series 2017 bonds mature on December 1, 2029, but are subject to mandatory tender on February 1, 2024. Debt issuance costs of \$463 were paid by the Retirement Communities as of January 31, 2018 related to this transaction. The Retirement Communities recognized a loss on extinguishment of debt of \$471 representing the write-off of deferred costs to early extinguish the aforementioned bonds, which is recorded as a loss on extinguishment of debt in the consolidated statement of operations for the year ended January 31, 2018.

The weighted-average interest rate on all outstanding borrowings was approximately 4.3 percent at January 31, 2018.

Total Long-term Debt

Contractual maturities of long-term debt, excluding original issue discount and premium, for years subsequent to January 31, 2018 are as follows:

Years Ending January 31	Amount
2019	\$ 19,730
2020	12,560
2021	12,940
2022	15,025
2023	16,095
2024 and thereafter	276,625
Total	<u>\$ 352,975</u>

The tax-exempt revenue bond indentures require certain funds to be held in accounts controlled by the bond trustees. The funds are primarily invested in fixed-income securities and cash and short-term investments. The total trustee-held funds, which are included in assets whose use is limited, including interest in investment pool as "restricted under state and debt agreements," at January 31, 2018 and 2017 are as follows:

	2018	2017
Fund:		
Bond interest and sinking Fund	\$ 4,969	\$ 3,683
Debt service reserve fund	29,395	29,559
Subtotal	34,364	33,242
Less amounts classified as current	(4,969)	(3,683)
Trustee-held funds - Noncurrent	<u>\$ 29,395</u>	<u>\$ 29,559</u>

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 11 - Long-term Debt and Other Obligations (Continued)

Other Obligations

In 2013, Lenexa secured a construction loan with Huntington Bank, N.A. (the "Priority Lenexa Loan") for construction and development of a rental continuing care retirement community. The loan allowed for maximum borrowing of \$13,500 and bore interest at LIBOR plus the bank spread. Interest-only payments were due for the first two years and monthly principal and interest payments thereafter amortize over 25 years; the loan was set to mature in 2025. The balance of the loan was \$12,787 as of January 31, 2017, of which \$282 was payable in 2018 and was included in other current liabilities on the consolidated statements of financial position. The remainder of the balance, \$12,505, was included in other liabilities on the consolidated statements of financial position.

Lenexa also secured an additional \$5,000 loan from National Covenant Properties (the "Junior Loan") for the Lenexa campus construction, which is payable on the earlier of (i) demand of National Covenant Properties or (ii) five years from the date of first disbursement of loan funds, and is secured by a mortgage and other related loan documents that were subordinated to the Priority Lenexa Loan. National Covenant Properties has represented to the Retirement Communities that it will not demand payment on this loan prior to February 1, 2018. The Priority Lenexa Loan was modified in conjunction with the financing of construction for Covenant Place of Tulsa (Tulsa), described below, to adjust certain covenants, extend the maturity to March 1, 2024, and to provide for cross-collateralization and cross-default with the loan for Tulsa.

Effective December 2017, the Retirement Communities sold Lenexa and as a result the debt described above was repaid in conjunction with the sale proceeds. See Note 2, *Basis of Consolidation*, for details of the transaction.

In 2015, Tulsa secured a construction loan with Huntington Bank, N.A. (the "Priority Tulsa Loan") for construction and development of a rental continuing care retirement community. The loan allows for maximum borrowing of \$12,570 and bears interest at LIBOR plus the bank spread. Interest-only payments are due for the first two years and monthly principal and interest payments thereafter amortize over 25 years. The loan matures in July 2021. The balance of the loan is \$12,386 as of January 31, 2018, of which \$203 is payable in 2019 and is included in other current liabilities on the consolidated statements of financial position. The remainder of the balance, \$12,183, is included in other liabilities on the consolidated statements of financial position.

Tulsa also secured an additional \$4,200 loan from National Covenant Properties (the "Junior Tulsa Loan") for the Tulsa campus construction, which is payable on the earlier of (i) demand of National Covenant Properties or (ii) April 30, 2021, and is secured by a mortgage and other related loan documents that were subordinated to the Priority Tulsa Loan. National Covenant Properties has represented to the Retirement Communities that it will not demand payment on this loan prior to February 1, 2019.

Guarantees of Debt

In May 2015, Covenant Village of Portland, Limited Partnership (Portland), an affiliate of Covenant Ministries of Benevolence, entered into a credit agreement with U.S. Bank for borrowings up to \$6,000, which was used to redeem the State of Oregon Housing and Community Service Department Housing Development Revenue Bonds Series 2000A in May 2015. The balance outstanding on the credit agreement amounted to \$5,302 at January 31, 2018. The Retirement Communities guarantee payments of the obligation by Portland. Portland continues to service its debt as it comes due and, therefore, the Retirement Communities do not expect to make payments under this guarantee.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 11 - Long-term Debt and Other Obligations (Continued)

The Retirement Communities have guaranteed repayment of the Priority Tulsa Loan, whose payment guaranty is subject to certain rights of the Retirement Communities to limit their liability under such guaranty, and completion of construction. The Retirement Communities have also guaranteed repayment of the Junior Tulsa Loan.

Note 12 - Derivative Instruments

The Retirement Communities entered into interest rate swap agreements to manage their debt structure and lessen interest rate risk. The fair values aggregate to \$9,497 and \$13,204 at January 31, 2018 and 2017, respectively, and are recorded in other liabilities. The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are contracts to exchange variable rate for fixed rate payments over the terms of the swap agreements without the exchange of the underlying notional amount. The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. During the years ended January 31, 2018 and 2017, the Retirement Communities had the following interest rate swaps in effect:

Counterparty	Maturity Date	Rate Paid	Rate Received	Notional Amount		Market Value as of January 31	
				2018	2017	2018	2017
Wells Fargo Bank, N.A.	12/1/2034	3.59%	67% of 1M LIBOR	\$ 13,490	\$ (1,996)	\$ (2,554)	
Wells Fargo Bank, N.A.	12/1/2025	3.49%	67% of 1M LIBOR	9,710	(739)	(1,126)	
Wells Fargo Bank, N.A.	2/1/2019	5.18%	SIFMA Index	56,725	(6,762)	(9,524)	

The Wells Fargo Bank, N.A. ISDA (International Swaps and Dealers Association, Inc.) contains an Additional Termination Event. If the long-term unsecured, unenhanced senior debt rating falls below certain thresholds, it triggers an Additional Termination Event. The Retirement Communities have three remedies available in lieu of termination, including collateral posting. No collateral was required to be posted at either January 31, 2018 or 2017.

The net amount paid in 2018 and 2017 to Wells Fargo Bank, N.A. under the interest rate swap agreements is \$3,246 and \$3,778, respectively. The expense is recorded as interest expense on interest rate swaps in 2018 and 2017.

The change in the fair market value of the swaps of \$3,706 and \$5,201 is recorded as a component of nonoperating revenue in the consolidated statements of operation and changes in unrestricted net assets for the years ended January 31, 2018 and 2017, respectively.

Note 13 - Construction in Progress

The construction in progress balance of \$10,123 and \$13,161 at January 31, 2018 and 2017, respectively, relates to various projects across the communities. All of the projects are for the purpose of improving or expanding resident facilities and are in accordance with the Covenant Retirement Communities' not-for-profit tax status. Sufficient funds to complete all projects are available from bond project funds and board-designated reserves.

Note 14 - Related Party Transactions

Included in assets whose use is limited, including interest in investment pool, classified as noncurrent at January 31, 2018 and 2017, are \$1,108 and \$1,082, respectively, of National Covenant Properties certificates of deposit. Interest income earned on the National Covenant Properties certificates of deposit was \$33 and \$32 in 2018 and 2017, respectively.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 14 - Related Party Transactions (Continued)

On July 31, 2014, CMB sold its ownership in Emanuel Medical Center (EMC) to a third-party provider. On August 1, 2014, ownership of Brandel Manor-Cypress, a 145-bed skilled nursing facility and Cypress, a 29-bed assisted living facility, transferred to CMB. While ownership of the facilities belongs to CMB, CRC signed a lease agreement to lease the operations and management for both facilities. The initial lease term is 10 years with two optional five-year extension periods and a \$300 annual base rent.

In August 2017, CMB contributed \$600 to Covenant Retirement Communities to be used in Turlock, California. As of January 31, 2018, the full amount of the contribution is recorded as a temporarily restricted net asset on the consolidated statements of financial position as the funds were not spent during the year.

In 2017, the Retirement Communities transferred \$500 to CMB. The transfer is recorded as a net asset transfer to a related organization in the consolidated statement of operations and changes in unrestricted net assets.

Included in other assets is \$475 and \$335 of amounts due from Covenant Ministries of Benevolence as of January 31, 2018 and 2017, respectively.

Included in administrative and general expense are management fees paid to Covenant Ministries of Benevolence of \$2,050 and \$2,702 in 2018 and 2017, respectively.

Certain costs, which relate to trust contributions, are incurred by the Retirement Communities in connection with the Covenant Estate Planning Services of The Evangelical Covenant Church, which assists certain residents and nonresidents in managing assets, establishing trusts, and other related activities. Amounts paid to the Covenant Estate Planning Services were \$427 and \$727 in 2018 and 2017, respectively.

During the year ended January 31, 2009, CRC Holdings Two acquired Geneva Place, a 53-unit senior residential building in Geneva, Illinois. This acquisition was primarily financed through a \$5,000 note payable to an affiliate, National Covenant Properties. As of January 31, 2018 and 2017, the outstanding balance on the note is \$4,850 and \$4,950, respectively. The note payable bears interest at a rate equal to the prime rate plus five basis points and the amount is due no later than 20 years from the date of first disbursement of loan funds, which was May 1, 2008.

On September 27, 2010, CRC Holdings One entered into a revolving line of credit with National Covenant Properties with an available credit line of \$4,000. During the year ended January 31, 2011, CRC Holdings One borrowed \$4,000 on the line of credit. As of January 31, 2018 and 2017, the outstanding balance on the line is \$4,000. The line of credit line bears interest at the prime rate or a minimum of 4 percent, due monthly. The principal amount borrowed is due no later than 20 years from the date of first disbursement of loan funds, which was November 1, 2010.

In February 2012, Lenexa entered into a revolving line of credit with National Covenant Properties with an available credit of \$5,000. As of January 31, 2017, the outstanding balance on the line was \$5,000. The line of credit bore interest at the prime rate or a minimum of 4 percent, due monthly. Effective August 2017, the Retirement Communities sold Lenexa and, as a result, the debt described above was repaid in conjunction with the sale proceeds. See Note 2, *Basis of Consolidation*, for details of the transaction.

In April 2014, Tulsa entered into a revolving line of credit with National Covenant Properties with an available credit of \$4,200. As of January 31, 2018 and 2017, the outstanding balance on the line is \$4,200. The line of credit bears interest at the prime rate or a minimum of 4 percent, due monthly. The Retirement Communities guarantee payment of the balance, as described in Note 11.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 15 - Pension Plan

Certain employees participate in The Evangelical Covenant Church Retirement Plan (the "Plan"). This multiemployer plan, administered by the Board of Benevolence, is noncontributory and provides defined benefits based on years of service and remuneration near retirement. Effective December 31, 2012, the Plan was frozen. Pension benefits will no longer accrue to employees for years of service subsequent to December 31, 2012. Beginning January 1, 2013, the Retirement Communities began to match contributions to a defined contribution plan, based on eligibility, made by employees up to 3 percent of each employee's salary. The Retirement Communities recorded expense of \$1,579 and \$1,392 for the match in 2018 and 2017, respectively.

Pension expense, representing the Retirement Communities' required contribution to the Plan, was \$1,625 and \$1,500 in 2018 and 2017, respectively. The contributions made by the Retirement Communities represented more than 5 percent of the total contributions made to the Plan in 2018 and 2017. To the extent the Plan is underfunded, future contributions to the Plan may increase.

The Evangelical Covenant Church Retirement Plan is not an ERISA plan and is not required to file Form 5500. The Plan's fiscal year is from January 1 to December 31.

Information regarding significant multiemployer pension benefit plans in which the Retirement Communities participate and total contributions made to all multiemployer plans is shown in the following table:

Pension Fund	FEIN	Total Contributions to the Plan for the Years Ended December 31	
		2018	2017
Evangelical Covenant Church Retirement Plan	36-2167730	\$ 10,817	\$ 8,532

As of December 31, 2016, net assets of the Plan were \$311,911 and the actuarial present value of accumulated plan benefits was \$368,389. This information is not yet available for the year ended December 31, 2017.

The fair value of the Plan assets as of December 31, 2017 and 2016 was \$360,535 and \$311,911, respectively.

Note 16 - Employee Medical Benefit Plan

The Retirement Communities sponsor a medical benefit plan, which is available to full-time and eligible part-time employees and their dependents. The medical benefit expense is based on actual medical, dental, and prescription claims paid, administration fees, and the provision for unpaid and unreported claims at year end. At January 31, 2018 and 2017, the liability recorded for unpaid and unreported claims was \$2,109 and \$1,691, respectively, and is reported in other current liabilities. The medical benefit expense was \$10,495 and \$10,433 for the years ended January 31, 2018 and 2017, respectively.

Note 17 - Beneficial Interest in Gift Instruments

A source of funds to the Retirement Communities is in the form of bequests from The Evangelical Covenant Church members, residents of the Retirement Communities, and other parties. The Office of Covenant Estate Planning Services (CEPS) of The Evangelical Covenant Church maintains information as to the estimated values of certain of the Retirement Communities' share of trusts and other estate-planning mechanisms used by donors. Estimates of value as to the underlying assets of the trusts or other arrangements rely on quoted market prices in the case of stocks and other equity and traded debt securities, appraisal values (where available) for real property, and other reasonable estimates made by the trustees for specific assets. The Retirement Communities have recorded their interest in irrevocable trusts as of 2018 and 2017 at fair value.

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 17 - Beneficial Interest in Gift Instruments (Continued)

Revocable trusts and bequests may be revoked by the donor at any time and, therefore, have not been recorded in the accompanying consolidated financial statements. Proceeds from revocable trusts and bequests will be recorded when received. The ultimate realization of such trusts and bequests may be affected by investment income and appreciation or depreciation, morbidity, mortality, principal reductions, and other factors. Accordingly, the ultimate amounts that will be realized and their timing are not presently determinable.

Amounts related to irrevocable trusts for which the Retirement Communities are the named beneficiary, but which allow the beneficiary to be changed to a different Evangelical Covenant Church-related entity at the discretion of the grantor, are not considered irrevocable for accounting purposes and, accordingly, are not included in interest in irrevocable trusts in the consolidated statements of financial position.

The Retirement Communities have recorded their interest in three endowment accounts funded by distributions from irrevocable trusts. The endowment accounts are managed by CEPS and are to be held in perpetuity. Income on the endowment funds is paid to the Retirement Communities quarterly and increases temporarily restricted net assets until the funds are spent for the designated purpose. The value of the endowment accounts at January 31, 2018 and 2017 is \$2,844 and \$2,538, respectively, and is recorded in assets whose use is limited and permanently restricted net assets in the consolidated statements of financial position.

Note 18 - Supplemental Information to Consolidated Statement of Cash Flows

This schedule represents the reconciliation for the years ended January 31, 2018 and 2017 of the change in net assets to net cash provided by operating activities:

	2018	2017
Change in net assets	\$ 33,351	\$ 19,055
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of deferred entrance fees	(42,047)	(39,843)
Depreciation	46,687	44,788
Amortization	754	596
Net accretion of original issue discount and premiums	533	465
Provision for uncollectible amounts, including related party notes receivable	2,632	2,570
Net realized and unrealized gain on investments	(32,090)	(21,986)
Net change in temporarily restricted net assets	(110)	604
Loss on extinguishment of debt	471	-
Endowment income restricted for reinvestment	(887)	(732)
Realized loss on derivative instruments	45	23
Loss on disposal of fixed assets	74	1,066
Net unrealized gain on derivative instruments	(3,706)	(5,201)
Nonrefundable entrance fees collected	54,051	48,747
Nonrefundable entrance fees refunded	(7,284)	(4,883)
Changes in assets and liabilities:		
Accounts receivable	(151)	(3)
Other assets	794	57
Accounts payable	1,903	(109)
Accrued interest	(72)	(73)
Accrued salaries	(3,626)	851
Other liabilities	(765)	859
Total	<u>\$ 50,557</u>	<u>\$ 46,651</u>

Covenant Retirement Communities, Inc.

Notes to Consolidated Financial Statements

January 31, 2018 and 2017

(all amounts in thousands unless otherwise noted)

Note 19 - Functional Expenses

Expenses by function for the years ended January 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Retirement community services	\$ 302,640	\$ 287,098
Management and general	15,534	19,531
Total	<u>\$ 318,174</u>	<u>\$ 306,629</u>

The Retirement Communities include the salary, benefits, and direct costs of the accounting department, vice presidents, and information services, excluding campus-related information services costs, as well as expenses for legal, consulting, service agreements, and CMB management fees as part of management and general expenses.

Additional Consolidating Information



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Independent Auditor's Report on Additional Consolidating Information

To the Board of Benevolence of
the Evangelical Covenant Church
Covenant Retirement Communities, Inc.

We have audited the consolidated financial statements of Covenant Retirement Communities, Inc. as of and for the years ended January 31, 2018 and 2017 and have issued our report thereon dated May 18, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

May 18, 2018

Covenant Retirement Communities, Inc.

Consolidating Statement of Financial Position Information

January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 16,008	\$ -	\$ 2,065	\$ 13,943	\$ -	\$ 13,112	\$ 831
Restricted cash	2,174	-	276	1,898	-	196	1,702
Assets whose use is limited, including beneficial interest in investment pool:							
Board designated	65,182	-	16	65,166	-	1,015	64,151
Restricted under debt agreements	4,969	-	-	4,969	-	390	4,579
Accounts receivable - net	24,127	-	4,332	19,795	-	929	18,866
Prepaid expenses and other assets	4,859	-	20	4,839	-	3,665	1,174
Total current assets	117,319	-	6,709	110,610	-	19,307	91,303
PROPERTY AND EQUIPMENT							
Property and Equipment- at Cost	1,036,546	-	28,755	1,007,791	-	51,886	955,905
Less Accumulated Depreciation	(484,320)	-	(4,230)	(480,090)	-	(21,094)	(458,996)
Property and Equipment- Net	552,226	-	24,525	527,701	-	30,792	496,909
OTHER ASSETS	32,664	(25,194)	1,561	56,297	(862)	51,094	6,065
INTEREST IN IRREVOCABLE TRUSTS	4,334	-	-	4,334	-	77	4,257
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:							
Board designated	192,979	-	-	192,979	-	41,801	151,178
Restricted under state and debt agreements	37,849	-	-	37,849	-	1,670	36,179
Endowment	8,348	-	-	8,348	-	5,505	2,843
Total assets whose use is limited, including beneficial interest in investment pool	239,176	-	-	239,176	-	48,976	190,200
TOTAL	\$ 945,719	\$ (25,194)	\$ 32,795	\$ 938,118	\$ (862)	\$ 150,246	\$ 788,734

Covenant Retirement Communities, Inc.

Consolidating Statement of Financial Position Information (Continued)

January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
LIABILITIES AND NET ASSETS (DEFICITS)							
CURRENT LIABILITIES:							
Accounts payable - trade	\$ 15,256	\$ -	\$ 541	\$ 14,715	\$ (1)	\$ 11,615	\$ 3,101
Accounts payable - contractors	7,191	-	22	7,169	-	7,047	122
Accrued salaries and wages	2,582	-	70	2,512	-	125	2,387
Accrued interest	1,466	-	-	1,466	-	11	1,455
Advance deposits	19,730	-	-	19,730	-	740	18,990
Current maturities of long-term debt	91,823	-	-	91,823	-	-	91,823
Deferred revenue subject to refund	92,457	-	-	92,457	-	-	92,457
Refundable contract liabilities	13,089	-	1,320	11,769	-	6,445	5,324
Other current liabilities							
Total current liabilities	243,594	-	1,953	241,641	(1)	25,983	215,659
LONG-TERM DEBT - Less current maturities	339,896	-	-	339,896	-	14,820	325,076
PAYABLE TO (FROM) COVENANT INSTITUTIONS:							
Covenant Retirement Communities - Notes and advances	-	(25,194)	25,194	-	(862)	16,674	(15,812)
Other Benevolent institutions - Notes and advances	13,050	-	13,050	-	-	-	-
Total payable to (from) Covenant institutions	13,050	(25,194)	38,244	-	(862)	16,674	(15,812)
OTHER LIABILITIES	39,310	-	11,988	27,322	(402)	15,850	11,874
DEFERRED REVENUE FROM ENTRANCE FEES	210,346	-	-	210,346	-	10,515	199,831
Total liabilities	846,196	(25,194)	52,185	819,205	(1,265)	83,842	736,628
NET ASSETS (DEFICITS):							
Unrestricted	83,391	-	(19,391)	102,782	403	59,716	42,663
Temporarily restricted	7,784	-	1	7,783	-	1,183	6,600
Permanently restricted - endowment	8,348	-	-	8,348	-	5,505	2,843
Total net assets (deficits)	99,523	-	(19,390)	118,913	403	66,404	52,106
TOTAL	\$ 945,719	\$ (25,194)	\$ 32,795	\$ 938,118	\$ (862)	\$ 150,246	\$ 788,734

Covenant Retirement Communities, Inc.

**Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information**

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
OPERATING REVENUES:							
Routine resident services	\$ 213,238	\$ -	\$ 9,090	\$ 204,148	\$ -	\$ 2,319	\$ 201,829
Ancillary services	49,881	(14)	21,287	28,608	-	5	28,603
Amortization of deferred entrance fees	42,047	-	-	42,047	-	983	41,064
Net assets released from restriction for operations	2,333	-	-	2,333	-	98	2,235
Other	6,163	(68)	727	5,504	(240)	691	5,063
Total operating revenues	313,652	(82)	31,104	282,640	(240)	4,096	278,784
EXPENSES:							
Routine nursing services	67,341	(105)	12,399	55,047	(112)	18	55,141
Ancillary services	18,297	(2)	2,612	15,687	(38)	(1)	15,726
Resident benefits	14,288	(1)	885	13,404	(20)	20	13,404
Dietary	37,501	-	1,107	36,394	(52)	36	36,410
Laundry	1,737	-	-	1,737	(3)	1	1,739
Housekeeping	7,911	-	246	7,665	(21)	17	7,689
Maintenance	17,642	-	690	16,952	(19)	336	16,635
Utilities	11,784	-	465	11,319	-	225	11,094
Administrative and general	56,879	28	9,365	47,486	50	(3,454)	50,890
Interest	16,815	-	1,649	15,166	(6,682)	(1,789)	23,637
Property taxes	3,148	-	438	2,710	-	434	2,276
Insurance	5,521	-	326	5,195	-	601	4,594
Marketing and promotion	11,606	-	1,273	10,333	(23)	(308)	10,664
Depreciation	46,552	-	1,130	45,422	-	2,202	43,220
Amortization	754	-	225	529	-	22	507
Other	398	-	90	308	-	(814)	1,122
Total expenses	318,174	(80)	32,900	285,354	(6,920)	(2,454)	294,728
OPERATING (LOSS) INCOME	\$ (4,512)	\$ (2)	\$ (1,796)	\$ (2,714)	\$ 6,680	\$ 6,550	\$ (15,944)

Covenant Retirement Communities, Inc.

**Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information (Continued)**

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
OPERATING (LOSS) INCOME	\$ (4,512)	\$ (2)	\$ (1,796)	\$ (2,714)	\$ 6,680	\$ 6,550	\$ (15,944)
NONOPERATING REVENUE (EXPENSE):							
Contributions:							
Gifts and bequests — net	792	-	84	708	1	(286)	993
Net assets released from restriction — distributions from trusts	658	-	-	658	-	(1)	659
Total contributions	1,450	-	84	1,366	1	(287)	1,652
Loss on extinguishment of debt	(471)	-	-	(471)	-	-	(471)
Other nonoperating revenue - net	71	-	932	(861)	-	181	(1,042)
Investment return, including beneficial interest in investment pool:							
Interest and dividend income	4,461	-	(2)	4,463	(6,682)	485	10,660
Realized gains (losses) on fixed income and equity securities — net	4,185	-	-	4,185	-	(746)	4,931
Unrealized gains (losses) on fixed income and equity securities — net	9,647	-	-	9,647	-	4,423	5,224
Alternative investment income (loss)	14,120	-	-	14,120	-	14,120	-
Total investment return (loss), including beneficial interest in investment pool	32,413	-	(2)	32,415	(6,682)	18,282	20,815
Unrealized gains (losses) on derivative instruments	3,706	-	-	3,706	(68)	3,774	-
Interest expense on interest rate swaps	(3,246)	-	-	(3,246)	-	(3,246)	-
Loss on swap termination	(45)	-	-	(45)	-	(45)	-
Total nonoperating revenue (expense)	33,878	-	1,014	32,864	(6,749)	18,659	20,954
(LOSS) INCOME	29,366	(2)	(782)	30,150	(69)	25,209	5,010
OTHER CHANGES IN UNRESTRICTED NET ASSETS:							
Net assets released from restriction for capital purchases	588	-	-	588	-	-	588
Total other changes in unrestricted net assets	588	-	(0)	588	-	-	588
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 29,954	\$ (2)	\$ (782)	\$ 30,738	\$ (69)	\$ 25,209	\$ 5,598

Covenant Retirement Communities, Inc.

Campus Consolidating Statement of Financial Position Information

January 31, 2018
(in thousands)

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor-Cypress
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 518	\$ 11	\$ 107	\$ 366	\$ 15	\$ 10	\$ 8	\$ 1
Restricted cash	1,645	516	15	766	89	148	107	4
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	20,723	7,047	-	2,271	4,332	4,341	2,732	-
Restricted under debt agreements	1,512	114	-	856	254	288	-	-
Accounts receivable - net	10,104	1,124	95	2,360	2,121	1,629	1,130	1,645
Prepaid expenses and other assets	602	48	23	42	72	38	336	43
Total current assets	35,104	8,860	240	6,661	6,883	6,454	4,313	1,693
PROPERTY AND EQUIPMENT - Net	181,308	44,261	4,738	33,707	31,394	35,745	29,648	1,915
OTHER ASSETS	1,478	61	-	1	88	249	1,079	-
INTEREST IN IRREVOCABLE TRUSTS	2,502	103	144	498	474	42	1,241	-
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:								
Board designated	23,324	1,011	4,039	6,940	4,072	331	6,931	\$ -
Restricted under state and debt agreements	18,536	2,674	-	7,400	3,325	3,828	1,308	-
Endowment	-	-	-	-	-	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	41,860	3,685	4,039	14,340	7,398	4,159	8,239	\$ -
TOTAL	\$ 262,252	\$ 56,970	\$ 9,161	\$ 55,207	\$ 46,237	\$ 46,649	\$ 44,520	\$ 3,508

Covenant Retirement Communities, Inc.

Campus Consolidating Statement of Financial Position Information (Continued)

January 31, 2018
(in thousands)

LIABILITIES AND NET ASSETS (DEFICITS)

CURRENT LIABILITIES:

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor-Cypress
Accounts payable - trade	\$ 1,563	\$ 75	\$ 19	\$ 382	\$ 751	\$ 196	\$ 34	\$ 106
Accounts payable - contractors	-	-	-	-	-	-	-	-
Accrued salaries and wages	105	-	66	-	-	39	-	-
Accrued interest	847	164	-	125	254	304	-	-
Advance deposits	630	70	144	19	63	62	272	-
Current maturities of long-term debt	7,158	1,667	-	4,942	-	549	-	-
Deferred revenue subject to refund	30,604	7,871	-	7,607	4,197	6,641	4,288	-
Refundable contract liabilities	32,298	11,168	-	4,532	7,086	6,302	3,210	-
Other current liabilities	2,099	810	221	175	400	116	148	229
Total current liabilities	75,304	21,825	450	17,782	12,751	14,209	7,952	335

LONG-TERM DEBT - Less current maturities

	126,199	36,741	-	14,423	31,695	43,340	-	-
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PAYABLE TO (FROM) COVENANT INSTITUTIONS:

Covenant Retirement Communities - Notes and advances
Other Benevolent institutions- Notes and advances

	90,032	2,787	4,744	26,617	20,141	10,462	21,630	3,651
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Total payable to (from) Covenant institutions

	90,032	2,787	4,744	26,617	20,141	10,462	21,630	3,651
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OTHER LIABILITIES

	14	-	-	-	14	-	-	-
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DEFERRED REVENUE FROM ENTRANCE FEES

	54,902	13,885	-	10,410	9,235	10,333	11,039	-
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Total liabilities

	346,451	75,238	5,194	69,232	73,836	78,344	40,621	3,986
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NET ASSETS (DEFICITS):

Unrestricted
Temporarily restricted
Permanently restricted - endowment

	(85,554)	(18,419)	3,883	(14,344)	(27,840)	(31,827)	3,582	(589)
	1,355	151	84	319	241	132	317	111

Total net assets (deficits)

	(84,199)	(18,268)	3,967	(14,025)	(27,599)	(31,695)	3,899	(478)
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TOTAL

	\$ 262,252	\$ 56,970	\$ 9,161	\$ 55,207	\$ 46,237	\$ 46,649	\$ 44,520	\$ 3,508
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Covenant Retirement Communities, Inc.

Campus Consolidating Statement of Operations and Changes in Unrestricted Net Assets

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor Cypress
OPERATING REVENUES:								
Routine resident services	\$ 79,039	\$ 13,859	\$ 2,121	\$ 13,395	\$ 15,285	\$ 9,764	\$ 14,516	\$ 10,099
Ancillary services	12,031	1,390	21	2,471	1,833	1,303	1,452	3,561
Amortization of deferred entrance fees	12,015	2,671	-	2,717	1,786	2,498	2,343	-
Net assets released from restriction for operations	592	98	-	55	267	74	98	-
Other	2,191	226	24	189	286	538	923	5
Total operating revenues	105,868	18,244	2,166	18,827	19,457	14,177	19,332	13,665
EXPENSES:								
Routine nursing services	23,853	3,413	188	2,999	5,137	2,516	3,671	5,929
Ancillary services	7,029	763	-	1,366	987	728	829	2,356
Resident benefits	5,656	885	472	870	1,078	776	1,128	447
Dietary	14,395	2,320	423	2,581	2,564	2,168	2,721	1,618
Laundry	764	76	14	67	138	27	87	355
Housekeeping	2,725	347	22	496	656	295	648	261
Maintenance	6,251	1,097	126	1,357	1,119	852	1,291	409
Utilities	4,363	633	133	893	767	619	1,123	195
Administrative and general	20,708	3,339	907	3,753	3,294	2,714	3,295	3,406
Interest	10,073	2,288	146	1,930	2,294	2,494	861	40
Property taxes	1,467	-	-	326	63	419	659	-
Insurance	1,802	300	85	336	346	268	304	163
Marketing and promotion	4,311	758	4	1,246	791	664	832	16
Depreciation	14,597	3,158	290	3,301	2,948	1,937	2,834	129
Amortization	179	58	-	22	35	64	-	-
Other	478	68	-	61	114	71	111	53
Total expenses	118,651	19,503	2,810	21,604	22,331	16,612	20,414	15,377
OPERATING (LOSS) INCOME	\$ (12,783)	\$ (1,259)	\$ (644)	\$ (2,777)	\$ (2,874)	\$ (2,435)	\$ (1,082)	\$ (1,712)

Covenant Retirement Communities, Inc.

Campus Consolidating Statement of Operations and Changes in Unrestricted Net Assets
(Continued)

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cronwell	Brandel Manor-Cypress
OPERATING (LOSS) INCOME	\$ (12,783)	\$ (1,259)	\$ (644)	\$ (2,777)	\$ (2,874)	\$ (2,435)	\$ (1,082)	\$ (1,712)
NONOPERATING REVENUE (EXPENSE):								
Contributions:								
Gifts and bequests — net	1,358	(111)	110	237	252	(14)	884	-
Net assets released from restriction — distributions from trusts	517	-	135	99	3	4	276	-
Total contributions	1,875	(111)	245	336	255	(10)	1,160	-
Loss on extinguishment of debt	(315)	(238)	-	-	-	(77)	-	-
Other nonoperating (expense) income - net	(297)	(221)	-	6	(19)	(47)	(16)	-
Investment return, including beneficial interest in investment pool:								
Interest and dividend income	2,232	413	75	618	506	241	379	-
Realized gains (losses) on fixed income and equity securities — net	1,020	250	69	163	174	108	256	-
Unrealized gains (losses) on fixed income and equity securities — net	1,504	486	-	193	344	269	212	-
Total investment return (loss), including beneficial interest in investment pool	4,756	1,149	144	974	1,024	618	847	-
Total nonoperating revenue (expense)	6,019	579	389	1,316	1,260	484	1,991	-
(LOSS) INCOME	(6,764)	(680)	(255)	(1,461)	(1,614)	(1,951)	909	(1,712)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:								
Net assets released from restriction for capital purchases	448	9	-	-	-	-	-	439
Total other changes in unrestricted net assets	448	9	-	-	-	-	-	439
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	\$ (6,316)	\$ (671)	\$ (255)	\$ (1,461)	\$ (1,614)	\$ (1,951)	\$ 909	\$ (1,273)

Covenant Retirement Communities, Inc.

Campus Consolidating Statement of Financial Position Information

January 31, 2018
(in thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windor Park
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 313	\$ 11	\$ 24	\$ 5	\$ 234	\$ 10	\$ 8	\$ 21
Restricted cash	57	15	25	6	1	-	-	10
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	43,428	8,596	3,238	15,042	5,263	8,426	2,863	-
Restricted under debt agreements	3,067	727	172	1,749	7	152	192	68
Accounts receivable - net	6,762	1,590	1,742	1,691	1,721	541	437	1,040
Prepaid expenses and other assets	572	58	174	65	90	16	54	115
Total current assets	56,199	10,997	5,375	18,558	7,316	9,145	3,554	1,254
PROPERTY AND EQUIPMENT - Net	315,601	52,829	38,565	73,282	41,001	41,793	32,718	35,413
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:								
Board designated	127,854	17,165	6,659	42,794	31,890	1,544	14,347	13,455
Restricted under state and debt agreements	17,643	6,128	1,183	4,394	51	2,052	2,504	1,331
Endowment	2,843	809	49	-	-	-	-	1,985
Total assets whose use is limited, including beneficial interest in investment pool	148,340	24,102	7,891	47,188	31,941	3,596	16,851	16,771
OTHER ASSETS	4,587	53	2,186	1,208	864	-	277	(1)
INTEREST IN IRREVOCABLE TRUSTS	1,755	225	290	28	413	205	400	194
TOTAL	\$ 526,482	\$ 88,206	\$ 54,307	\$ 140,264	\$ 81,535	\$ 54,739	\$ 53,800	\$ 53,631

Covenant Retirement Communities, Inc.

Campus Consolidating Statement of Financial Position Information (Continued)

January 31, 2018
(in thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarland	Covenant Shores	Covenant Village of Turlock	Windsor Park
LIABILITIES AND NET ASSETS (DEFICITS)								
CURRENT LIABILITIES:								
Accounts payable - trade	\$ 1,538	\$ 546	\$ 72	\$ 601	\$ 233	\$ 1	\$ 25	\$ 60
Accounts payable - contractors	17	-	-	-	-	17	-	-
Accrued salaries and wages	1,540	532	179	362	17	157	197	96
Accrued interest	825	100	102	152	135	230	58	48
Advance deposits	11,832	682	568	8,028	733	431	442	948
Current maturities of long-term debt	61,219	9,970	7,951	14,903	12,648	8,935	6,812	-
Deferred revenue subject to refund	60,159	12,066	5,792	19,494	7,677	12,254	2,878	-
Refundable contract liabilities	3,225	537	139	230	429	184	229	1,477
Other current liabilities	140,355	24,433	14,803	43,770	21,872	22,209	10,639	2,629
Total current liabilities	198,877	66,943	20,487	38,847	4,145	20,931	26,677	20,847
LONG-TERM DEBT - Less current maturities	(105,844)	6,818	(44,254)	(27,100)	(40,468)	(15,986)	(7,717)	22,865
PAYABLE TO (FROM) COVENANT INSTITUTIONS:								
Covenant Retirement Communities - Notes and advances								
Other Benevolent institutions- Notes and advances								
Total payable to (from) Covenant institutions	(105,844)	6,818	(44,254)	(27,100)	(40,468)	(15,986)	(7,717)	22,865
OTHER LIABILITIES	11,860	-	-	-	41	-	1	11,818
DEFERRED REVENUE FROM ENTRANCE FEES	144,929	16,554	17,996	28,027	22,016	20,313	11,121	28,902
Total liabilities	390,177	114,748	9,032	83,544	7,606	47,465	40,721	87,061
NET ASSETS (DEFICITS):								
Unrestricted	128,217	(27,484)	45,107	56,693	69,463	7,215	12,719	(35,496)
Temporarily restricted	5,245	133	119	27	4,466	59	360	81
Permanently restricted - endowment	2,843	809	49	-	-	-	-	1,985
Total net assets (deficits)	136,305	(26,542)	45,275	56,720	73,929	7,274	13,079	(33,430)
TOTAL	\$ 526,482	\$ 86,206	\$ 54,307	\$ 140,264	\$ 81,535	\$ 54,739	\$ 53,800	\$ 53,631

Covenant Retirement Communities, Inc.

**Campus Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information**

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samaritand	Covenant Shores	Covenant Village of Turlock	Windsor Park
OPERATING REVENUES:								
Routine resident services	\$ 122,790	\$ 20,775	\$ 16,861	\$ 19,737	\$ 19,327	\$ 15,007	\$ 12,761	\$ 18,322
Ancillary services	16,572	2,803	2,722	2,982	2,244	1,750	1,170	2,901
Amortization of deferred entrance fees	29,049	3,782	3,472	6,332	4,639	3,990	2,795	4,038
Net assets released from restriction for operations	1,643	151	150	187	312	252	150	441
Other	2,862	335	302	356	764	670	277	158
Total operating revenues	172,916	27,846	23,507	29,594	27,286	21,669	17,153	25,861
EXPENSES:								
Routine nursing services	31,288	5,395	4,574	5,350	4,341	3,929	2,734	4,865
Ancillary services	8,697	1,409	1,402	1,434	1,422	855	703	1,472
Resident benefits	7,748	1,436	945	1,270	1,351	761	782	1,203
Dietary	22,015	3,242	2,919	3,719	3,661	2,652	2,437	3,385
Laundry	975	177	156	197	109	92	123	121
Housekeeping	4,944	783	664	660	1,072	568	640	557
Maintenance	10,364	1,683	1,166	1,874	1,598	1,286	1,113	1,664
Utilities	6,731	1,278	1,240	895	977	849	670	822
Administrative and general	30,162	4,916	4,175	4,904	4,577	3,962	3,703	3,945
Interest	13,564	4,429	1,198	2,207	772	1,058	1,368	2,531
Property taxes	809	273	-	-	2	217	-	317
Insurance	2,792	419	352	451	442	430	299	399
Marketing and promotion	6,353	1,153	743	895	925	535	884	1,218
Depreciation	28,623	4,490	3,400	6,183	4,141	3,160	2,547	4,702
Amortization	328	74	25	140	9	21	31	28
Other	644	95	74	161	97	58	76	83
Total expenses	176,077	31,252	23,033	30,340	25,486	20,433	18,111	27,412
OPERATING (LOSS) INCOME	\$ (3,161)	\$ (3,406)	\$ 474	\$ (746)	\$ 1,790	\$ 1,236	\$ (958)	\$ (1,551)

Covenant Retirement Communities, Inc.

**Campus Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information (Continued)**

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarland	Covenant Shores	Covenant Village of Turlock	Windsor Park
OPERATING (LOSS) INCOME	\$ (3,161)	\$ (3,406)	\$ 474	\$ (746)	\$ 1,790	\$ 1,236	\$ (958)	\$ (1,551)
NONOPERATING REVENUE (EXPENSE):								
Contributions:								
Gifts and bequests — net	(365)	(148)	(110)	(44)	(121)	120	(11)	(51)
Net assets released from restriction — distributions from trusts	142	5	-	57	50	24	2	4
Total contributions	(223)	(143)	(110)	13	(71)	144	(9)	(47)
Loss on extinguishment of debt	(156)	(16)	-	(17)	-	-	-	(123)
Other nonoperating (expense) income - net	(745)	(28)	(119)	17	(457)	(40)	(125)	7
Investment return, including beneficial interest in investment pool:								
Interest and dividend income	8,428	1,677	993	1,778	1,917	543	619	901
Realized gains (losses) on fixed income and equity securities — net	3,911	526	257	1,288	730	319	362	429
Unrealized gains (losses) on fixed income and equity securities — net	3,720	589	217	1,059	357	549	183	766
Total investment return (loss), including beneficial interest in investment pool	16,059	2,792	1,467	4,125	3,004	1,411	1,164	2,096
Total nonoperating revenue (expense)	14,935	2,605	1,238	4,138	2,476	1,515	1,030	1,933
(LOSS) INCOME	11,774	(801)	1,712	3,392	4,266	2,751	72	382
OTHER CHANGES IN UNRESTRICTED NET ASSETS:								
Net assets released from restriction for capital purchases	140	4	-	-	104	-	-	32
Total other changes in unrestricted net assets	140	4	-	-	104	-	-	32
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 11,914	\$ (797)	\$ 1,712	\$ 3,392	\$ 4,370	\$ 2,751	\$ 72	\$ 414

Covenant Retirement Communities, Inc.

Consolidating Statement of Financial Position Information – Covenant Retirement Services

January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Business Development and Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Covenant Place of Tulsa	CovenantCare at Home	Ontrac Management Services	Covenant Retirement Services
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	\$ 2,065	\$ -	\$ 72	\$ 353	\$ 277	\$ -	\$ 475	\$ 872	\$ -	\$ 16
Restricted cash	276	-	-	-	-	-	276	-	-	-
Assets whose use is limited, including beneficial interest in investment pool:										
Board designated	16	-	16	-	-	-	-	-	-	-
Restricted under debt agreements	4,332	(28)	-	-	(2)	-	4	4,354	-	4
Accounts receivable - net	20	-	6	-	-	-	10	4	-	4
Prepaid expenses and other assets										
Total current assets	6,709	(28)	94	353	275	-	765	5,230	-	20
PROPERTY AND EQUIPMENT - Net	24,525	-	-	3,480	5,966	-	14,892	187	-	-
OTHER ASSETS	1,561	-	-	161	111	-	(160)	796	(221)	874
INTEREST IN IRREVOCABLE TRUSTS	-	-	-	-	-	-	-	-	-	-
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:										
Board designated	-	-	-	-	-	-	-	-	-	-
Restricted under state and debt agreements	-	-	-	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	-	-	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 32,795	\$ (28)	\$ 94	\$ 3,994	\$ 6,352	\$ -	\$ 15,497	\$ 6,213	\$ (221)	\$ 894

Covenant Retirement Communities, Inc.

Consolidating Statement of Financial Position Information – Covenant Retirement Services (Continued)

January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development and Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Covenant Place of Tulsa	CovenantCare at Home	Ontrac Management Services	Covenant Retirement Services
LIABILITIES AND NET ASSETS (DEFICITS)										
CURRENT LIABILITIES:										
Accounts payable - trade	\$ 541	\$ (28)	\$ -	\$ 11	\$ 22	\$ -	\$ 135	\$ 401	\$ -	\$ -
Accounts payable - contractors	-	-	-	-	-	-	-	-	-	-
Accrued salaries and wages	22	-	-	-	-	-	22	-	-	-
Accrued interest	70	-	-	14	-	-	56	-	-	-
Advance deposits	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	-	-	-	-	-	-	-	-	-	-
Deferred revenue subject to refund	-	-	-	-	-	-	-	-	-	-
Refundable contract liabilities	-	-	-	-	-	-	-	-	-	-
Other current liabilities	1,320	-	-	15	210	-	529	566	-	-
Total current liabilities	1,953	(28)	-	40	232	-	742	967	-	-
LONG-TERM DEBT - Less current maturities										
	-	-	-	-	-	-	-	-	-	-
PAYABLE TO (FROM) COVENANT INSTITUTIONS:										
Covenant Retirement Communities - Notes and advances	25,194	-	1,848	(194)	4,069	-	136	17,632	(151)	1,854
Other Benevolent institutions- Notes and advances	13,050	-	-	4,000	4,850	-	4,200	-	-	-
Total payable to (from) Covenant institutions	38,244	-	1,848	3,806	8,919	-	4,336	17,632	(151)	1,854
OTHER LIABILITIES										
	11,988	-	-	-	-	-	11,988	-	-	-
Total liabilities	52,185	(28)	1,848	3,846	9,151	-	17,066	18,599	(151)	1,854
NET ASSETS (DEFICITS):										
Unrestricted	(19,391)	-	(1,754)	148	(2,799)	-	(1,569)	(12,387)	(70)	(960)
Temporarily restricted	1	-	-	-	-	-	-	1	-	-
Permanently restricted - endowment	-	-	-	-	-	-	-	-	-	-
Total net assets (deficits)	(19,390)	-	(1,754)	148	(2,799)	-	(1,569)	(12,386)	(70)	(960)
TOTAL	\$ 32,795	\$ (28)	\$ 94	\$ 3,994	\$ 6,352	\$ -	\$ 15,497	\$ 6,213	\$ (221)	\$ 894

Covenant Retirement Communities, Inc.

**Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information – Covenant Retirement Services**

For the Year Ended January 31, 2018
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development and Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Covenant Place of Tulsa	Covenant Care at Home	Ontrac Management Services	Covenant Retirement Services
OPERATING REVENUES:										
Routine resident services	\$ 9,090	\$ -	\$ -	\$ -	\$ 1,224	\$ 4,946	\$ 2,920	\$ -	\$ -	\$ -
Ancillary services	21,287	-	-	-	-	633	32	20,622	-	-
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction for operations	-	-	-	-	-	-	-	-	-	-
Other	727	-	61	574	9	35	48	-	-	-
Total operating revenues	31,104	-	61	574	1,233	5,614	3,000	20,622	-	-
EXPENSES:										
Routine nursing services	12,389	-	-	-	-	1,655	218	10,526	-	-
Ancillary services	2,612	-	-	-	-	176	-	2,436	-	-
Resident benefits	885	-	-	-	22	223	63	577	-	-
Dietary	1,107	-	-	-	26	619	462	-	-	-
Laundry	-	-	-	-	-	-	-	-	-	-
Housekeeping	246	-	-	-	54	141	51	-	-	-
Maintenance	690	-	-	213	76	260	141	-	-	-
Utilities	465	-	-	-	117	181	129	-	-	-
Administrative and general	9,365	-	138	47	217	1,014	571	7,240	-	138
Interest	1,649	-	-	166	201	644	638	-	-	-
Property taxes	438	-	-	103	125	6	200	4	-	-
Insurance	326	-	16	5	33	73	65	134	-	-
Marketing and promotion	1,273	-	-	-	60	106	83	1,024	-	-
Depreciation	1,130	-	-	127	176	282	495	48	-	-
Amortization	225	-	-	-	-	186	11	28	-	-
Other	90	-	-	-	-	-	-	90	-	-
Total expenses	32,900	-	154	661	1,099	5,566	3,137	22,145	-	138
OPERATING (LOSS) INCOME	\$ (1,796)	\$ -	\$ (83)	\$ (67)	\$ 134	\$ 48	\$ (137)	\$ (1,523)	\$ -	\$ (138)

Covenant Retirement Communities, Inc.

**Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information – Covenant Retirement Services (Continued)**

For the Year Ended January 31, 2018
(in thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development & Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lanexa	Covenant Place of Tutula	CovenantCare at Home	Ontrac Management Services	Covenant Retirement Services
OPERATING (LOSS) INCOME	\$ (1,796)	\$ -	\$ (93)	\$ (87)	\$ 134	\$ 48	\$ (137)	\$ (1,523)	\$ -	\$ (138)
NONOPERATING REVENUE (EXPENSE):										
Contributions:										
Gifts and bequests — net	84	-	-	-	-	2	-	82	-	-
Net assets released from restriction — distributions from trusts	-	-	-	-	-	-	-	-	-	-
Total contributions	84	-	-	-	-	2	-	82	-	-
Other nonoperating (expense) income - net	932	-	(3)	8	-	945	-	-	-	(18)
Total investment return (loss), including beneficial interest in investment pool	(2)	-	-	-	-	-	-	-	-	(2)
Interest and dividend income	1,014	-	(3)	8	-	947	-	82	-	(20)
Total nonoperating revenue (expense)	(782)	-	(96)	(79)	134	995	(137)	(1,441)	-	(158)
(LOSS) INCOME										
OTHER CHANGES IN UNRESTRICTED NET ASSETS:										
Net assets released from restriction for capital purchases	(0)	-	-	-	-	-	-	-	-	(0)
Total other changes in unrestricted net assets	(782)	\$ -	\$ (96)	\$ (79)	\$ 134	\$ 995	\$ (137)	\$ (1,441)	\$ -	\$ (158)
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS										

Covenant Retirement Communities, Inc.

**Note to Consolidating Statement of Financial Position and
Consolidating Statement of Operations and Changes in
Unrestricted Net Assets Information**

As of and For the Year Ended January 31, 2018

(in thousands)

1. Basis of Reporting

In accordance with financial statement presentation under the bond agreements, the consolidating statement of financial position and consolidating statement of operations and changes in unrestricted net asset information as of and for the year ended January 31, 2018 for the Obligated Group exclude the effects of consolidating entities controlled by members of the Obligated Group but which themselves are not members of the Obligated Group. Those entities which are not members of the Obligated Group are included in Covenant Retirement Services. The balances for Covenant Retirement Communities and the Obligated Group do not include interests in controlled entities.

**EXHIBIT "C"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL**

3 YEAR PRO FORMA CASH FLOW STATEMENTS, INCLUDING SUMMARY OF PROJECTIONS USED IN THE PRO FORMA STATEMENTS. (NOTE: THE CALCULATIONS FOR THE PRO FORMA CASH FLOW STATEMENTS ARE NOT BASED ON THE AVERAGE AGE OF RESIDENTS OR THE ANTICIPATED NUMBER OF PERMANENT TRANSFERS AND DO NOT INCLUDE ANY PROJECTED RESULTS RELATING TO THE CONSTRUCTION PROJECT(S) DESCRIBED IN EXHIBIT E. SEE EXHIBIT E FOR PROJECTED OPERATING STATEMENTS THAT INCLUDE PROJECTED INFORMATION RELATING TO SUCH CONSTRUCTION PROJECT(S) AND THE RELATED FINANCING OF THE SAME)

46 - Covenant Village of Cromwell

	Operating Statement Summary			
	2018	2019	2020	2021
Resident Days	127,924	129,640	130,363	131,453
Adjusted Resident Care Revenue	19,131,008	20,411,305	21,001,799	21,638,401
Less: Contractual Adjustments	(3,392,435)	(3,768,950)	(3,930,414)	(3,967,883)
Net Resident Care Revenue	15,738,573	16,642,354	17,071,385	17,670,518
Ancillary Services Revenue	1,452,934	1,480,635	1,531,432	1,581,026
Other Operating Revenue	828,479	873,800	952,802	981,385
Total Operating Revenues	18,019,987	18,996,789	19,555,619	20,232,929
Routine Nursing Services	3,671,379	3,766,584	3,896,759	4,051,378
Ancillary Services	829,179	720,472	736,147	756,205
Resident Benefits	1,127,848	1,239,226	1,281,048	1,330,476
Dietary Expense	2,721,100	2,757,814	2,857,760	2,975,944
Laundry Expense	86,750	104,077	107,475	111,463
Housekeeping Expense	648,140	640,559	665,539	696,417
Maintenance Expense	1,280,280	1,329,478	1,374,857	1,431,497
Utilities Expense	1,123,441	1,207,841	1,234,347	1,266,031
Insurance	303,865	326,863	334,037	342,612
Administrative and General	3,308,811	3,594,394	3,729,684	3,852,734
Property Taxes	659,410	674,380	688,900	706,429
Total Operating Expenses	15,760,203	16,361,687	16,906,553	17,521,187
Internal Operating Margin	2,259,784	2,635,101	2,649,066	2,711,742
Internal Operating Ratio	12.5%	13.9%	13.5%	13.4%
Entrance Fees - Net	2,204,000	2,588,286	2,802,327	2,884,883
Contributions - Net	1,257,959	0	500,000	500,000
Investment Income	629,008	435,245	435,245	435,245
Other Non-Operating Income	107,594	100,800	100,800	100,800
Health Subsidy Expense	703,119	816,431	840,924	866,152
Benevolent Care	541,614	630,000	648,900	668,367
Interest - External	-	-	-	-
Interest - Internal	662,098	677,136	765,916	780,848
Sales and Marketing	772,968	833,230	861,494	890,790
Other Non-Operating Expense	127,201	129,695	133,586	137,594
Net Non-Operating Income/(Expense)	1,391,560	37,840	587,552	577,177
Net Excess/(Deficit)	3,651,344	2,672,941	3,236,618	3,288,919
Depreciation	2,834,052	2,930,635	2,991,635	3,117,435
Net Excess/(Deficit)	817,292	(257,694)	244,983	171,484

	Balance Sheet Summary			
	2018	2019	2020	2021
ASSETS				
Current Assets				
Cash - Unrestricted	7,766	23,083	23,083	23,083
Unrestrict Short Term Invest	-	-	-	-
Restricted Cash	106,875	123,039	123,039	123,039
Assets Whose Use Is Limited				
Board Designated Cur	2,731,597	2,842,177	2,842,177	2,842,177
Restricted Und Debt Agreements	-	-	-	-
Residents - AR	585,431	811,818	811,818	811,818
Third Party	540,213	477,644	477,644	477,644
Other Receivables	3,919	2,818	2,818	2,818
Prepaid Expen And Other Assets	336,478	167,092	167,092	167,092
Total Current Assets	4,312,278	4,447,670	4,447,670	4,447,670
Benevolent Care Fund				
Benevolent Care Fund	6,918,627	6,714,421	6,714,421	6,714,421
Property Replacement Reserve	191	180,565	281,492	385,643
Capital Reserve Fund	-	0	0	(0)
Operating Reserve Fund	-	-	-	-
Future Health Care Reserve	-	-	-	-
Other Reserves	12,623	13,137	20,480	28,058
Total Designated Funds	6,931,441	6,908,123	7,016,392.83	7,128,122
Bond Project Fund				
Bond Project Fund	-	-	-	-
Debt Service Reserve Fund	-	0	-	-
State Required Reserve	1,308,420	1,380,559	1,402,196.64	1,424,525.20
Total Restricted Funds	1,308,420	1,380,559	1,402,197	1,424,525
Total Assets Whose Use is Limited	8,239,861	8,288,683	8,418,589	8,552,647
Investments and Other Assets				
Investments	2,321,033	1,804,094	1,804,094	1,804,094
Other Assets	-	-	-	-
Investments and Other Assets	2,321,033	1,804,094	1,804,094	1,804,094
Property And Equipment				
Property And Equipment	54,352,016	60,605,325	63,045,325	65,637,325
Property And Equipment	54,352,016	60,605,325	63,045,325	65,637,325
Accumulated Depreciation	(24,703,870)	(29,006,550)	(31,998,185)	(35,115,620)
Net Property and Equipment	29,648,146	31,598,775	31,047,140	30,521,705
Total Assets	44,521,318	46,139,223	45,717,494	45,326,116
LIABILITIES				
Current Liabilities				
Accounts Payable	34,377	45,894	45,894	45,894
Other Accrued Expenses	0	104,514	104,514	104,514
Other Current Liabilities	103,449	127,312	127,312	127,312
Advance Deposits	272,250	151,450	151,450	151,450
Total Current Liabilities	410,076	429,170	429,170	429,170
Other Liabilities and Intercompany				
Other Liabilities and Intercompany	24,920,536	27,983,640	27,316,929	26,754,067
Total Liabilities	25,330,612	28,412,810	27,746,099	27,183,237
Net Asset	19,190,706	17,726,412	17,971,395	18,142,879
Total Liabilities & Fund Balances	44,521,318	46,139,223	45,717,494	45,326,116

	Cash Flow Summary			
	2018	2019	2020	2021
Cash Flows from Operating Activities:				
Excess / (Deficit) from Operations	817,292	(257,694)	244,983	171,484
Add back Depreciation and Amortization	2,834,052	2,930,635	2,991,635	3,117,435
Inc/(Dec) in Refundable Contracts	-	190,195	263,059	271,465
Other Operating Activities	(163,954)	53,613	-	-
Cash Flows from Operating Activities	3,487,390	2,916,749	3,499,677	3,560,384
Cash Flows from Investing Activities:				
Capital Expenditures	(3,468,189)	(1,754,833)	(2,440,000)	(2,592,000)
(Increase)/Decrease in reserves	(694,427)	(495,129)	(129,905)	(134,057)
Cash Flows Used In Investing Activities	(4,162,616)	(2,249,962)	(2,569,905)	(2,726,057)
Cash Flows Used In Financing Activities	-	-	-	-
Net Cash Generated	(675,226)	666,787	929,771	834,326

46 - Covenant Village of Cromwell

Cost Per Resident Day

Operating Statement Summary				
	2018	2019	2020	2021
Adjusted Resident Care Revenue	149.55	157.45	161.10	164.61
Less: Contractual Adjustments	(26.52)	(29.07)	(30.15)	(30.18)
Net Resident Care Revenue	123.03	128.37	130.95	134.43
Ancillary Services Revenue	11.36	11.42	11.75	12.03
Other Operating Revenue	6.48	6.74	7.31	7.47
Total Operating Revenues	140.86	146.53	150.01	153.92
Routine Nursing Services	28.70	29.05	29.89	30.82
Ancillary Services	6.48	5.56	5.65	5.75
Resident Benefits	8.82	9.56	9.83	10.12
Dietary Expense	21.27	21.27	21.92	22.64
Laundry Expense	0.68	0.80	0.82	0.85
Housekeeping Expense	5.07	4.94	5.11	5.30
Maintenance Expense	10.01	10.26	10.55	10.89
Utilities Expense	8.78	9.32	9.47	9.63
Insurance	2.38	2.52	2.56	2.61
Administrative and General	25.87	27.73	28.61	29.31
Property Taxes	5.15	5.20	5.28	5.37
Total Operating Expenses	123.20	126.21	129.69	133.29
Internal Operating Margin	17.67	20.33	20.32	20.63
Entrance Fees - Net	17.23	19.97	21.50	21.95
Contributions - Net	9.83	0.00	3.84	3.80
Investment Income	4.92	3.36	3.34	3.31
Other Non-Operating Income	0.84	0.78	0.77	0.77
Health Subsidy Expense	5.50	6.30	6.45	6.59
Benevolent Care	4.23	4.86	4.98	5.08
Interest - External	-	-	-	-
Interest - Internal	5.18	5.22	5.88	5.94
Sales and Marketing	6.04	6.43	6.61	6.78
Other Non-Operating Expense	0.99	1.00	1.02	1.05
Net Non-Operating Income/(Expense)	10.88	0.29	4.51	4.39
Net Excess/(Deficit)	28.54	20.62	24.83	25.02
Depreciation	22.15	22.61	22.95	23.72
Net Excess/(Deficit)	6.39	(1.99)	1.88	1.30

46 - Covenant Village of Cromwell
Projection Assumptions

	ACTUAL		FORECAST	
	2018	2019	2020	2021
RESIDENTIAL				
Total Residential - Days				
1st Person Days	73,106	73,582	73,577	73,778
2nd Person Days	19,343	19,467	19,465	19,519
Total Residential Days	92,449	93,049	93,042	93,297
Average Daily Number of Residential - Residents				
Number of 1st Persons	200.29	201.58	201.58	201.58
Number of 2nd Person	52.99	53.33	53.33	53.33
Total Residents	253.28	254.91	254.91	254.91
Average Number of Reoccs	23	22	22	22
Average Number of Vacancies	27	22	22	22
Capacity	211	212	212	212
Percent Occupied	94.9%	95.1%	95.1%	95.1%
Residential - Revenue				
1st Person Revenue	5,972,183	6,188,354	6,373,960	6,565,057
2nd Person Revenue	451,139	464,687	478,690	492,769
Total Residential Revenue	6,423,321	6,653,041	6,852,650	7,057,827
Residential - Average Revenue				
1st Person Average Revenue Per Month	2,485	2,558	2,635	2,714
2nd Person Average Revenue Per Month	709	726	748	770
Residential - Adjustments				
Billing Adjustments	(112)	(360)	(371)	(382)
Credits/Refunds	(77,912)	(28,600)	(29,458)	(30,342)
Meal Credits	(103,727)	(106,800)	(110,004)	(113,304)
Bed Tax/Surcharge	0	0	0	0
Other Adjustments	0	0	0	0
	(181,751)	(135,760)	(139,833)	(144,028)
Residential - Other Revenue				
Ancillary Revenue	85,606	87,795	90,429	93,142
Other Operating Revenue	694,086	714,090	788,300	811,948
	779,692	801,885	878,729	905,090
ASSISTED LIVING				
Total AL - Days				
1st Person Days	10,792	11,315	12,045	12,810
2nd Person Days	913	1,095	1,095	1,098
Total AL Days	11,705	12,410	13,140	13,908
Average Daily Number of AL - Residents				
Number of 1st Persons	29.57	31.00	33.00	35.00
Number of 2nd Person	2.50	3.00	3.00	3.00
Total Residents	32.07	34.00	36.00	38.00
Capacity	37	37	37	37
Percent Occupied	79.9%	83.8%	89.2%	94.6%
AL - Revenue				
1st Person Revenue	2,228,308	2,472,763	2,711,016	2,961,420
2nd Person Revenue	71,851	55,990	57,672	59,400
Service Level Revenue	31,412	32,916	35,856	38,760
Total Residential Revenue	2,331,571	2,561,670	2,804,544	3,059,580
AL - Average Revenue				

	ACTUAL		FORECAST	
	2018	2019	2020	2021
RESIDENTIAL				
1st Person Average Revenue Per Month	6,280	6,647	6,846	7,051
2nd Person Average Revenue Per Month	2,394	1,555	1,602	1,650
Service Level Average Revenue Per Month	82	81	83	85
AL - Adjustments				
Billing Adjustments	(64)	(90)	(93)	(96)
Credits/Refunds	0	0	0	0
Meal Credits	0	0	0	0
Bed Tax/Surcharge	0	0	0	0
Other Adjustments	0	0	0	0
	(64)	(90)	(93)	(96)
AL - Other Revenue				
Ancillary Revenue	103,618	133,925	137,943	142,081
Other Operating Revenue	81,882	97,341	100,261	103,269
	185,500	231,266	238,204	245,350
ASSISTED LIVING MEMORY SUPPORT				
Total ALMS - Days				
1st Person Days	3,704	4,380	4,380	4,392
2nd Person Days	-	-	0	0
Total ALMS Days	3,704	4,380	4,380	4,392
Average Daily Number of ALMS - Residents				
Number of 1st Persons	10.15	12.00	12.00	12.00
Number of 2nd Person	0.00	0.00	0.00	0.00
Total Residents	10.15	12.00	12.00	12.00
Capacity	13	13	13	13
Percent Occupied	78.1%	92.3%	92.3%	92.3%
ALMS - Revenue				
1st Person Revenue	965,269	1,181,351	1,216,800	1,253,376
2nd Person Revenue	0	0	0	0
Service Level Revenue	4,021	9,396	9,648	9,936
Total ALMS Revenue	969,289	1,190,747	1,226,448	1,263,312
ALMS - Average Revenue				
1st Person Average Revenue Per Month	7,927	8,204	8,450	8,704
2nd Person Average Revenue Per Month	0	0	0	0
Service Level Average Revenue Per Month	33	65	67	69
ALMS - Adjustments				
Billing Adjustments	0	0	0	0
Credits/Refunds	0	0	0	0
Meal Credits	0	0	0	0
Bed Tax/Surcharge	0	0	0	0
Other Adjustments	0	0	0	0
	0	0	0	0
ALMS - Other Revenue				
Ancillary Revenue	37,347	45,989	47,369	48,790
Other Operating Revenue	24,541	22,329	22,999	23,689
	61,888	68,318	70,368	72,479
SKILLED NURSING				
Total SNF - Days				
Contract Days	2,862	3,011	3,011	3,020
Private Days	4,482	4,198	4,198	4,209
Medicare Days	2,632	2,500	2,500	2,507
Medicaid Days	9,738	10,038	10,038	10,065
Managed Care Days	352	55	55	55
Medicaid Pending Days	0	0	0	0
Total SNF Days	20,066	19,801	19,801	19,856
Average Daily Number of SNF - Residents				

RESIDENTIAL	ACTUAL	FORECAST		
	2018	2019	2020	2021
Average Contract Residents	7.84	8.25	8.25	8.25
Average Private Residents	12.28	11.50	11.50	11.50
Average Medicare Residents	7.21	6.85	6.85	6.85
Average Medicaid Residents	26.68	27.50	27.50	27.50
Average Managed Care Residents	0.96	0.15	0.15	0.15
Average Medicaid Pending Residents	0.00	0.00	0.00	0.00
Total SNF Residents	54.98	54.25	54.25	54.25
Capacity	60	60	60	60
Percent Occupied	91.6%	90.4%	90.4%	90.4%
SNF - Revenue				
Contract Revenue	1,471,624	1,532,679	1,577,895	1,630,530
Private Revenue	1,967,830	2,208,196	2,275,045	2,348,622
Medicare Revenue	1,200,543	1,269,510	1,270,127	1,273,607
Medicaid Revenue	4,781,676	5,105,325	5,109,088	5,123,085
Managed Care Revenue	166,968	27,336	27,320	27,395
Total SNF Revenue	9,588,641	10,143,047	10,259,475	10,403,239
SNF - Average Revenue				
Contract Average Revenue Per Day	514	509	524	540
Private Average Revenue Per Day	439	526	542	558
Medicare Average Revenue Per Day	456	508	508	508
Medicaid Average Revenue Per Day	491	509	509	509
Managed Care Average Revenue Per Day	474	499	499	499
SNF - Rate Increases				
Contract / Private		5.00%	3.00%	3.00%
Medicare		0.00%	0.00%	0.00%
Medicaid		0.00%	0.00%	0.00%
Managed		0.00%	0.00%	0.00%
SNF - Adjustments				
Billing Adjustments	0	(1,350)	(1,391)	(1,433)
Credits/Refunds	0	0	0	0
Meal Credits	0	0	0	0
Bed Tax/Surcharge	0	0	0	0
Other Adjustments	0	0	0	0
	0	(1,350)	(1,391)	(1,433)
SNF - Contractual				
Medicare Contractual - R&B	208,071	43,121	17,502	17,550
Medicaid Contractual - R&B	(2,614,098)	(2,954,390)	(2,961,063)	(2,969,175)
Managed Care Contractual - R&B	(14,115)	(6,805)	(7,391)	(7,412)
Other Contractual	(103,059)	0	(103,059)	(106,151)
Ancillary Service Contractual Adjustment	(869,234)	(850,877)	(876,403)	(902,695)
	(3,392,435)	(3,768,950)	(3,930,414)	(3,967,883)
SNF - Average Revenue + Contractual				
Medicare Part A Average Revenue	535	515	515	515
Medicaid Average Revenue	223	214	214	214
Managed Care Average Revenue	434	364	364	364
SNF - Other Revenue				
Ancillary Revenue - 3rd Party	1,205,415	1,191,005	1,234,065	1,275,327
Ancillary Revenue - 3rd Party Per Day Per Resident	95	95	98	101
Ancillary Revenue - Private	20,949	21,921	21,626	21,686
Ancillary Revenue - Private Per Day Per Resident	3	3	3	3
Ancillary Revenue	1,226,364	1,212,926	1,255,691	1,297,013
Other Operating Revenue	27,970	40,040	41,242	42,479
	1,254,333	1,252,966	1,296,933	1,339,492
CAMPUS EXPENSES				
Wage increases		3.50%	3.50%	3.50%
Benefit increases		7.00%	7.00%	7.00%

RESIDENTIAL

	ACTUAL		FORECAST	
	2018	2019	2020	2021
Management fee		5.50%	5.50%	5.50%
Centralized billing fee - Medicare & Managed		2.00%	2.00%	2.00%
Centralized billing fee - Medicaid		0.75%	0.75%	0.75%
Flexing of expenses		40.00%	30.00%	30.00%
Ancillary - Salaries	0	0	0	0
Ancillary - Benefits	0	0	0	0
Ancillary - Non-payroll expense	829,179	720,472	736,147	756,205
	<u>829,179</u>	<u>720,472</u>	<u>736,147</u>	<u>756,205</u>
Nursing - Salaries	2,919,787	2,973,651	3,082,879	3,198,777
Nursing - Benefits	638,903	688,541	737,972	791,609
Nursing - Non-payroll expense	112,689	104,391	75,908	60,992
	<u>3,671,379</u>	<u>3,766,584</u>	<u>3,896,759</u>	<u>4,051,378</u>
Resident Benefits - Salaries	720,922	780,240	808,899	839,309
Resident Benefits - Benefits	170,193	208,875	223,870	240,141
Resident Benefits - Non-payroll expense	236,732	250,112	248,279	251,026
	<u>1,127,848</u>	<u>1,239,226</u>	<u>1,281,048</u>	<u>1,330,476</u>
Dining - Salaries	1,249,292	1,248,744	1,294,613	1,343,283
Dining - Benefits	272,814	283,349	303,691	325,764
Dining - Non-payroll expense	1,198,994	1,225,721	1,259,456	1,306,897
	<u>2,721,100</u>	<u>2,757,814</u>	<u>2,857,760</u>	<u>2,975,944</u>
Laundry - Salaries	45,892	61,287	63,538	65,927
Laundry - Benefits	6,961	13,481	14,449	15,499
Laundry - Non-payroll expense	33,897	29,309	29,488	30,037
	<u>86,750</u>	<u>104,077</u>	<u>107,475</u>	<u>111,463</u>
Housekeeping - Salaries	450,399	468,343	487,439	508,714
Housekeeping - Benefits	124,040	132,788	142,876	154,155
Housekeeping - Non-payroll expense	73,701	39,428	35,224	33,548
	<u>648,140</u>	<u>640,559</u>	<u>665,539</u>	<u>696,417</u>
Maintenance - Salaries	491,851	506,151	526,788	549,781
Maintenance - Benefits	148,881	159,083	171,168	184,680
Maintenance - Non-payroll expense	639,547	664,245	676,901	697,036
	<u>1,280,280</u>	<u>1,329,478</u>	<u>1,374,857</u>	<u>1,431,497</u>
Administrative Services - Salaries	949,584	1,040,376	1,078,591	1,119,140
Administrative Services - Benefits	263,395	295,016	316,195	339,177
Administrative Services - Management fees	905,808	1,007,628	1,075,559	1,112,811
Administrative Services - Centralized billing & therapy fees	42,899	42,795	42,261	42,377
Administrative Services - IS Service Fees-Software	559,908	688,268	708,916	730,183
Administrative Services - Non-payroll expense	587,218	520,311	508,162	509,046
	<u>3,308,811</u>	<u>3,594,394</u>	<u>3,729,684</u>	<u>3,852,734</u>
Sales and Marketing - Salaries	237,297	255,992	264,952	274,225
Sales and Marketing - Benefits	45,418	49,678	53,156	56,877
Sales and Marketing - Non-payroll expense	490,253	527,559	543,386	559,688
	<u>772,968</u>	<u>833,230</u>	<u>861,494</u>	<u>890,790</u>
Utilities expense	1,123,441	1,207,841	1,234,347	1,266,031
Insurance expense	303,865	326,863	334,037	342,612
Property taxes	659,410	674,380	688,900	706,429
	<u>2,086,716</u>	<u>2,209,084</u>	<u>2,257,284</u>	<u>2,315,072</u>
ENTRANCE FEES				
Gross Entrance Fees	2,732,431	2,875,499	3,216,559	3,304,931
Less: Refunds	(321,000)	0	(150,000)	(153,750)
Less: Discounts	(138,000)	(200,000)	(175,000)	(175,000)
Less: National Marketing Assessment	(59,208)	(79,713)	(81,507)	(83,341)
Less: Central Office R & D Assessment	0	0	0	0
Less: Apartment Refurbishing	(10,223)	(7,500)	(7,725)	(7,957)
Less: Entrance Fee Adjustment by corporate	0	0	0	0
Total Entrance Fees - Net	<u>2,204,000</u>	<u>2,588,286</u>	<u>2,802,327</u>	<u>2,884,883</u>

RESIDENTIAL

Add: Apartment Refurbishing
Total Entrance Fees w/o apartment refurbishing

	ACTUAL	FORECAST		
	2018	2019	2020	2021
	10,223	7,500	7,725	7,957
	2,214,223	2,595,786	2,810,052	2,892,840

46 - Covenant Village of Cromwell
Occupancy Stats Summary

	ACTUAL		FORECAST	
	2018	2019	2020	2021
RESIDENTIAL				
Total Residential - Days				
1st Person Days	73,106	73,582	73,577	73,778
2nd Person Days	19,343	19,467	19,465	19,519
Total Residential Days	92,449	93,049	93,042	93,297
Average Daily Number of Residential - Residents				
Number of 1st Persons	200.29	201.58	201.58	201.58
Number of 2nd Person	52.99	53.33	53.33	53.33
Total Residents	253.28	254.91	254.91	254.91
Average Number of Reoccs	23	22	22	22
Average Number of Vacancies	27	22	22	22
Capacity	211	212	212	212
Percent Occupied	94.9%	95.1%	95.1%	95.1%
AVERAGE NUMBER OF 1ST PERSON REOCCS - By Type				
Contractual	0	0	0	0
Refundable 90%	2	1	1	1
Refundable 50%	0	0	0	0
30 Day Healthcare	21	21	21	21
Monthly	0	0	0	0
Total Studio	23	22	22	22
ASSISTED LIVING				
Total AL - Days				
1st Person Days	10,792	11,315	12,045	12,810
2nd Person Days	913	1,095	1,095	1,098
Total AL Days	11,705	12,410	13,140	13,908
Average Daily Number of AL - Residents				
Number of 1st Persons	29.57	31.00	33.00	35.00
Number of 2nd Person	2.50	3.00	3.00	3.00
Total Residents	32.07	34.00	36.00	38.00
Capacity	37	37	37	37
Percent Occupied	79.9%	83.8%	89.2%	94.6%
ASSISTED LIVING MEMORY SUPPORT				
Total ALMS - Days				
1st Person Days	3,704	4,380	4,380	4,392
2nd Person Days	-	-	0	0
Total ALMS Days	3,704	4,380	4,380	4,392
Average Daily Number of ALMS - Residents				
Number of 1st Persons	10.15	12.00	12.00	12.00
Number of 2nd Person	0.00	0.00	0.00	0.00
Total Residents	10.15	12.00	12.00	12.00
Capacity	13	13	13	13
Percent Occupied	78.1%	92.3%	92.3%	92.3%
SKILLED NURSING				
Total SNF - Days				
Contract Days	2,862	3,011	3,011	3,020
Private Days	4,482	4,198	4,198	4,209
Medicare Days	2,632	2,500	2,500	2,507
Medicaid Days	9,738	10,038	10,038	10,065
Managed Care Days	352	55	55	55
Medicaid Pending Days	0	0	0	0
Total SNF Days	20,066	19,801	19,801	19,856
Average Daily Number of SNF - Residents				
Average Contract Residents	7.84	8.25	8.25	8.25
Average Private Residents	12.28	11.50	11.50	11.50
Average Medicare Residents	7.21	6.85	6.85	6.85
Average Medicaid Residents	26.68	27.50	27.50	27.50
Average Managed Care Residents	0.96	0.15	0.15	0.15
Average Medicaid Pending Residents	0.00	0.00	0.00	0.00
Total SNF Residents	54.98	54.25	54.25	54.25
Capacity	60	60	60	60
Percent Occupied	91.6%	90.4%	90.4%	90.4%

**EXHIBIT "D"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL**

**LIST OF ANCILLARY/OPTIONAL SERVICES AND THE CURRENT RATES
RELATING TO SUCH SERVICES.**

RESIDENTIAL ANCILLARY SERVICES



BEAUTY & BARBER

Color rinse.....	\$ 6.00
Foil.....	\$ 75.00
Haircut, men	\$ 18.00
Beard trim.....	\$ 8.00
Haircut, women	\$ 23.00
Hair treatment	\$ 11.00
Highlights, lowlights (cap).....	\$ 70.00
Manicure full	\$ 18.00
Mini-Pedicure.....	\$ 33.00
Nail trimming & polish.....	\$ 16.00
Pedicure.....	\$ 42.00
Permanent.....	\$ 80.00
Permanent color.....	\$ 38.00
Re-comb.....	\$ 8.00
Shampoo only.....	\$ 8.00
Shampoo & style.....	\$ 22.00
Shampoo cut & set.....	\$ 45.00
Waxing (per area).....	\$ 11.00



HOUSEKEEPING

Housekeeping (30 min minimum).....	\$ 30 /hour
Carpet Cleaning	\$ 60 /hour



LAUNDRY

Wash, dry & fold	\$ 15 /load
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MAINTENANCE

Replacement key.....	\$ 20 each
Key FOB replacement.....	\$ 20 each
Replacement Pendants.....	\$ 180 each
Maintenance Services* (30 min minimum).....	\$ 40 /hour
Cable TV.....	\$31/month

**A signed proposal by residents must be in place for all professional services/repairs that require state/local licensed technicians. Proposals will be issued to residents for projects related to apartment refurb and services will be charged accordingly.*

IT Services

Hourly Fee.....	\$ 56 /hour
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Billed in 15 minute intervals; 30 minute minimum for in home service

TRANSPORTATION

Pricing available at Village Desk

PARKING

Garage.....	\$ 70 /month
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HEALTH OFFICE

Monday-Friday, 8 a.m. to 4 p.m.

Consultative nursing services, informational material, suggestions on accessing health/homecare services, and assistance with navigating the continuum of care are complimentary during business hours.

SAIDO Programing.....	\$ 300 /month
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BUSINESS

Fax, send or receive.....	\$ 0.50 /page
Financial facilitator.....	\$ 8.00 per 15 min.
Financial facilitator-CTC Participant.....	no charge
Photocopy-letter size.....	\$ 0.10 each
Photocopy-legal size.....	\$ 0.15 each



DINING

Guest meals for adults and children in the Village dining room will be priced according to the menu. All holiday and special events meals for adults and children will be priced according to the menu and staffing needs.

All non-medical delivered trays.....	\$6.50
Take out meals have an add'l surcharge of \$2.00	



FITNESS

Programs & Supplies-See Recreation Coordinator for detailed charges.



GUEST ROOMS

Guest rooms 1-3 (three person limit).....	\$ 85 /night
Cot with linens.....	\$ 25 /night

ASSISTED LIVING CHARGES & SERVICES



BEAUTY & BARBER

Color rinse.....	\$ 6.00
Foil.....	\$ 75.00
Haircut, men	\$ 18.00
Beard trim.....	\$ 8.00
Haircut, women	\$ 23.00
Hair treatment	\$ 11.00
Highlights, lowlights (cap).....	\$ 70.00
Manicure full	\$ 18.00
Mini-Pedicure.....	\$ 33.00
Nail trimming & polish.....	\$ 16.00
Pedicure.....	\$ 42.00
Permanent.....	\$ 80.00
Permanent color.....	\$ 38.00
Re-comb.....	\$ 8.00
Shampoo only.....	\$ 8.00
Shampoo & style.....	\$ 22.00
Shampoo cut & set.....	\$ 45.00
Waxing (per area).....	\$ 11.00



BUSINESS

Fax, send or receive.....	\$ 0.50 /page
Financial facilitator.....	\$ 8.00 per 15 min.
Financial facilitator-CTC Participant.....	no charge
Photocopy-letter size.....	\$ 0.10 each
Photocopy-legal size.....	\$ 0.15 each



GUEST ROOMS

Through Village Reception Desk.....	860-635-2690
Guest rooms 1-3 (three person limit).....	\$ 85 /night
Cot with linens.....	\$ 25 /night



TRANSPORTATION

Pricing available at Pineview Desk

HOME HEALTH

Saido Programming.....	\$ 300 /month
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DINING

Guest meal – Breakfast.....	\$ 6.00 /meal
Guest meal – Lunch (noon).....	\$ 12.50 /meal
Guest meal – Dinner.....	\$ 9.00 /meal

All holiday and special events meals for adults and children will be priced according to the menu and staffing needs.
All non medical delivered trays.....\$ 6.50



FITNESS

Programs & Supplies - See recreation coordinator for detailed charges.



HOUSEKEEPING

Housekeeping (30 min minimum).....	\$ 30 /hour
Carpet Cleaning	\$ 60 /hour



LAUNDRY

Wash, dry & fold.....	\$ 15.00 /load
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MAINTENANCE

Replacement key.....	\$ 20 each
Key FOB replacement.....	\$ 20 each
Replacement Pendants.....	\$ 180 each
Maintenance Services* (30 min minimum) ..	\$ 40 /hour
Cable TV.....	\$ 31 /month
Telephone-Basic Rate.....	\$ 16 /month

*A signed proposal by residents must be in place for all professional services/repairs that require state/local licensed technicians. Proposals will be issued to residents for projects related to apartment refurbishes and services will be charged accordingly.

IT Services

Hourly Fee.....	\$56/hour
Billed in 15 minute intervals; 30 minute minimum for in home service	



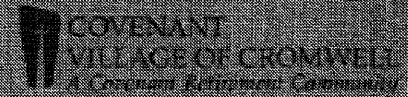
MEDICAL & PERSONAL SUPPLIES

Nutritional supplements.....	ask for price list
Wheelchair cleaning.....	\$25/month

There are many personal and medical supplies available. Please ask nursing for more information.

ASSISTED LIVING CHARGES & SERVICES

Convenience and service are two of the elements that distinguish the Covenant Retirement Community lifestyle from other retirement living options. We supplement our core services with a selection of optional and ancillary services that enhance your experience at our community. You'll find a sample below, but many others are available. Please check with the appropriate department for prices of unlisted services and other details.



SERVICE LEVEL PRICING

Service Level 2	\$392.00 / Month
Service Level 3	\$784.00 / Month
Service Level 4	\$1,568.00 / Month
Service Level 5	\$2,348.00 / Month

Service Level prices above are incremental to Service Level 1.



PACKAGES

Packages below can be purchased with the possibility of a lower Service Level, as determined by the LifeConnect Profile, to provide an economical option to the resident.

Bathing Assistance Package	\$196.00 / Month
Continence Management Package	\$784.00 / Month
Dressing/Grooming/Hygiene Package	\$382.00 / Month
Eating Assistance Package	\$235.00 / Month
Escort On Campus Package	\$802.00 / Month
Extra Housekeeping Service Package	\$261.00 / Month
Linen Changes Package	\$481.00 / Month
Medication Delivery Package - Unlicensed	\$190.00 / Month
Status Check Package	\$531.00 / Month
Transfer Assistance Package	\$523.00 / Month



ADDITIONAL SERVICES

Blood Glucose Check by Nurse	\$11.00 / Each
Blood Glucose Monitoring Package - Nurse	\$996.00 / Month
Consultative Nursing Service	\$22.00 / Each
Emotional Support Package	\$664.00 / Month
Escort Off Campus	\$52.00 / Hour
Eye drops 1	\$5.00 / Each
Eye drops 2	\$16.00 / Each
Eye drops 3	\$26.00 / Each
Financial Facilitator	\$8.00 / 15 min
Injection	\$11.00 / Each
Medication Administration Service - Nurse	\$797.00 / Month
Medication Re-Order	\$6.00 / Each
Medication Set-Up	\$22.00 / Each
Oxygen Assistance Service - Nurse	\$664.00 / Month
Patch Placement	\$11.00 / Each
Personal Laundry	\$15.00 / Load
Personal Shopping Service	\$52.00 / Hour
Wound Care	\$17.00 / Each

ASSISTED LIVING MEMORY SUPPORT A LA CARTE SERVICES

Convenience and service are two of the elements that distinguish the Covenant Retirement Community lifestyle from other retirement living options. We supplement our core services with a selection of a la carte services that enhance your experience at our community. You'll find a sample below, but many others are available. Please check with the appropriate department for the price of unlisted services and other details.



BEAUTY & BARBER

Color rinse.....	\$ 6.00
Foil.....	\$ 75.00
Haircut, men	\$ 18.00
Beard trim.....	\$ 8.00
Haircut, women	\$ 23.00
Hair treatment	\$ 11.00
Highlights, lowlights (cap).....	\$ 70.00
Manicure full	\$ 18.00
Mini-Pedicure.....	\$ 33.00
Nail trimming & polish.....	\$ 16.00
Pedicure.....	\$ 42.00
Permanent.....	\$ 80.00
Permanent color.....	\$ 38.00
Re-comb.....	\$ 8.00
Shampoo only.....	\$ 8.00
Shampoo & style.....	\$ 22.00
Shampoo cut & set.....	\$ 45.00
Waxing (per area).....	\$ 11.00



BUSINESS

Fax, send or receive.....	\$ 0.50 /page
Financial facilitator.....	\$ 8.00 per 15 min.
Financial facilitator-CTC Participant.....	no charge
Photocopy-letter size.....	\$ 0.10 each
Photocopy-legal size.....	\$ 0.15 each



GUEST ROOMS

Through Village Reception Desk.....	860-635-2690
Guest rooms 1-3 (three person limit).....	\$ 85 /night
Cot with linens.....	\$ 25 /night



TRANSPORTATION

Pricing available at Pineview Desk



DINING

Guest meal – Breakfast.....	\$ 6.00 /meal
Guest meal – Lunch (noon).....	\$ 12.50 /meal
Guest meal – Dinner.....	\$ 9.00 /meal

All holiday and special events meals for adults and children will be priced according to the menu and staffing needs.

All non medical delivered trays.....\$ 6.50



FITNESS

Programs & Supplies - See recreation coordinator for detailed charges.



HOUSEKEEPING

Housekeeping (30 min minimum).....	\$ 30 /hour
Carpet Cleaning	\$ 60 /hour



LAUNDRY

Wash, dry & fold.....	\$ 15.00 /load
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MAINTENANCE

Replacement key.....	\$ 20 each
Key FOB replacement.....	\$ 20 each
Replacement Pendants.....	\$ 180 each
Maintenance Services* (30 min minimum) ..	\$ 40 /hour
Cable TV.....	\$ 31 /month
Telephone-Basic Rate.....	\$ 16 /month

*A signed proposal by residents must be in place for all professional services/repairs that require state/local licensed technicians. Proposals will be issued to residents for projects related to apartment refurbs and services will be charged accordingly.

IT Services

Hourly Fee.....	\$56/hour
Billed in 15 minute intervals; 30 minute minimum for in home service	



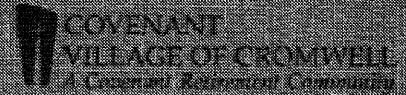
MEDICAL & PERSONAL SUPPLIES

Nutritional supplements.....	ask for price list
Wheelchair cleaning.....	\$25/month

There are many personal and medical supplies available. Please ask nursing for more information.

ASSISTED LIVING MEMORY SUPPORT CHARGES & SERVICES

Convenience and service are two of the elements that distinguish the Covenant Retirement Community lifestyle from other retirement living options. We supplement our core services with a selection of optional and ancillary services that enhance your experience at our community. You'll find a sample below, but many others are available. Please check with the appropriate department for prices of unlisted services and other details.



SERVICE LEVEL PRICING

Service Level 2 \$783.00 / Month
Service Level prices above are incremental to Service Level 1.



PACKAGES

Packages below can be purchased with the possibility of a lower Service Level, as determined by the LifeConnect Profile, to provide an economical option to the resident.

Continance Management Package \$783.00 / Month
 Dressing/Grooming/Hygiene Package \$381.00 / Month
 Escort On Campus Package \$801.00 / Month



ADDITIONAL SERVICES

Blood Glucose Check by Nurse \$11.00 / Each
 Blood Glucose Monitoring Package - Nurse \$996.00 / Month
 Consultative Nursing Service \$22.00 / Each
 Escort Off Campus \$52.00 / Hour
 Financial Facilitator \$8.00 / 15 min
 Injection \$11.00 / Each
 Oxygen Assistance Service - Nurse \$664.00 / Month
 Personal Laundry \$15.00 / Load
 Personal Shopping Service \$52.00 / Hour
 Wound Care \$17.00 / Each

EXHIBIT F EFFECTIVE 2018-02-01

SKILLED NURSING CHARGES & SERVICES



BEAUTY & BARBER

Color rinse.....	\$6.00
Foil.....	\$75.00
Haircut, men	\$18.00
Beard trim.....	\$8.00
Haircut, women	\$23.00
Hair treatment	\$11.00
Highlights, lowlights (cap).....	\$70.00
Manicure full	\$18.00
Mini-Pedicure.....	\$33.00
Nail trimming & polish.....	\$16.00
Pedicure.....	\$42.00
Permanent.....	\$80.00
Permanent color.....	\$38.00
Re-comb.....	\$8.00
Shampoo only.....	\$8.00
Shampoo & style.....	\$22.00
Shampoo cut & set.....	\$45.00
Waxing (per area).....	\$11.00



BUSINESS

Fax, send or receive.....	\$0.50 / page
Financial facilitator.....	\$8.00 per 15 min.
Financial facilitator-CTC Participant.....	no charge
Photocopy-letter size.....	\$0.10 each
Photocopy-legal size.....	\$0.15 each



DINING

Guest meal - Breakfast.....	\$6.00 / meal
Guest meal - Lunch (noon).....	\$12.50 / meal
Guest meal - Dinner.....	\$9.00 / meal

All holiday and special events meals for adults and children will be priced according to the menu and staffing needs.



GUEST ROOMS

Through Village Reception Desk.....	860-635-2690
Guest rooms 1-3 (three person limit).....	\$85 / night
Cot with linens.....	\$25 / night



IT Services

Hourly Fee.....\$56 / hour
Billed in 15 minute intervals; 30 minute minimum for in home service.



MEDICAL & PERSONAL SUPPLIES

Oxygen Concentrator Rental.....	\$225.00 / month
Wheelchair Cleaning.....	\$35.00 / month
Incontinence Supplies...(please request current pricing)	
SAIDO Programming.....	\$300.00 / month

There are many personal and medical supplies available. Please ask for more information.



MAINTENANCE SERVICES

Non-Routine Maintenance.....inquire for pricing



TRANSPORTATION

Pricing available at Pineview Desk.
 Transportation Chaperone.....\$52.00 / hour



DAILY RATES

Private Room	\$595.00 / day
Semi-Private Room.....	\$509.00 / day

EXHIBIT "E"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL

DESCRIPTION OF PROPOSED CONSTRUCTION PROJECTS

The Corporation is commencing preparation for the expansion of the Community with the additions of approximately 54 new independent living residential units and a new town center building to contain various amenities (the "Project"). Construction of this Project will require the elimination of approximately fifteen (15) existing cottage units. These cottage units have already been removed by Provider from the available unit inventory offered for occupancy, with such removal being reflected in the information provided in the Disclosure Statement. Other specific information relating to this new Project is as follows, and Provider will update this Disclosure Statement in accordance with applicable statutes as additional information is available and such update is necessary:

Project Description: Construction of approximately 110,000 additional square feet of new space at the Covenant Village of Cromwell campus in Cromwell, Connecticut, consisting of 54 new Independent Living Units (totaling approximately 76,000 square feet), and a town center that will include new dining venues, an arts studio, a wellness center and other common spaces (totaling approximately 34,000 square feet). Master Plan approval from the township of Cromwell has been received for the project. Early start construction date is currently scheduled for February 2019, with substantial completion currently scheduled for November 2020. The Project will be constructed on land already owned by the Provider, and as such Provider does not anticipate acquiring additional land for the Project. **The Project will not be completed in separate stages. All services described in the applicable residency agreement will be available to the residents upon completion of the construction of the Project and execution of the applicable residency agreement.**

In addition to the project described above being undertaken by Provider, certain other projects at facilities owned and operated by Covenant Retirement Communities, Inc., an Illinois not for profit corporation ("CRC") and/or other Members of the Obligated Group, as described in Provider's audit that is included in this Disclosure Statement are also being considered and evaluated. These other projects are not located within the State of Connecticut, and are separate and independent from the Project described above, and may be altered, modified, or abandoned at any time by CRC. Specifically, CRC, itself and through various Members of the Obligated Group, is undertaking (the "Series 2018A Projects"):

- (i) the design, development and construction of approximately 30 Independent Living Units totaling approximately 45,000-55,000 additional square feet at the

Mt. Miguel Covenant Village campus located in Spring Valley, California;

(ii) an addition to, and renovation of, the current health care facility at the Windsor Park Manor campus located in Carol Stream, Illinois, which will consist of approximately 40 new assisted living units and a potential reduction of skilled nursing beds to address current resident needs;

(iii) improvements of the health care facility located at the Covenant Village of Colorado campus, Westminster, Colorado.

(iv) the renovation, remodeling, constructing and equipping of certain facilities located at some or all of the following campuses: (i) The Samarkand, Santa Barbara, California; (ii) Covenant Village of Turlock, Turlock, California; (iii) The Holmstad, Batavia, Illinois; and (iv) Covenant Village of Northbrook, Northbrook, Illinois, which projects may include, without limitation, the addition of new residential units, upgrades and modifications to assisted living and skilled nursing rooms, corridor renovations and dining facility improvements.

Estimated Project Cost: The total budget for the Project located in Connecticut is approximately \$50.5 million, which includes project fund deposits of approximately \$44 million, funded interest of approximately \$4.6 million, and debt service reserve fund deposits of approximately \$3.1 million. The chart below summarizes Provider's current estimates of the costs associated with obtaining the financing relating to the Project only and the overall Series 2018 Bonds in total, including the constructing and marketing the Project and the Series 2018A Projects (Note, all amounts are estimates only):

	Cromwell Project Financing	Other Project Financing	Total 2018 Financing Costs
Financing Expenses:	\$629,781.48	\$630,251.99	\$1,260,033.47
Legal Expenses (Financing):	\$131,000.00	\$309,000.00	\$440,000.00
Legal Expenses (Construction):	\$304,326.00	\$388,728.00	\$693,054.00
Land Costs:	\$0.00	\$0.00	\$0.00
Marketing Costs:	\$1,095,573.00	\$1,399,422.00	\$2,494,995.00
Other Construction/Project Costs:	\$48,401,522.32	\$60,120,516.01	\$108,522,038.33
TOTAL	\$50,562,202.80	\$62,847,918.00	\$113,410,120.80
NOTE: All costs are estimates only. The actual amount of the various financing costs may vary from the estimate noted above.			

Please see Schedule E-2 to this Exhibit E containing updated three (3) year proforma financial statements for Provider specifically and for the Members of the Obligated Group collectively after giving effect to the proposed financing structure.

Financing Plan:

Provider, in conjunction with its sole member, Covenant Retirement Communities, Inc., an Illinois not for profit corporation ("CRC"), and other affiliated entities that comprise the members of the Obligated Group, will engage in a tax exempt bond financing transaction, structured similarly as Provider's current outstanding long term debt, which transaction will provide for a new tax exempt bond issuance in an amount not to exceed \$125MM (the "Series 2018 Bonds"). The Series 2018 Bonds will be (i) new debt of CRC and the other members of the Obligated Group, and not a refinancing of current outstanding debt; and (ii) issued through a combination of two separate new tax exempt bond issuances; one through the Colorado Health Facilities Authority ("COHFA") and the other through the State of Connecticut Health and Educational Facilities Authority ("CHEFA") for the specific uses described below. It is anticipated the closing of this financing with respect to the Series 2018 Bonds will take place on or around November 13, 2018.

The proceeds of the Series 2018 Bonds to be issued through COHFA (the "Series 2018A Bonds") will be used to (i) pay or reimburse CRC for the payment of the costs of the Series 2018 Projects, (ii) fund some or all of a debt service reserve fund to secure the Series 2018A Bonds, (iii) pay a portion of the interest on the Series 2018A Bonds, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2018A Bonds. It is currently anticipated that the proceeds available from the Series 2018A Bonds will be in an amount not to exceed \$70 million.

The proceeds of the Series 2018 Bonds to be issued through CHEFA (the "Series 2018B Bonds") will be used solely to (i) pay or reimburse CRC for the payment of the costs of acquiring, constructing, remodeling, renovating and equipping long-term care facilities, including, without limitation, the acquisition, construction, equipping, remodeling and renovation of Covenant Village of Cromwell in Cromwell, Connecticut, (ii) fund some or all of a debt service reserve fund to secure the Series 2018B Bonds, (iii) pay a portion of the interest on the Series 2018B Bonds, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2018B Bonds. No part of the proceeds of the Series 2018B Bonds will be utilized by CRC or any other Member of the Obligated Group at any facilities other than Covenant Village of Cromwell located in Cromwell, Connecticut. It is currently anticipated that the proceeds available from the Series 2018B

Bonds for use by CRC at the facility located in Cromwell, Connecticut will total not more than \$55MM.

It is anticipated that the issued bonds of various maturities will have coupon rates and yields ranging from 2.00% to 6.00%, with repayment amortized over a thirty (30) year period. CRC does not anticipate increasing monthly care fees beyond CRC's annual historical rate increases as a result of the transactions described in this letter. Rather, it is anticipated that the repayment of these obligations will be achieved through future operating revenue from monthly fees and ancillary services and re-occupancy entrance fees received by CRC in the future, including anticipated increases in revenues as a result of the construction of the additional residential units at the specified facilities.

Projected Operating Statements for Provider and the Members of the Obligated Group collectively are attached to this Exhibit E as Schedule E-2 and incorporated herein by reference.

Estimated Entrance Fees: Currently, Provider estimates that the entrance fees to be charged for the first resident under a residency agreement for the new residential units to be as part of the Project will range, under the standard residency agreement form, from \$249,000.00 to \$379,000.00 depending on the type of unit. The entrance fees for the form refundable residency agreements offered will be 18% above the entrance fee charged for a specific residential unit under the standard residency agreement form. The second resident entrance fee for all such new units of the Project is currently estimated to be 10.00% of the entrance fee charged to the first resident. It is also anticipated that the monthly fees to be charged to a resident under the various forms of the residency agreements for the new units of the Project will range from \$2,825.00 per month to \$3,225.00 per month depending on the type of unit and residency agreement selected by a resident.

Estimated Start-up Funds: Provider, as stated above relating to the financing plan, is currently working to determine the final financial details, including final costs of construction, financing, and other items relating to the overall construction of the Project. As these items are not yet known, Provider is unable at this time to provide an estimate of the amount of funds necessary to be reserved by Provider to fund potential start-up losses to ensure full performance of Provider's obligations under the residency agreements to be entered into by Provider with the various residents of the units of the Project. As this information becomes known by Provider, Provider will update this description and file the same as required under applicable law.

Available Services: The same services currently offered by Provider to current residents of the Community will be offered by Provider to residents of the new units of the Project.

Residency Agreements: The form residency agreements currently used by Provider at the Community will be used by Provider for the new units to be constructed as part of the Project. Only a limited number of refundable residency agreements will be offered for the new units constructed as part of the Project, however. Provider does not anticipate executing any residency agreements for any new units constructed as part of the Project until construction of the Project is complete and Provider has received the appropriate certificate(s) of occupancy or other approval permitting occupancy of the various residential units to be constructed as part of the Project.

Presales: Provider, per Provider's internal policies and procedures, anticipates offering prospective residents the opportunity to enter into a Reservation Agreement with Provider for a residential unit at the Project. Construction of the Project, however, will not be commenced by Provider unless Provider has received reservations for a sufficient number of residential units at the Project and has also received final approval of Provider's board of directors to proceed with construction of the Project. As such, Provider may, at Provider's discretion, terminate the Project and not construct the Project, may commence construction of the Project despite not having received sufficient reservations for units at the Project, or may modify the Project as deemed appropriate by Provider based upon the number of reservations received and other factors deemed pertinent by Provider.

The form Reservation Agreement, detailing the deposit amounts and other terms and conditions of such reservation, is attached to this Exhibit E as Schedule E-1, and made a part hereof. Any and all deposits received by Provider under any such Reservation Agreements will be deposited by Provider and held in escrow in accordance with applicable law in Provider's entrance fee escrow account currently maintained by Provider through U.S. Trust, which entrance fee escrow is further described in Exhibit F of this Disclosure Statement.

NOTE: The above outlines the current anticipated plan and structure of the proposed Project and implementation and administration of the construction of the Project, unit sales and subsequent administration and operation of the residential units after completion of construction of the Project and remains subject to change or termination by Provider at Provider's discretion. Provider will provide the necessary updates required under applicable law in the event of any such change or termination of the Project and as more information and details become known by Provider.

**SCHEDULE E-1
TO EXHIBIT E TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL**

RESERVATION AGREEMENT

RESERVATION AGREEMENT – NEW CONSTRUCTION
COVENANT VILLAGE OF CROMWELL
Cromwell, Connecticut

This Reservation Agreement is made between COVENANT HOME, INC., a Connecticut non-stock corporation, doing business in Connecticut as COVENANT VILLAGE OF CROMWELL (the "Community") and: _____ (referred to as the "Applicant"). Applicant shall be considered plural in the event that 2 individuals are named as Applicants in this Agreement.

Background:

- A. The Community owns a continuing care retirement community located at 52 Missionary Road, Cromwell, Connecticut 06416.
- B. The Community is contemplating the construction of a new town center building with residential units (hereinafter the "Town Center Building").
- C. Applicant desires to become a resident at the Community and to occupy one of the new residential units at the Town Center Building.

Agreement:

Therefore, in consideration of the mutual promises and conditions contained in this Agreement, the Community and the Applicant hereby agree as follows:

1. **RESERVATION OF RESIDENTIAL UNIT:**

The Community agrees to reserve for Applicant, residential unit number _____, a _____ bedroom residential unit, at the Town Center Building (the "Residential Unit").

Applicant agrees to pay a reservation deposit in the amount of \$ _____ (the "Reservation Deposit") which is equal to 10% of the proposed Entrance Fee minus any previous deposits made to the Community to reserve the Residential Unit. The Reservation Deposit is payable as follows:

- A. FIVE THOUSAND and NO/100 DOLLARS (\$5,000.00) shall be paid by Applicant to the Community simultaneously with the signing of this Agreement.
- B. The balance of the Reservation Deposit shall be paid by Applicant to the Community within seven (7) days after the date of this Agreement.

The Reservation Deposit represents 10% of the proposed entrance fee and second person entrance fee if applicable for the Residential Unit according to the residency agreement selected below.

2. **IDENTIFICATION OF RESIDENCY AGREEMENT AND ENTRANCE FEE:**

Applicant acknowledges receipt of a copy of the Community's most current Disclosure Statement filed with the State of Connecticut for the Community and has received information regarding the various types of residency agreements offered by the Community for residency at the Community.

Applicant has selected a _____ type residency agreement related to Applicant's future occupancy of the Residential Unit (the "Residency Agreement"). The proposed entrance fee, and second person entrance fee if applicable, for the Residential unit based on Applicant's Residency Agreement selection is \$ _____ (the "Entrance Fee").

Applicant agrees to sign the Residency Agreement and pay the Entrance Fee less the Reservation Deposit upon completion of the Town Center Building. The Community reserves the right to modify the Entrance Fee at any time prior to signing of the Residency Agreement.

The Community may, at such times as with such frequency as determined by the Community, provide periodic updates to Applicant regarding the scope and schedule of the construction of the Town Center Building.

3. **APPLICANT'S APPLICATION FOR RESIEDNCY:**

Applicant has completed an application for residency with the Community and has been preliminarily approved for residency at the Community.

The Community reserves the right to request an update of the application, financial report and require an additional health and safety interview prior to the signing of the Residency Agreement and the proposed occupancy of the Residential Unit.

The Applicant shall provide an update to Applicant's application, financial report or health status, as applicable, if there have been any material changes since the date of Applicant's application.

The Community may rescind its approval of the Applicant's application and terminate this Agreement based on any changes to the Applicant's application.

4. **RESERVATION DEPOSIT:**

The entire amount of the Reservation Deposit as paid by Applicant, shall be deposited by the Community into the Community's Entrance Fee Escrow previously established by the Community in accordance with applicable law, and shall be and remain fully refundable to Applicant until Applicant and the Community sign the Residency Agreement.

Upon signing the Residency Agreement, the Reservation Deposit shall be considered partial payment of the Entrance Fee due under the Residency Agreement and shall be administered in accordance with the terms of the escrow account and Residency Agreement.

5. **MODIFICATIONS TO THE TOWN CENTER BUILDING:**

Applicant understands and agrees that the Town Center Building, including the Residential Unit, is currently contemplated for construction by the Community, and that the Community, in accordance with the Community's policies and procedures, will not begin construction of the Town Center Building unless the Community has received reservations for a sufficient number of residential units at the Town Center Building and has received final board approval to proceed with the construction of the Town Center Building.

The Community may modify the Town Center Building or the Residential Unit at any time in its sole discretion. The Community does not make any representation for the time frame for start of construction or completion of construction of the Town Center Building. The Community may determine to terminate the Town Center Building at any time and terminate this Agreement.

6. **TERMINATION OF THIS RESERVATION AGREEMENT:**

This Agreement and the reservation of the Residential Unit may be terminated by Applicant or the Community at any time upon written notice of termination to the other party prior to the signing of the Residency Agreement. This Agreement will also terminate upon death of the Applicant prior to signing of the Residency Agreement.

If this Agreement is terminated by either party at any time, as provided above, the entire Reservation Deposit paid by Applicant to the Community shall be refunded to Applicant from the escrow account within thirty (30) days after the date of such termination.

Upon such termination, this Agreement shall be of no further force or effect, and the Reservation Deposit paid by Applicant under this Agreement shall be refunded to Applicant as provided below.

This Agreement shall terminate upon signing of the Residency Agreement and payment of the Entrance Fee by the Applicant. Thereafter the provisions of the Residency Agreement shall apply including termination rights of the Applicant.

7. **MISCELLANEOUS:**

The rights of Applicant under this Agreement do not include any proprietary interest in the properties of the Community and are subject to such subordination agreements as may be allowed by the Residency Agreement.

This Agreement has been signed in duplicate, one originally signed copy being retained by the Applicant.

COVENANT HOME, INC., d/b/a COVENANT
VILLAGE OF CROMWELL, a Connecticut
nonstock corporation,

By: _____
(for the Community)

Applicant

Date: _____

Applicant

Date: _____

EXHIBIT "F"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL

SWORN STATEMENTS OF ESCROW AGENT.

Provider recently amended and restated its Entrance Fee Escrow Agreement with Bank of America. A copy of the Amended and Restated Entrance Fee Escrow Agreement is attached hereto along with the Sworn Statement of Escrow Agent relating to such Amendment and Restated Entrance Fee Escrow Agreement and Reserve Fund Escrow Agreement.

SWORN STATEMENT
OF THE
ESCROW AGENT

STATE OF CONNECTICUT
COUNTY OF MIDDLESEX

)
) SS:
)

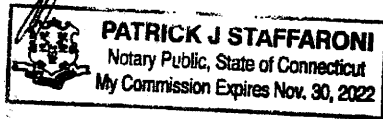
The undersigned, Bank of America, as Escrow Agent, pursuant to a certain entrance fee escrow agreement dated April 12, 1988, by and between Covenant Home, Inc. and Bank of America, hereby certifies that the escrow account evidenced by said agreement has been established and continues to be effective between the parties thereto.

BANK OF AMERICA,
ESCROW AGENT

BY: Josephine Garza

Subscribed and sworn
before me this 27 day of
APRIL 2018.

Patrick J Staffaroni
Notary Public



SWORN STATEMENT
OF THE
ESCROW AGENT

STATE OF CONNECTICUT
COUNTY OF MIDDLESEX

)
) SS:
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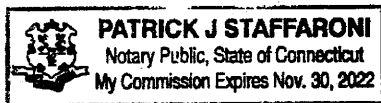
The undersigned, Bank of America, as Escrow Agent, pursuant to a certain reserve fund escrow agreement dated April 12, 1988, by and between Covenant Home, Inc. and Bank of America, hereby certifies that the reserve fund escrow account evidenced by said agreement has been established and continues to be effective between the parties thereto.

BANK OF AMERICA,
ESCROW AGENT

BY: Josephine Garofalo

Subscribed and sworn
before me this 27 day of
APRIL, 2018.

Patrick J. Staffaroni
Notary Public



ACKNOWLEDGMENT

I hereby acknowledge receipt of the **Disclosure Statement of Covenant Village of Cromwell** this _____ day of _____, 20_____. I acknowledge that the Disclosure Statement and continuing care contract have been reviewed by me or my legal representative.

RESIDENT/APPLICANT:

(Signature)

(Printed Name)

RESIDENT/APPLICANT:

(Signature)

(Printed Name)

Address: _____

**SCHEDULE E-2
TO EXHIBIT E TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL**

**PROJECTED OPERATING STATEMENTS FOR PROVIDER AND MEMBERS OF THE
OBLIGATED GROUP SHOWING PROJECTED EFFECT OF 2018 SERIES BONDS**

46 - Covenant Village of Cromwell

Notes Regarding Series 2018 Bonds:

As shown in the blue/bold line items below, the forecasted financial statements have been modified to add the impact of the Series 2018 Bonds and the new project. Interest is not shown below because interest will be funded from the Series 2018 Bonds for two years. After the funded interest period, annual debt service is estimated to be approximately \$2.42 million.

	Operating Statement Summary			
	2018	2019	2020	2021
Resident Days	127,924	129,640	130,363	131,453
Adjusted Resident Care Revenue	19,131,008	20,411,305	21,001,799	21,638,401
Less: Contractual Adjustments	(3,392,435)	(3,768,950)	(3,930,414)	(3,967,883)
Incremental Revenues-2018 Project				1,991,355
Net Resident Care Revenue	15,738,573	16,642,354	17,071,385	19,661,873
Ancillary Services Revenue	1,452,934	1,480,635	1,531,432	1,581,026
Other Operating Revenue	828,479	873,800	952,802	981,385
Total Operating Revenues	18,019,987	18,996,789	19,555,619	22,224,284
Routine Nursing Services	3,671,379	3,766,584	3,896,759	4,051,378
Ancillary Services	829,179	720,472	736,147	756,205
Resident Benefits	1,127,848	1,239,226	1,281,048	1,330,476
Dietary Expense	2,721,100	2,757,814	2,857,760	2,975,944
Laundry Expense	86,750	104,077	107,475	111,463
Housekeeping Expense	648,140	640,559	665,539	696,417
Maintenance Expense	1,280,280	1,329,478	1,374,857	1,431,497
Utilities Expense	1,123,441	1,207,841	1,234,347	1,266,031
Insurance	303,865	326,863	334,037	342,612
Administrative and General	3,308,811	3,594,394	3,729,684	3,852,734
Property Taxes	659,410	674,380	688,900	706,429
Incremental Expenses-2018 Project				796,542
Total Operating Expenses	15,760,203	16,361,687	16,906,553	18,317,729
Internal Operating Margin	2,259,784	2,635,101	2,649,066	3,906,555
Internal Operating Ratio	12.5%	13.9%	13.5%	17.6%
Entrance Fees - Net	2,296,271	2,588,286	2,802,327	2,884,883
Entrance Fees - New Project				16,331,991
Contributions - Net	1,257,959	0	500,000	500,000
Investment Income	629,008	435,245	435,245	435,245
Other Non-Operating Income	107,594	100,800	100,800	100,800
Health Subsidy Expense	703,119	816,431	840,924	866,152
Benevolent Care	541,614	630,000	648,900	668,367
Interest - External	-	-	-	-
Interest - 2018 Bonds (net of funded int)	-	-	-	-
Interest - Internal	662,098	677,136	765,916	780,848
Sales and Marketing	772,968	833,230	861,494	890,790
Other Non-Operating Expense	127,201	129,695	133,586	137,594
Net Non-Operating Income/(Expense)	1,483,831	37,840	587,552	16,909,168
Net Excess/(Deficit)	3,743,615	2,672,941	3,236,618	20,815,723
Depreciation	2,834,052	2,930,635	2,991,635	3,117,435
Net Excess/(Deficit)	909,563	(257,694)	244,983	17,698,288
Net Excess/(Deficit)-ADJUSTED (1)	909,563	(257,694)	244,983	1,366,297

(1) For comparison purposes, this line excludes the initial entrance fees associated with the Series 2018 Project at Covenant Village of Cromwell.

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Notes regarding Series 2018 Bonds:

As shown in the blue/bold line items below, the forecasted financial statements have been modified to add the impact of the Series 2018 Bonds and the new project. Interest is not shown below because interest will be funded from the Series 2018 Bonds for two years. After the funded interest period, annual debt service is estimated to be approximately \$2.42 million.

	Balance Sheet Summary			
	2018	2019	2020	2021
ASSETS				
Current Assets				
Additional Cash from 2018 Initial Entrance Fees				16,331,991
Cash - Unrestricted	7,766	23,083	23,083	23,083
Unrestrict Short Term Invest	-	-	-	-
Restricted Cash	106,875	123,039	123,039	123,039
Assets Whose Use Is Limited				
Board Designated Cur	2,731,597	2,842,177	2,842,177	2,842,177
Restricted Und Debt Agreements	-	-	-	-
Residents - AR	585,431	811,818	811,818	811,818
Third Party	540,213	477,644	477,644	477,644
Other Receivables	3,919	2,818	2,818	2,818
Prepaid Expen And Other Assets	336,478	167,092	167,092	167,092
Total Current Assets	4,312,278	4,447,670	4,447,670	20,779,661
Benevolent Care Fund	6,918,627	6,714,421	6,714,421	6,714,421
Property Replacement Reserve	191	180,565	281,492	385,643
Capital Reserve Fund	-	0	0	(0)
Operating Reserve Fund	-	-	-	-
Future Health Care Reserve	-	-	-	-
Other Reserves	12,623	13,137	20,480	28,058
Total Designated Funds	6,931,441	6,908,123	7,016,393	7,128,122
Bond Project Fund	-	-	-	-
Debt Service Reserve Fund	-	0	-	-
Debt Service Reserve Fund - 2018	-	3,113,541	3,113,541	3,113,541
State Required Reserve	1,308,420	1,380,559	1,402,196.64	1,424,525.20
Total Restricted Funds	1,308,420	4,494,100	4,515,738	4,538,066
Total Assets Whose Use is Limited	8,239,861	11,402,224	11,532,130	11,666,188
Investments	2,321,033	1,804,094	1,804,094	1,804,094
Other Assets	-	-	-	-
Investments and Other Assets	2,321,033	1,804,094	1,804,094	1,804,094
Property And Equipment	54,352,016	60,605,325	63,045,325	65,637,325
Property - Series 2018 Project	-	43,818,701	43,818,701	43,818,701
Property And Equipment	54,352,016	104,424,026	106,864,026	109,456,026
Accumulated Depreciation	(24,703,870)	(29,006,550)	(31,998,185)	(35,115,620)
Net Property and Equipment	29,648,146	75,417,476	74,865,841	74,340,406
Total Assets	44,521,318	93,071,465	92,649,736	108,590,350
LIABILITIES				
Accounts Payable	34,377	45,894	45,894	45,894
Other Accrued Expenses	0	104,514	104,514	104,514
Other Current Liabilities	103,449	127,312	127,312	127,312
Advance Deposits	272,250	151,450	151,450	151,450
Total Current Liabilities	410,076	429,170	429,170	429,170
Other Liabilities and Intercompany	24,920,536	27,983,640	27,316,929	26,754,067
Series 2018 Bonds	-	48,625,000	47,720,000	46,590,000
Total Liabilities	25,330,612	77,037,810	75,466,099	73,773,237
Net Asset	19,190,706	17,726,412	17,971,395	18,142,879
Net Asset Adjustment	-	(1,692,758)	(787,758)	16,674,233
Total Liabilities & Fund Balances	44,521,318	93,071,465	92,649,736	108,590,349

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Notes regarding Series 2018 Bonds:

As shown in the blue/bold line items below, the forecasted financial statements have been modified to add the impact of the Series 2018 Bonds and the new project. Interest is not shown below because interest will be funded from the Series 2018 Bonds for two years. After the funded interest period, annual debt service is estimated to be approximately \$3,130,000.

	Cash Flow Summary			
	2018	2019	2020	2021
Cash Flows from Operating Activities:				
Excess / (Deficit) from Operations	909,563	(257,694)	244,983	17,698,288
Add back Depreciation and Amortization	2,834,052	2,930,635	2,991,635	3,117,435
Inc/(Dec) in Refundable Contracts	-	190,195	263,059	271,465
Other Operating Activities	(163,954)	53,613	-	-
Cash Flows from Operating Activities	3,579,661	2,916,749	3,499,677	21,087,188
Cash Flows from Investing Activities:				
Capital Expenditures	(3,468,189)	(1,754,833)	(2,440,000)	(2,592,000)
Capital Expenditures-Series 2018	-	(2,005,275)	(9,265,203)	(30,062,167)
(Increase)/Decrease in reserves	(694,427)	(495,129)	(129,905)	(134,057)
Cash Flows Used In Investing Activities	(4,162,616)	(4,255,237)	(11,835,108)	(32,788,225)
Cash Flows from Financing Activities-2018	-	48,625,000	(905,000)	(1,130,000)
Net Cash Generated	(582,955)	47,286,512	(9,240,431)	(12,831,037)

Covenant Retirement Communities Obligated Group

Income Statement

	FORECAST				
	2019	2020	2021	2022	2023
Resident Days	1,881,645	1,893,627	1,902,585	1,898,299	1,898,299
Adjusted Resident Care Revenue	247,174,180	252,288,837	257,829,479	262,928,758	268,478,860
Less: Contractual Adjustments	(29,203,116)	(30,044,092)	(30,972,027)	(31,770,849)	(32,699,478)
Incremental Revenues-2018 Projects			4,398,798	7,406,223	7,627,523
Net Resident Care Revenue	217,971,065	222,244,746	231,256,251	238,564,132	243,406,905
Ancillary Services Revenue	31,621,850	32,537,718	33,541,752	34,420,527	35,430,429
Other Operating Revenue	29,171,660	29,883,130	30,631,606	31,366,638	32,140,702
Optimization census related revenue	1,568,208	3,564,827	4,296,228	4,492,374	4,614,596
Total Operating Revenues	280,332,783	288,230,421	299,725,837	308,843,671	315,592,632
Routine Nursing Services	56,891,400	59,221,740	61,725,443	64,205,330	66,869,607
Ancillary Services	16,806,630	17,356,620	17,945,375	18,514,731	19,124,325
Resident Benefits	13,688,399	14,219,076	14,788,759	15,350,022	15,952,557
Dietary Expense	39,364,940	41,084,691	42,929,834	44,763,228	46,729,653
Laundry Expense	1,801,659	1,867,202	1,937,525	2,006,398	2,080,309
Housekeeping Expense	8,384,244	8,735,752	9,128,800	9,489,443	9,893,450
Maintenance Expense	19,267,565	19,971,993	20,760,400	21,468,543	22,263,460
Utilities Expense	11,543,770	11,890,083	12,246,785	12,614,188	12,992,614
Insurance	5,212,521	5,368,897	5,529,965	5,695,864	5,866,738
Administrative and General	71,568,329	73,843,063	76,255,858	78,658,403	81,207,737
Property Taxes	2,777,985	2,861,323	2,947,163	3,035,579	3,126,645
Optimization census related expense	516,086	1,156,313	1,402,341	1,494,429	1,552,996
Optimization other (Revenue)/Expense	(6,818,114)	(10,223,569)	(14,219,797)	(18,024,655)	(18,024,655)
Incremental Operating Expense-2018 Projects			1,513,932	2,417,141	2,484,445
Total Operating Expenses	241,005,414	247,353,184	254,892,383	261,688,644	272,119,881
Internal Operating Margin	39,327,369	40,877,237	44,833,454	47,155,027	43,472,751
Internal Operating Ratio	14.03%	14.18%	14.96%	15.27%	13.77%
Entrance Fees - Net (Turnover Entrance Fees)	59,222,741	54,722,706	57,352,116	59,899,366	56,986,640
Contributions - Net	1,194,268	1,194,268	1,194,268	1,194,268	1,194,268
Investment Income	12,455,073	13,133,387	13,860,834	14,617,925	18,458,289
Other Non-Operating Income	1,368,778	1,402,999	1,438,073	1,474,025	1,510,876
Health Subsidy Expense	10,765,167	11,088,124	11,420,766	11,763,388	12,116,288
Benevolent Care	4,757,583	4,900,312	5,047,322	5,198,741	5,354,703
Interest - External	16,866,566	16,325,269	15,761,391	15,135,422	16,351,724
Interest - Internal	0	0	0	0	0
Interest on Series 2018 Bonds		5,565,053	5,254,800	5,198,300	5,139,050
Payment of Interest From Funded Interest Funds		(5,565,053)	(5,254,800)		
Sales and Marketing	13,211,171	13,666,528	14,138,966	14,629,208	15,138,021
Other Non-Operating Expense	6,045,745	6,227,118	6,413,933	6,606,352	6,804,543
Net Non-Operating Income/(Expense)	22,594,628	18,246,009	21,062,913	18,654,173	17,245,744
Net Excess/(Deficit) before depreciation/amortization	61,921,997	59,123,246	65,896,367	65,809,200	60,718,495
Depreciation	45,375,073	47,449,948	49,465,048	51,485,573	53,385,447
Amortization	464,065	447,393	352,227	334,297	316,029
Net Excess/(Deficit) after depreciation/amortization	16,082,859	11,225,905	16,079,092	13,989,330	7,017,019
Pro Forma Annual Debt Service with Series 2018 (FY19 includes TEMPS repayment of \$7.55mm) (all years include guarantees)	35,944,019	29,012,662	29,440,536	34,379,541	34,325,036
Revenues Available for Debt Service	78,788,563	75,448,515	81,657,758	86,142,922	82,209,269
Debt Service Coverage with Series 2018	2.19x	2.60x	2.77x	2.51x	2.40x

Note: The Income statement is presented using Management's internal format as opposed to a strict GAAP format. GAAP format would add the amortization of entrance fees as a revenue source and would remove net entrance fees from turnover in the table above. The debt service coverage ratio is calculated in a manner consistent with CRC's bond documents and industry standards.

Balance Sheet
FORECAST

	2019	2020	2021	2022	2023
Assets					
Current assets	108,421,244	108,421,244	108,421,244	108,421,244	108,421,244
Assets whose use is limited - investments	200,209,559	200,209,559	200,209,559	200,209,559	200,209,559
Additional cash from initial entrance fees			21,419,157	32,719,749	32,719,749
Series 2018 Debt Service Reserve Funds	6,950,000	6,950,000	6,950,000	6,950,000	6,950,000
Other assets	6,465,546	6,912,939	7,265,166	7,599,463	7,915,492
Net property and equipment	531,788,278	524,179,330	514,787,282	503,663,709	485,811,193
Series 2018 Projects	2,651,941	23,788,344	89,634,311	98,118,701	98,118,701
Construction	0	0	0	0	0
Total Assets	856,486,568	870,461,416	948,686,719	957,682,425	940,145,938
Liabilities and Net Assets					
Current liabilities	40,476,439	40,949,874	42,106,049	40,553,713	39,626,333
Long term debt, less current maturities	322,666,016	309,306,225	294,790,259	281,826,629	269,790,379
Series 2018 Bonds	108,540,000	107,635,000	106,505,000	105,320,000	104,075,000
Other liabilities	87,827,226	81,878,729	72,652,247	61,846,091	67,968,869
Deferred revenue from entrance fees	0	0	0	0	0
Total net assets	296,976,888	330,691,588	432,633,164	468,135,992	458,685,358
Total Liabilities and Net Assets	856,486,569	870,461,416	948,686,719	957,682,425	940,145,938
	(0)	(0)	0	(0)	(0)
Cash Flow					
Cash Flows from Operating Activities:					
Excess / (Deficit) from Operations	16,082,859	11,225,905	16,079,092	13,989,330	7,017,019
Add back Depreciation and Amortization	45,839,138	47,897,341	49,817,275	51,819,870	53,701,476
Other Operating Activities	0	0	0	0	0
Initial Entrance Fees on 2018 Projects			21,419,157	11,300,592	
Cash Flows from Operating Activities	61,921,997	59,123,246	87,315,524	77,109,792	60,718,495
Cash Flows from Investing Activities:					
Capital Expenditures	(41,968,500)	(39,841,000)	(40,073,000)	(40,362,000)	(35,532,931)
Construction of 2018 Projects	(2,652,030)	(21,136,403)	(65,845,967)	(8,484,390)	(8,484,390)
(Increase)/Decrease in reserves	(464,065)	(447,393)	(352,227)	(334,297)	(316,029)
Cash Flows Used In Investing Activities	(45,084,595)	(61,424,796)	(106,271,194)	(49,180,687)	(35,848,960)
Cash Flows from Financing Activities:					
Long Term Debt Payments	(12,555,459)	(12,886,356)	(13,359,791)	(14,515,966)	(12,963,630)
Issuance of Series 2018 Bonds	108,540,000				
Principal Payments Series 2018		(905,000)	(1,130,000)	(1,185,000)	(1,245,000)
Other Financing Activities	0	0	0	0	0
Cash Flows Used In Financing Activities	95,984,541	(13,791,356)	(14,489,791)	(15,700,966)	(14,208,630)
Net Cash Generated	112,821,942	(16,092,906)	(33,445,462)	12,228,140	10,660,905

EXHIBIT "F"
TO DISCLOSURE STATEMENT
OF COVENANT VILLAGE OF CROMWELL

SWORN STATEMENTS OF ESCROW AGENT.

Provider recently amended and restated its Entrance Fee Escrow Agreement with Bank of America. A copy of the Amended and Restated Entrance Fee Escrow Agreement is attached hereto along with the Sworn Statement of Escrow Agent relating to such Amendment and Restated Entrance Fee Escrow Agreement and Reserve Fund Escrow Agreement.

ACKNOWLEDGMENT

I hereby acknowledge receipt of the **Disclosure Statement of Covenant Village of Cromwell** this _____ day of _____, 20_____. I acknowledge that the Disclosure Statement and continuing care contract have been reviewed by me or my legal representative.

RESIDENT/APPLICANT:

(Signature)

(Printed Name)

RESIDENT/APPLICANT:

(Signature)

(Printed Name)

Address: _____

