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 JUNE 30, 2015.

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) (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.

COVENANT
VILLAGE OF CROMWELL
A Covenant Retirement Community

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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 2015 to June 2016

Jon P. Aagaard
Pamela Christensen
Kara Davis
Harvey Drake
Mark Eastburg
Jim Elving
Marc E. Espinosa
Carol A. Findling
Lorene G. Flewellen
Rhoda Friesen
Thomas F. Heywood
Donald Hodgkinson
Kathy Holmgren
Jody Holt
Scott MacDonald
Marlene E. Stante
Anne E. Vining

<u>Ex Officio</u>:
David A. Dwight
Rick K. Fisk
Gary Walter

Provider Officers
July 2015 to June 2016

Terri S. Cunliffe	President/CEO/Assistant Secretary
Elizabeth B. Buikema	Senior Vice President/Chief Financial Officer/ Assistant Secretary
David G. Erickson	Senior Vice President/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 17A-360 - 17-550 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 226 units of residential living including 169 apartment, 28 patio home and 27 cottage accommodations for the elderly.

   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° 37' 23" east 165.89 feet along the southerly street line of West Street; Thence running south 17° 14' 50" west 101.61 feet, south 32° 14' 55" east 28.42 feet, south 07° 02' 36" west 78.00 feet along land now or formerly of Jennie Zawacki and Ann Medolago; Thence running south 63° 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° 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° 02' 36" west 27.15 feet along land now or formerly of Nicholas J. Oslander, et al.; Thence running south 54° 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° 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° 43' 20" west 36.30 feet along the northerly street line of Missionary Road; Thence running south 09° 11' 50" east 39.12 feet along the westerly street line of Missionary Road; Thence running 77° 17' 43" west 154.30 feet along land now or formerly of Giuseppe Spagnulo and Rosaria Spagnulo; Thence running south 08° 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° 03' 11" east 133.50 feet along land now or formerly of Francesco Briganti and Giuseppa Briganti; Thence running south 03° 00' 49" east 5.04 feet along the northerly street line of Catherine Street; Thence running south 80° 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° 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 Adrianne Runowicz, partly by each; Thence running south 08° 39' 49" east 55.73 feet along land now or formerly of Adrianne Runowicz; Thence running south 80° 49' 11" west 167.60 feet along land now or formerly of Adrianne 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° 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° 42' 06" west 390.80 feet, south 76° 56' 31" west 287.26 feet and north 08° 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 "D" 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 monthly and limited monthly options. 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.

The Limited Monthly Residency Agreement and the Alternative Monthly Residency Agreement, each is also known as a Try Before You Buy Agreement (TBYB), does not provide for any health care benefit during the TBYB residency. Under the Limited Monthly Residency Agreement, however, residents have the option to convert to the standard, refundable or monthly agreement at any time after occupancy, and upon conversion the health care benefits offered under the selected residency agreement will commence. Under the Alternative Monthly Residency Agreement, residents have the option to convert at any time to the standard or refundable agreement, and upon conversion the health care benefits offered under the selected residency agreement will commence.

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 17-539 and 17-540, 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. Disclosure shall include a summary of the information contained in the five (5) year financial information filed with the Commissioner pursuant to Section 17-542; said summary shall set forth by year any anticipated excess of future liabilities over future revenues and shall describe the manner in which the Provider plans to meet such liabilities:

Answer: In accordance with Connecticut General Statutes Section 17-539 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 fund was $113,926 as of May 31, 2015, in compliance with this state regulation. The funds are held on deposit with Bank of America, Connecticut, N.A., 777 Main Street, Hartford, CT 06115.

In accordance with Connecticut General Statutes Section 17-540 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 twelve (12) 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 $1,307,161 as of May 31, 2015, in compliance with this State regulation. The escrow account is currently held at Bank of America, Connecticut N.A., 777 Main Street, Hartford, CT 06115-2001. The funds are invested in accordance with state requirements and CRC policy as monitored by the Covenant Ministries of Benevolence Finance Committee. Subsequent to January 31, 1993, this reserve is now met by two separate funds - the debt service reserve fund also held at Bank of America, Connecticut, N.A., as trustee, and the current state required reserve fund - with balances of $0.00 and $1,307,161 as of May 31, 2015.

FINANCIAL STATEMENTS

15. Audited and certified financial statements of the Provider, including (a) a balance sheet as of the end of the most recent fiscal year, and (b) income statements for the three 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: Not applicable; operation of the Facility has commenced.

PRO FORMA INCOME STATEMENTS

17. Pro forma annual income statements for the Facility for a period of not less than five fiscal years.

    Answer: See Exhibit "C" attached hereto.

ENTRANCE FEES/PERIODIC CHARGES

18. 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 seven (7) 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.

Entrance and Monthly Fees for Standard, 30 Day Health Care, and Refundable Residency Agreements:

[See Following Page]

Covenant Village of Cromwell

Pricing Effective 2/1/2015 - 1/31/2016

Residential Living Homes - *First Person	Sq. Ft.	Standard Contract	Entry Fee for 1st Person: 30 Day Health Care Contract	50% Refundable Contract	90% Refundable Contract	Monthly Fee - **First Person
Studio Apartments	488	$72,800	$38,800	$101,959	$131,100	$1,852
1 BR Apartment	617-654	$92,400	$58,400	$129,375	$166,350	$2,292
1 BR apartment/Den / 1 BR dlx suite- Pineview	818	$123,400	$89,400	$172,800	$222,150	$2,527
1 BR Dlx apartment Pineview/Hillside	857	$142,000	$108,000	$198,625	$255,375	$2,675
2 BR Apartment	860	$178,600	$144,600	$250,050	$321,475	$2,726
2 BR Dlx Apartment:	1010	$194,400	$160,400	$272,175	$349,950	$2,789
2 BR Dlx Suite Apartment	1164	$236,200	$202,200	$272,175	$425,025	$2,968
2BR Custom Deluxe	1329	$271,116	$237,116	$379,575	$488,000	$3,116
1 Br Cottage	730	$108,800	$74,800	$152,225	$195,725	$2,532
1 BR Dlx Cottage	1077	$162,500	$128,500	$227,475	$292,475	$2,871
2 BR Cottage	948	$182,500	$148,500	$255,475	$325,450	$2,947
2 BR Dlx Cottage	1328	$255,600	$221,600	$357,850	$460,100	$3,265
2 BR Cottage with garage	932	$194,000	$160,000	$271,450	$349,025	$3,036
Patio Home A&B	1436-1466	$279,400	$245,400	$391,125	$502,875	$2,903
Patio Home C	1412	$264,400	$230,400	$370,275	$476,075	$2,759
Patio Home A&B Dlx	3109	$338,300	$304,300	$473,525	$608,825	$3,136

***Entry Fee for second person standard contract, 50%, 90% (add)**	**$32,600**
***Entry Fee for second person 30 day Health Care Contract (add)**	**$5,200**
****Monthly Fee for second person (add)**	**$736**
Monthly Fee for second person / patio home (add)	**$390**

Monthly fees on this exhibit include property taxes. 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, 2015.

State assessment is $4

The entrance fee for the Monthly, Alternative Monthly, and Limited Monthly Residency 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:

[See Chart on Next Page]

Assisted Living and Skilled Nursing Rates and Fees
Effective February 1, 2015

Pineview Assisted Living Rates	Monthly Care Fee	Monthly Service Level Fee	Monthly State Assessment	Monthly Property Taxes	Total Monthly Charges
Alcove - base fee	$5,489		$2	$122	$5,613
Service Level 2 - ancillary fee	$5,489	$355	$2	$122	$5,968
Service Level 3 - ancillary fee	$5,489	$709	$2	$122	$6,322
Service Level 4 - ancillary fee	$5,489	$1,420	$2	$122	$7,033
Service Level 5 - ancillary fee	$5,489	$2,129	$2	$122	$7,742
Alcove Deluxe - base fee	$5,976		$2	$182	$6,160
Service Level 2 - ancillary fee	$5,976	$355	$2	$182	$6,515
Service Level 3 - ancillary fee	$5,976	$709	$2	$182	$6,869
Service Level 4 - ancillary fee	$5,976	$1,420	$2	$182	$7,580
Service Level 5 - ancillary fee	$5,976	$2,129	$2	$182	$8,289
One Bedroom - base fee	$6,402		$2	$239	$6,643
Service Level 2 - ancillary fee	$6,402	$355	$2	$239	$6,998
Service Level 3 - ancillary fee	$6,402	$709	$2	$239	$7,352
Service Level 4 - ancillary fee	$6,402	$1,420	$2	$239	$8,063
Service Level 5 - ancillary fee	$6,402	$2,129	$2	$239	$8,772
Two Bedroom - base fee	$6,765		$2	$356	$7,123
Service Level 2 - ancillary fee	$6,765	$355	$2	$356	$7,478
Service Level 3 - ancillary fee	$6,765	$709	$2	$356	$7,832
Service Level 4 - ancillary fee	$6,765	$1,420	$2	$356	$8,543
Service Level 5 - ancillary fee	$6,765	$2,129	$2	$356	$9,252
Second person fee - base fee	$3,260				$3,260
Second person fee - Service Level 2	$3,260	$355			$3,615
Second person fee - Service Level 3	$3,260	$709			$3,969
Second person fee - Service Level 4	$3,260	$1,420			$4,680
Second person fee - Service Level 5	$3,260	$2,129			$5,389
Well Spouse Fee	$765				$765

Pineview Memory Support Rates	Monthly Care Fee	Monthly Service Level Fee	Monthly State Assessment	Monthly Property Taxes	Total Monthly Charges
Alcove - base fee	$7,119		$2	$172	$7,293
Service Level 2 - ancillary fee	$7,119	$706	$2	$172	$7,999
One Bedroom - base fee	$8,027		$2	$172	$8,201
	$8,027	$706	$2	$172	$8,907

Pilgrim Manor Care Center Fees	Daily Room Charge	Daily Property Tax	Total Daily Charges
Private	$550	$7.95	$557.95
Semi-Private	$457	$5.35	$462.35

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.

Schedule of Entrance Fees - Standard Residency Agreement

Year	Apartment			Cottage			2nd Person Entrance
2008	$86,200	to	$207,700	$128,800	to	$289,800	$28,000
2009	$91,400	to	$220,300	$135,700	to	$307,200	$29,000
2010	$95,970	to	$199,290	$142,485	to	$286,020	$29,500
2011	$101,300	to	$210,400	$150,400	to	$340,500	$30,100
2012	$101,300	to	$210,400	$150,400	to	$340,500	$30,100
2013	$70,000	to	$226,980	$104,530	to	$325,130	$31,350
2014	$71,400	to	$265,800	$106,600	to	$190,100	$32,600

Schedule of Monthly Fees - Standard Residency Agreement

Year	Apartment			Cottage			2nd Person Monthly Fee		
2008	$1,375	to	$2,208	$1,833	to	$2,281	$289	to	$552
2009	$1,439	to	$2,304	$1,967	to	$2,429	$304	to	$596
2010	$1,520	to	$2,295	$2,082	to	$2,359	$304	to	$596
2011	$1,619	to	$2,447	$2,219	to	$2,687	$340	to	$667
2012	$1,672	to	$2,687	$2,290	to	$2,955	$351	to	$689
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

PRE-PAID OBLIGATIONS, ACTUARIAL VALUE

19. For each Facility operated by the provider, the total actuarial present value of pre-paid health-care obligations assumed by the Provider under continuing-care contracts as calculated on an actuarially sound basis using reasonable assumptions for mortality and morbidity:

Answer: Covenant Retirement Communities ("CRC") has developed a national CRC actuarial database comprising 52,000 person-years of experience covering a twenty-one-year period from February 1, 1978 through January 31, 1999. Ten CRC locations (including 4,938 Cromwell person-years) were used in the development of the CRC actuarial database.

At Covenant Village of Cromwell the reserve in excess of liability for future services to current contractual residents, as of January 31, 2011, is $50,843,390.

Summary of Liability for Future Services for Current Contractual Resident

Present Value of future net cash inflows	42,760,936
Plus:	
Unamortized Deferred Revenue at 1/31/2011 excluding refundable portions.	16,382,523
Minus:	
Depreciation/Amortization to be charged to Contractual Residents	(8,300,069)
Reserve in Excess of Liability for future services to current Contractual Residents	50,843,390

Summary Comment: Based upon the method recommended by the American Institute of Certified Public Accounts, Covenant Village of Cromwell/Pilgrim Manor has a reserve far in excess of any Liability for future services.

There have been no significant changes in terms of resident agreement (contract) mix or resident statistics to materially alter the assumptions above. Unamortized deferred revenue at January 31, 2015 totaled $15,845,780.

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 of 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007 and 2008.

These materials may be reviewed at:

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

SUPPLEMENTAL INFORMATION

I. Filing requirements.

A. Disclosure statement, financial information, sworn statement of escrow agents:

Provider shall not offer or enter into a continuing care contract in the State of Connecticut or with any Connecticut resident regarding any facility in Connecticut unless the Provider has registered with the Department of Aging by filing a current disclosure statement, financial information described herein in Exhibit "I" and sworn statements of the escrow agents as described in Exhibit "II" herein.

1. The CCRC Program Coordinator of the Department of Social Services should acknowledge the filing within ten (10) days of its receipt.

2. The filing fee is $100.00.

3. Three copies of the disclosure statement, financial and actuarial data must be submitted by certified mail or delivered by hand to the Department of Social Services, Attention: Office of the Program Coordinator, 25 Sigourney St., Hartford, CT 06106.

B. Disclosure Statement:

Subject to the mandatory submission of the first revision of the disclosure statement, the provider need only initiate the filing of such revised disclosure statement as it deems necessary to prevent a disclosure statement from containing a material misstatement of fact or from omitting a material fact required to be stated therein. Filings of optional disclosure statements must be accompanied by a written statement from the provider setting forth why it deems such a revision to be necessary.

C. Financial Information:

The financial and actuarial information described in Exhibit A herein must be filed within one hundred fifty (150) days following the end of the fiscal year of the provider.

EXHIBIT "I"
ANNUAL FILINGS

Section 17-548-6. Annual Filings

(a) A provider operating any facility located in this state shall file with the department the following financial and actuarial information pertaining to residents under continuing care contracts for each facility located in this state and operated by the provider or by a manager under contract to the provider:

(1) The facility's current rate schedule;
(2) Residential turnover rates for the most recently completed fiscal year and anticipated for the next five years;
(3) The projected average age of the residents for the next five years;
(4) Health care utilization rates, including admission rates and days per one hundred residents by level of care for the most recently completed fiscal year, and anticipated for the next five years;
(5) Occupancy rates for the most recently completed fiscal year, and anticipated for the next five years;
(6) The number of health care admissions pursuant to continuing care contracts for the most recently completed fiscal year, and anticipated for the next five years;
(7) The days of care per year for the most recently completed fiscal year and anticipated for the next five years;
(8) The number of permanent transfers to a facility that provides medical or nursing service or other health related benefits for the most recently completed fiscal year;
(9) A statement of source and application of funds for the five-year period beginning the year of initial filing pursuant to C.G.S. section 17-543 or subsequent filing pursuant to C.G.S. section 17-543;
(10) Financial statements including certified current balance sheets and certified income statements, changes in financial position, and pro forma statements for the next five years as provided in C.G.S. section 17-537, and either such information as is necessary to assess the actuarial soundness thereof or an actuarial certificate as provided below in subsection (i)(2) of this section;
(11) The basis for amortization assumptions for the provider's capital cost.

(b) The financial and actuarial information shall be filed annually, within one hundred fifty days following the end of the fiscal year of the provider. At the discretion of the provider, the first such statement may be filed simultaneously with the initial revised disclosure statement as set forth in section 17-548-7 hereof.

(c) (1) If a provider is required to submit an annual financial and actuarial filing, a valid filing shall be supplemental to, and a prerequisite for, the continued effectiveness of a provider's latest disclosure statement on file with the department.

(2) In the event that an annual filing is not submitted as required, the provider's latest disclosure statement on file with the department shall cease to be effective for the purposes of the Act, and such disclosure statement shall remain ineffective until the provider receives acknowledgment of the filing of the financial and actuarial information required by this section.

(d) The commissioner shall acknowledge in writing the filing of the financial and actuarial information within ten (10) business days of the date it is received, if the information either meets the requirements of the Act or contains only technical discrepancies.

(e) The commissioner shall set forth the initial determination of the department in conjunction with such acknowledgment, in the same manner as provided in section 17-548-2 of these regulations regarding disclosure statements.

(f) If the commissioner determines that the information filed does not, on its face, meet the requirements of the Act or these regulations, and will not be accepted for filing, the provider shall be notified in writing within ten (10) business days of receipt of the financial and actuarial information of such determination and the reasons thereof. Such notification will not be accompanied by return of the documents.

(g) If neither an acknowledgment of filing nor notification of non-acceptance for filing is made within ten (10) business days, a provider, may, until notification to the contrary, deem that the financial and actuarial information has been accepted for filing.

(h) Upon a determination that the financial and actuarial information will not be accepted for filing, the commissioner may notify the Office of the Attorney General of the deficiency and request that appropriate legal action be initiated to compel compliance with the Act, recover an appropriate fine thereof, or for such other relief as may be deemed appropriate; provided that no such request shall be made for non-material technical discrepancies with respect to the Act or these regulations.

(i) (1) Required financial and actuarial information shall be filed in one document which shall consist of a cover page, a table of contents and the information is such order as may be convenient for the provider, provided that the table of contents adequately identifies by number, words or both the material included in the filing for ready comparison with the information required by the Act and these regulations.

(2) Any filing under this section which is accompanied by an actuarial certificate signed by a member in good standing of the American Academy of Actuaries stating that the financial and actuarial projections have been made on an actuarially sound basis in accordance with accepted actuarial principles shall be deemed to have met the initial requirements for filing in regard to actuarial soundness.

(j) Notwithstanding acknowledgment of acceptance for filing, the commissioner may at any time thereafter review and investigate the financial and actuarial information filed pursuant to this section to determine the accuracy and completeness thereof.

EXHIBIT "II"
TO SUPPLEMENTAL INFORMATION

(1 of 2)

STATE OF CONNECTICUT)
) SS:
COUNTY OF MIDDLESEX)

SWORN STATEMENT
OF THE
ESCROW AGENT

The undersigned, Bank of America, as Escrow Agent, pursuant to a certain entrance fee escrow agreement dated ______________________, 20____, 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:______________________________

Subscribed and sworn
before me this ___ day of
_______, 2015.

____
Notary Public

EXHIBIT "II"
TO SUPPLEMENTAL INFORMATION

(2 of 2)

STATE OF CONNECTICUT)
) SS:
COUNTY OF MIDDLESEX)

SWORN STATEMENT
OF THE
ESCROW AGENT

The undersigned, Bank of America, as Escrow Agent, pursuant to a certain reserve fund escrow agreement dated ___________________, 20___, 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:______________________________

Subscribed and sworn
before me this ___ day of
______, 2015.

____
Notary Public

EXHIBIT "A"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

RESIDENCY AGREEMENT

COVENANT VILLAGE OF CROMWELL

STANDARD RESIDENCY AGREEMENT

COVENANT
VILLAGE OF CROMWELL
A Covenant Retirement Community

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. ***<u>Cost of Physicians, Medicine, Etc.:</u>***

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. ***<u>Health Insurance:</u>***

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. ***<u>Testamentary Disposition of Resident's Property:</u>***

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. ***<u>Guests:</u>***

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. ***<u>Structural and Physical Changes to Residential Unit:</u>***

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. ***<u>Community Guidelines:</u>***

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
<u>APPLICATION</u>

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	$ 1,000		_____
Filing Fee	$ 350		_____
Priority Choice	$________		_____
Reservation Deposit	$ 3,650		_____
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
<u>Care and Services Included in Monthly Service Fees</u>

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
<u>OPTIONAL SERVICES</u>

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,

A DIVISION OF COVENANT HOME, INC.

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

Covenant Retirement Communities, Inc.

Consolidated Financial Statements as of and
for the Years Ended January 31, 2015 and 2014,
Additional Consolidating Information as of and for the
Year Ended January 31, 2015, and
Independent Auditor's Reports

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)) (the "Organization") which comprise the consolidated statements of financial position as of January 31, 2015 and 2014 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

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, 2015 and 2014 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 26, 2015

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JANUARY 31, 2015 AND 2014
(In thousands)

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 17,269	$ 12,515
Restricted cash (Note 5)	2,812	2,884
Assets whose use is limited, including beneficial interest in investment pool (Notes 3, 6, 9, and 11):		
Board designated	44,647	40,448
Restricted under debt agreements	4,418	5,008
Accounts receivable — net	32,929	22,011
Prepaid expenses and other assets	5,096	5,159
Total current assets	107,171	88,025
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL (Notes 3, 6, 9, and 11):		
Board designated	138,751	141,033
Restricted under state and debt agreements	59,854	81,573
Endowment	7,040	6,732
Total assets whose use is limited, including beneficial interest in investment pool	205,645	229,338
OTHER ASSETS (Notes 7 and 14)	35,877	34,773
INTEREST IN IRREVOCABLE TRUSTS (Note 17)	4,777	5,686
PROPERTY AND EQUIPMENT — Net (Notes 8, 11, and 13)	560,918	531,593
TOTAL	$ 914,388	$ 889,415

	2015	2014
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable — trade	$ 13,714	$ 10,845
Accounts payable — contractors (Note 13)	3,092	3,153
Accrued salaries and wages	9,340	8,340
Accrued interest	2,869	2,896
Advance deposits	1,613	2,202
Current maturities of long-term debt (Notes 3 and 11)	9,640	9,255
Current maturities of derivative instruments (Note 12)	-	7,146
Deferred revenue subject to refund (Note 2)	92,917	75,547
Refundable contract liabilities (Note 2)	63,116	55,654
Other current liabilities	11,318	12,268
Total current liabilities	207,619	187,306
LONG-TERM DEBT — Less current maturities (Notes 3 and 11)	399,006	409,225
PAYABLE TO COVENANT INSTITUTIONS (Notes 10 and 14)	18,200	14,120
OTHER LIABILITIES (Notes 2, 11, and 12)	52,504	47,540
DEFERRED REVENUE FROM ENTRANCE FEES (Note 2)	177,180	167,840
Total liabilities	854,509	826,031
NET ASSETS:		
Unrestricted	47,642	51,000
Temporarily restricted (Note 17)	5,197	5,652
Permanently restricted — endowment	7,040	6,732
Total net assets	59,879	63,384
TOTAL	$ 914,388	$889,415

See notes to consolidated financial statements.

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014
(In thousands)

	2015	2014
OPERATING REVENUES:		
Routine resident services	$ 184,753	$ 166,848
Ancillary services	40,667	34,135
Amortization of deferred entrance fees	33,864	32,416
Net assets released from restriction for operations	2,254	1,625
Other	6,267	6,093
Total operating revenues	267,805	241,117
EXPENSES:		
Routine nursing services	54,295	48,927
Ancillary services	15,976	14,506
Resident benefits	11,881	11,173
Dining services	32,891	29,932
Laundry	1,409	1,305
Housekeeping	6,881	6,802
Maintenance	17,265	16,544
Utilities	11,198	10,202
Administrative and general	44,058	38,886
Interest (Note 11)	16,614	15,807
Property taxes	2,685	3,095
Insurance	5,401	5,438
Marketing and promotion	14,332	12,837
Depreciation	38,107	34,967
Amortization	626	616
Other	632	645
Total expenses (Note 19)	274,251	251,682
OPERATING LOSS	(6,446)	(10,565)
NONOPERATING REVENUE (EXPENSE):		
Contributions:		
Gifts and bequests — net of related expenses	37	762
Net assets released from restriction — distributions from trusts	595	277
Total contributions	632	1,039
Other nonoperating revenue (expense) — net	145	(2,970)
Investment return, including beneficial interest in investment pool:		
Interest and dividend income	4,041	3,941
Realized gains on fixed income and equity securities — net	6,442	9,837
Unrealized losses on fixed income and equity securities — net (Note 2)	(6,121)	(969)
Alternative investment income — including net realized gains of $2,086 and $3,370 in 2015 and 2014, respectively	4,394	6,613
Total investment return, including beneficial interest in investment pool	8,756	19,422
Unrealized gains on derivative instruments (Note 12)	4,063	18,890
Interest expense on interest rate swaps (Note 12)	(4,915)	(6,010)
Loss on swap termination (Note 12)	(5,798)	(6,385)
Total nonoperating revenue	2,883	23,986
(LOSS) GAIN	(3,563)	13,421
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Net assets released from restriction for capital purchases	205	92
Total other changes in unrestricted net assets	205	92
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ (3,358)	$ 13,513

See notes to consolidated financial statements.

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014
(In thousands)

	2015	2014
UNRESTRICTED NET ASSETS:		
(Loss) Gain	$ (3,563)	$ 13,421
Other changes in unrestricted net assets:		
Net assets released from restriction for capital purchases	205	92
(Decrease) Increase in unrestricted net assets	(3,358)	13,513
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	2,210	1,875
Net assets released from restriction for capital purchases	(205)	(92)
Net assets released from restriction for operations	(2,254)	(1,625)
Irrevocable trusts:		
Net additions — present value of new trusts received (Note 17)	204	159
Net assets released from restriction — distributions from trusts — net	(595)	(277)
Transfer to permanently restricted net assets	(190)	
Change in present value discount	375	332
(Decrease) Increase in temporarily restricted net assets	(455)	372
PERMANENTLY RESTRICTED-ENDOWMENTS		
Transfer from temporarily restricted net assets	190	-
Income restricted for reinvestment	118	188
Increase in permanently restricted net assets	308	188
(DECREASE) INCREASE IN NET ASSETS	(3,505)	14,073
NET ASSETS — Beginning of year	63,384	49,311
NET ASSETS — End of year	$ 59,879	$ 63,384

See notes to consolidated financial statements.

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014
(In thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from residents:		
Resident care fees	$ 223,151	$ 207,777
Nonrefundable entrance fees collected	60,051	49,595
Nonrefundable entrance fees refunded due to early termination	(3,812)	(3,165)
Cash paid to:		
Suppliers	(90,144)	(77,167)
Employees	(126,113)	(121,507)
Interest paid, including interest on derivatives	(21,556)	(21,312)
Contributions received (excluding endowment and capital contributions)	4,342	2,517
Investment income received	831	1,005
Net cash provided by operating activities (Note 18)	46,750	37,743
CASH FLOWS FROM INVESTING ACTIVITIES:		
Major capital project expenditures	(31,802)	(24,091)
Routine property and equipment expenditures	(35,581)	(33,775)
Additions to bond project funds	-	(53,495)
Withdrawals from bond project funds	22,359	25,534
Net change in assets whose use is limited, including beneficial interest in pooled investments	5,709	4,975
Proceeds from sale of real estate	138	403
Net change in other assets	(1,689)	(1,174)
Net cash used in investing activities	(40,866)	(81,623)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings, including original issue premium	7,822	67,140
Payment of debt issuance costs	-	(1,408)
Net additions to funds restricted by debt agreements	-	(5,092)
Payment of debt	(9,651)	(8,920)
Swap termination payment	(5,475)	(5,475)
Refundable entrance fees collected	14,249	11,095
Refundable entrance fees refunded	(7,972)	(7,326)
Changes in advances to Covenant Institutions	(103)	65
Net cash (used in) provided by financing activities	(1,130)	50,079
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,754	6,199
CASH AND CASH EQUIVALENTS — Beginning of year	12,515	6,316
CASH AND CASH EQUIVALENTS — End of year	$ 17,269	$ 12,515
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Capitalized interest — net of interest earned: 2015 — $650; 2014 — $453	$ 1,765	$ 1,124
Capital expenditures incurred but not paid	$ 3,092	$ 3,153

See notes to consolidated financial statements.

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.

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; Covenant Health Care Center, Inc. (Northbrook); The Holmstad, Inc.; Covenant Health Care Center, Inc. (Batavia); Covenant Home of Chicago; Covenant Village of Colorado, Inc.; Covenant Retirement Communities West dba: The Samarkand, Covenant Village of Turlock, Mount Miguel Covenant Village, Covenant Shores, and Windsor Park.. 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"), Covenant Land Company, LLC ("Covenant Land"), CRC Holdings One, LLC ("CRC Holdings One"), CRC Holdings Two, LLC ("CRC Holdings Two"), CovenantCare at Home ("CovenantCare at Home"), LifeConnect, LLC ("LifeConnect"), 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.

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 5 year extension periods and a $300,000 annual base rent. The financial results of both facilities are included in the Retirement Communities beginning August 1, 2014.

Tulsa is a newly formed entity in 2015. Tulsa will offer residential rental independent living and assisted living levels of care. Ground breaking for the Tulsa community occurred in June 2014.

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

Covenant Retirement Communities, Inc. accounts for its share of ownership in Symbria, Inc., formerly known as Health Resource Alliance, Inc. using the equity method. The investment is included in other assets of the consolidated statement of financial position.

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 balance sheet, 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 balance sheet, but arose after the balance sheet 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 balance sheet date through May 26, 2015, the date the consolidated financial statements were issued. The Retirement Communities have not evaluated events occurring after May 26, 2015 in these consolidated financial statements.

Industry — The health care 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, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues 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 29% and 25% of the Retirement Communities' routine resident and ancillary services revenue for both years ended January 31, 2015 and 2014, 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 revenues 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.

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 its 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 its interest in the Combined Investment Fund equal to the amounts contributed, less amounts withdrawn, and adjusts the balance for its 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 statement 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 $690 and $953 at January 31, 2015 and 2014, respectively.

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

The Retirement Communities provide services without collateral to its 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, 2015 was 33% from private payors, 31% from Medicare, and 36% from Medicaid. The mix of receivables from residents and third-party payors for the year ended January 31, 2014 was 44% from private payors, 37% from Medicare, and 19% from Medicaid.

Derivative Instruments — All derivative instruments, specifically interest rate swaps, are recorded on the consolidated statement 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 statements 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. The earnings from the Benevolent Care Fund are used to offset charity care costs (see Notes 4 and 6).

Unamortized Debt Expense (see Note 7) — Underwriting fees and expenses related to the procurement of debt are deferred and amortized on the bonds outstanding method. Unamortized debt expense, which is reported as a component of other assets, is shown net of accumulated amortization of $3,172 and $2,741 at January 31, 2015 and 2014, 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:

	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 $1,114 and $1,320 in 2015 and 2014, 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. Capitalized interest costs were $1,765 and $1,124 for the years ended January 31, 2015 and 2014, respectively.

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 Revenues — Resident service fees are charged monthly and are recognized as revenue during the month to which the fees relate. Ancillary service revenues are 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.

The Retirement Communities also offer 90%, 75%, and, on a limited basis, 50% refundable contracts (approximately 7% of contract residents have chosen these three options). Included in refundable contract liabilities, other current liabilities and other long-term liabilities on the consolidated statement of financial position are $72,487 and $64,669 at January 31, 2015 and 2014, 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. The Retirement Communities also have an early death refund policy, for contracts entered into as of March 31, 2013, which provides for a pro rata refund of the entrance fee should a resident expire within the first 25 months of residency. For contracts entered into subsequent to March 31, 2013, there is no difference in the refund provisions for an early death. Included in deferred revenue at January 31, 2015 and 2014 are $92,917 and $75,547, respectively, of deferred entrance fees subject to the above refund provisions. Amounts in which the Retirement Communities are contractually obligated to refund are not amortized into income until they are no longer refundable under the contract terms.

Certain of Windsor Park's current resident agreements are lifecare agreements that include a 55% refund of the entrance fee (payable at the date of resale of the apartment) to the resident's estate. Windsor Park recognizes the 45% resident-based amount as income ratably over the estimated remaining life expectancy of each resident, which is evaluated annually. The 55% refundable portion is not amortized. Included in other liabilities are $3,638 and $5,139 at January 31, 2015 and 2014, respectively, for refunds due to residents' estates. The 55% refundable lifecare agreement is not currently being offered to new residents.

Entrance fee refunds under all programs were $11,784 and $10,491 in 2015 and 2014, 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, 2015 and 2014.

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).

Loss (Performance Indicator) - Loss reports the results of operations of the entire Retirement Communities. In addition to the income from resident care operations, loss 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 loss, 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.

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.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Retirement Communities and recognize a tax liability if the Retirement Communities have taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Retirement Communities and has concluded that as of January 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Retirement Communities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Retirement Communities believe they are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2012.

Upcoming Accounting Change — In May 2014, the Financial Accounting Standards Board 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, 2018. 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 the potential effects of the new standard on the financial statements.

3. FAIR VALUE MEASUREMENTS

In determining fair value, the Retirement Communities use various valuation approaches, ASC 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 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 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 market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

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. Management's estimates of the fair values of the alternative investments in hedge funds, limited partnerships, and private equity funds are based on information provided by the fund managers or general partners, which in turn is based on the most recent information available to the fund manager for the underlying investments.

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 and liabilities measured at fair value on a recurring basis during the years ended January 31, 2015 and 2014, 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 valued based on the underlying investments included in the pool; however the direct interest is in the investment pool and valued using level 3 inputs of the valuation hierarchy for both 2015 and 2014. There were total withdraws of $13,700 and $16,975 in 2015 and 2014, respectively, and total deposits of $7,992 and $12,000 in 2015 and 2014, respectively. The total allocation of pooled earnings was $7,710 and $19,152 in 2015 and 2014, respectively. In addition to other assets and liabilities measured at fair value on a recurring basis by the Retirement Communities, the following tables include the categories in which the underlying investments of the pool are included.

	Fair Value as of Reporting Date			
Description	**January 31, 2015**	**Quoted Prices in Active Markets for (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Beneficial interest in investment pool:				
Equity investment funds:				
Domestic equity	$ 56,266	$ 56,266	$ -	$ -
International equity	10,425	10,425	-	-
Fixed income securities	54,331	40,338	13,993	-
Alternative investment funds:				
Domestic equity	16,589	-	10,417	6,172
International equity	14,263	-	14,263	-
Hedge funds	22,047	86	4,148	17,813
Private equity	8,442	-	-	8,442
Mortgages	3,237	-	-	3,237
Puts and calls	1,007	1,007		-
Total Beneficial Interest in Investment Pool	186,607	108,122	42,821	35,664
Other - Cash and short-term investments	1,518	1,511	7	-
Covenant Trust Endowment - Equity investment funds	2,313	-	2,313	-
Restricted Under State and Debt Agreements:				
Cash and money market securities	14,670	14,670	-	-
Fixed income securities	49,602	-	49,602	-
Total Restricted Under State and Debt Agreements	64,272	14,670	49,602	
	$254,710	$124,303	$ 94,743	$35,664
Investments held for insurance obligations:				
International equity	$ 3,359	$ -	$ 3,359	$ -
Fixed income securities	12,825	-	12,825	-
Alternative investment funds	134	-	-	134
	$ 16,318	$ -	$ 16,184	$ 134
Interest in irrevocable trusts	$ 4,777			$ 4,777
Derivatives — interest rate swaps (Note 12)	$ 20,288		$ 20,288	

Description	January 31, 2014	Fair Value as of Reporting Date: Quoted Prices in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in investment pool:				
Equity investment funds:				
Domestic equity	$ 91,061	$ 90,761	$ 300	$ -
International equity	4,035	4,035	-	-
Fixed income securities	29,151	20,588	8,563	-
Alternative investment funds:				
Domestic equity	10,339	-	4,648	5,691
International equity	14,912	2	14,910	-
Hedge funds	17,597	560	-	17,037
Private equity	9,062	-	-	9,062
International real estate	726	-	-	726
Mortgages	7,063	-	-	7,063
Puts and calls	699	699	-	-
Total Beneficial Interest in Investment Pool	184,645	116,645	28,421	39,579
Other - Cash and short-term investments	1,478	1,471	7	-
Covenant Trust Endowment - Equity investment funds	2,090		2,090	-
Restricted Under State and Debt Agreements:				
Cash and money market securities	18,446	18,446	-	-
Fixed income securities	68,135	-	68,135	-
Total Restricted Under State and Debt Agreements	86,581	18,446	68,135	
	$274,794	$136,562	$ 98,653	$39,579
Investments held for insurance obligations:				
International equity	$ 3,104	$ -	$ 3,104	$ -
Fixed income securities	12,320	814	11,506	-
Alternative investment funds	127	-	-	127
	$ 15,551	$ 814	$ 14,610	$ 127
Interest in irrevocable trusts	$ 5,686			$ 5,686
Derivatives — interest rate swaps (Note 12)	$ 24,351		$ 24,351	

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

Within the investment pool are various alternative investments, listed under assets whose use is limited above, with values determined primarily based on Level 3 inputs. Both the pool and management estimate the fair value of these investments based upon audited and interim unaudited financial statements for the respective funds. 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, 2015 and 2014 is as follows:

Activity	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, 2014	$ 5,686	$ 127	$ 5,813
Assets whose use is limited:			
Net withdrawals	(1,316)		(1,316)
Unrealized gains	407	7	414
Ending balance — January 31, 2015	$ 4,777	$ 134	$ 4,911

Activity	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, 2013	$ 4,465	$ 118	$ 4,583
Assets whose use is limited:			
Net deposits	701		701
Unrealized gains	520	9	529
Ending balance — January 31, 2014	$ 5,686	$ 127	$ 5,813

Fair Value of Financial Instruments Not Carried at Fair Value — The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, noncurrent accounts, notes receivable, accounts payable, and payables to Covenant Institutions are reasonable estimates of their fair value. Assets whose use is limited are carried at fair value (see Note 6). The carrying amounts of the notes payable under the Retirement Communities' revolving line of credit arrangements reflect their fair value, as the amounts are borrowed at current market rates.

Based on borrowing rates estimated to be available to the Retirement Communities, for bonds with similar terms and maturities, the fair value of the fixed-rate long-term debt was $349,032 and $323,962 at January 31, 2015 and 2014, respectively, compared to the carrying amounts of $327,960 and $333,740 at January 31, 2015 and 2014, respectively. The fair value of the Retirement Communities' fixed rate tax-exempt bond obligations is determined by applying the yield of openly marketed bonds that have substantially the same characteristics as the Retirement Communities' tax-exempt bonds. The determination of fair value of the tax-exempt bond obligations is consistent with a Level 2 measurement under the fair value hierarchy.

The carrying amounts of the variable rate bonds reflect fair value, due to the fact that the rate is reset weekly. The carrying amounts of the variable rate demand bonds at January 31, 2015 and 2014 are $77,645 and $81,120, respectively.

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 $3,805 and $4,836 in 2015 and 2014, respectively. Charitable gifts received to offset costs were $5,120 and $3,611 in 2015 and 2014, 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 which reimburse the Retirement Communities at rates less than their cost. The Retirement Communities provided partially reimbursed care in 2015 and 2014 as follows:

	2015	**2014**
Estimated cost of Medicaid services provided	$28,547	$21,321
Less government reimbursement	18,126	12,896
Unreimbursed care — based on estimated cost	$10,421	$ 8,425

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.

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 — Assets set aside by the Board of Directors ("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 use subsequently for other purposes.

Restricted Under State and Debt Agreements — 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 — Assets permanently restricted by the donor as an endowment fund.

Assets whose use is limited, including interest in investment pool at January 31, 2015 and 2014, consisted of the following funds:

Fund	**2015**	**2014**
Beneficial interest in investment pool:		
Board designated:		
Benevolent care fund	$ 51,974	$ 48,579
Capital reserve fund	17,100	26,243
Property replacement fund	35,671	32,765
Reserve for refundable contracts	58,198	53,646
Other	18,937	18,770
Total Board designated	181,880	180,003
Endowment — Brandel Fund	4,727	4,642
Total beneficial interest in investment pool	186,607	184,645
Endowment — Covenant Trust	2,313	2,090
Board designated investments — other	1,518	1,478
Restricted under state and debt agreements:		
Bond interest and sinking fund	4,418	5,008
Bond project fund	16,339	38,195
Debt service reserve fund	35,224	35,162
State-required reserves	8,291	8,216
Total restricted under state and debt agreements	64,272	86,581
Total	$254,710	$274,794

Fund	2015	2014
Equity securities:		
Board designated	$ 65,395	$ 93,151
Brandel Endowment	1,296	1,945
Covenant Trust Endowment	2,313	2,090
Total equity securities	69,004	97,186
Fixed income securities:		
Board designated	53,237	28,575
Restricted under state and debt agreements	49,602	68,135
Endowment	1,094	576
Total fixed income securities	103,933	97,286
Alternative investments:		
Board designated:		
International equity	13,755	14,388
Hedge funds	21,260	16,979
Private equity	8,141	8,744
International real estate	-	701
Mortgages	3,122	6,815
Domestic equity	15,998	9,976
Puts and calls	972	674
Endowment:		
International equity	508	524
Hedge funds	786	618
Private equity	301	318
International real estate	-	25
Mortgages	115	248
Domestic equity	591	363
Puts and calls	36	25
Total alternative investments	65,585	60,398
Cash and short-term investments:		
Board designated	1,518	1,478
Restricted under state and debt agreements	14,670	18,446
Total cash and short-term investments	16,188	19,924
Total	$254,710	$274,794

7. OTHER ASSETS

Other assets at January 31, 2015 and 2014 consisted of the following:

	2015	2014
Unamortized debt issuance and deferred marketing costs	$ 5,840	$ 6,311
Investment in real estate, net	9,207	8,536
Investments held for insurance obligations by CIIC	16,318	15,551
Other	4,512	4,375
Total	$35,877	$ 34,773

Included in other assets is $16,318 and $15,551 of investments held by CIIC primarily for the purpose of funding insurance obligations as of January 31, 2015 and 2014, respectively (see Note 3).

Included in other assets of the consolidated statements of financial position is $1,312 and $1,217, representing Covenant Retirement Communities, Inc.'s share of ownership in Symbria, Inc. as of January 31, 2015 and 2014, respectively.

8. PROPERTY AND EQUIPMENT

Property and equipment at January 31, 2015 and 2014 consisted of the following:

	2015	2014
Land and land improvements	$ 45,823	$ 43,862
Buildings and improvements	737,216	693,292
Furniture and equipment	146,310	125,922
Construction in progress (Note 13)	23,652	30,067
Property and equipment — at cost	953,001	893,143
Less accumulated depreciation	392,083	361,550
Property and equipment — net	$ 560,918	$531,593

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, 2015.

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 total $6,901 at January 31, 2015. 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% per annum on the average daily unused portion, payable quarterly. There were no draws on the line during the years 2015 or 2014 and no balance outstanding at January 31, 2015 or 2014. The line expires March 1, 2016.

11. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt at January 31, 2015 and 2014 consisted of the following:

	2015	2014
Master indenture obligations:		
Tax-exempt revenue bonds and certificates of participation:		
California Statewide Communities Development Authority variable rate certificates of participation, series 1992, due 2022, interest rate adjusted weekly, .02% at January 31, 2015	9,800	10,800
California Statewide Communities Development Authority variable rate certificates of participation, series 1995, due 2025, interest rate adjusted weekly, .02% at January 31, 2015	12,400	13,300
City of Plantation Health Facilities Authority revenue refunding bonds series 1998, due 2022, interest at 4.700% to 5.125%	5,380	5,700
Colorado Health Facilities Authority revenue bonds, series 2005, due 2035, interest at 4.500%–5.250%	118,110	120,755
Illinois Finance Authority revenue refunding direct placement bonds, series 2011A, due 2030, interest rate adjusted weekly, 1.82% at January 31, 2015	15,830	15,830
Illinois Finance Authority revenue refunding direct placement bonds, series 2011B, due 2030, interest rate adjusted weekly, 2.09% at January 31, 2015	39,615	41,190
Colorado Health Facilities Authority revenue bonds, series 2012A, due 2034, interest at 4.500%–5.000%	104,205	104,205
Colorado Health Facilities Authority revenue bonds, series 2012B, due 2027, interest at 4.000%–5.000%	22,905	22,905
Colorado Health Facilities Authority revenue bonds, series 2012C, due 2023, interest at 2.000%–5.000%	17,365	20,180
Colorado Health Facilities Authority revenue bonds, series 2013A, due 2036, interest at 4.250%–5.750%	21,995	21,995
Colorado Health Facilities Authority revenue bonds, series 2013B (TEMPS), due 2018, interest at 3.150%	17,550	17,550
California Statewide Communities Development Authority revenue bonds, series 2013C due 2036, interest at 5.625%	20,450	20,450
Total long-term debt	405,605	414,860
Less current maturities	9,640	9,255
Plus unamortized original issue discount — net of unamortized original issue premium	3,041	3,620
Total long-term debt — less current maturities	$399,006	$409,225

Master Indenture Obligations — The Retirement Communities, excluding Covenant Retirement Services and its affiliates, are members of the Obligated Group, as defined, under the Master Indenture. As members, each community is jointly and severally liable as guarantors for the repayment of the Master Indenture Bonds. The Master Indenture obligations, totaling $405,605,000 at January 31, 2015 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, 2015.

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% for redemptions within stated time periods.

The Series 1992 and Series 1995 Certificates of Participation are secured by separate irrevocable letters of credit issued by JPMorgan Chase, N.A. The Series 1992 letter of credit is an amount equal to $9,961 and the Series 1995 letter of credit is an amount equal to $12,604. Any amounts drawn on the letters of credit are repayable in 36 equal monthly installments commencing 13 months following the draw. No amounts were drawn at either January 31, 2015 or 2014. The letter of credit agreements require the maintenance of minimum debt service coverage ratios and funded debt ratios, and place restrictions on the incurrence of additional debt and advances to entities outside of the Obligated Group, all as defined in the agreements. Management believes the Retirement Communities were in compliance with these requirements at January 31, 2015. The letters of credit were terminated in April 2015 when the Series 1992 and Series 1995 Certificates of Participation were refinanced along with the City of Plantation Health Facilities Authority Revenue Series 1998 Bonds with tax-exempt direct placement Colorado Health Facilities Revenue Refunding Bonds ("Series 2015B bonds") through Bank of America. The Series 2015B bonds bear interest at LIBOR plus the bank spread and mature in 2024.

The Colorado Health Facilities Authority Revenue Series 2005 Bonds were advanced refunded in April 2015 with tax exempt Colorado Health Facilities Authority Revenue Refunding Bonds, ("Series 2015A bonds") that bear interest rate ranging from 1.00% - 5.00%. The bonds mature in 2035.

The weighted-average interest rate on all outstanding borrowings was approximately 4.30% at January 31, 2015.

Total Long-Term Debt — Contractual maturities of long-term debt, excluding original issue discount, for years subsequent to January 31, 2015 are as follows:

Years Ending January 31	
2016	$ 9,640
2017	10,070
2018	10,515
2019	28,560
2020	11,835
2021 and thereafter	334,985
Total	$405,605

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, 2015 and 2014, are as follows:

Fund	**2015**	**2014**
Bond Interest and Sinking Fund	$ 4,418	$ 5,008
Debt Service Reserve Fund	35,224	35,162
Bond Project Fund	16,339	38,195
Subtotal	55,981	78,365
Less amounts classified as current	4,418	5,008
Trustee-held funds — noncurrent	$ 51,563	$ 73,357

OTHER OBLIGATIONS

In 2013, Lenexa secured a construction loan with First Merit Bank, N.A. (Priority Lenexa Loan) for construction and development of a rental continuing care retirement community. The loan allowed for maximum borrowing of $13,500 and bears 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 balance of the loan is $13,304 as of January 31, 2015, of which $249 is payable in 2016 and is included in other current liabilities on the consolidated statement of financial position. The remainder of the balance, $13,055, is included in other liabilities on the consolidated statement of financial position.

Lenexa also secured an additional $5,000 loan from National Covenant Properties (the "Junior Loan") for the Lenexa campus construction, which loan is payable on the earlier (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 have represented to the Retirement Communities that they will not demand payment on this loan prior to February 1, 2016. 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.

In 2015, Tulsa secured a construction loan with First Merit Bank (the "Priority Tulsa Loan") for construction and development of a rental continuing care retirement community. The Priority Tulsa Loan is cross-collateralized and cross-defaulted with the Priority Lenexa Loan. 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 2022.

Tulsa also secured an additional $4,200 loan from National Covenant Properties (the "Junior Tulsa Loan") for the Tulsa campus construction, which loan is payable on the earlier (i) demand of National Covenant Properties, or (ii) five (5) 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 Tulsa

Loan. National Covenant Properties have represented to the Retirement Communities that they will not demand payment on this loan prior to February 1, 2016.

Guarantees of Debt

In December 2000, Covenant Village of Portland, Limited Partnership ("Portland"), an affiliate of Covenant Ministries of Benevolence, issued $8,200 State of Oregon Housing and Community Service Department Housing Development Revenue Bonds 2000 Series A. The Retirement Communities guarantee payment of the bonds by Portland. Such debt outstanding amounted to $6,055 at January 31, 2015. Portland continues to service its debt as it comes due and therefore, the Retirement Communities do not expect to make payments under this guarantee.

The Retirement Communities has guaranteed repayment of the Priority Lenexa Loan, which payment guaranty is subject to certain rights of the Retirement Communities to limit its liability under such guaranty, the Junior Loan, and completion of construction. The Retirement Communities has also guaranteed repayment of the Junior Lenexa Loan. As construction is complete and certain covenants were met, the Retirement Communities guarantee is now 50% of the Priority Lenexa Loan.

The Retirement Communities and Lenexa have each individually guaranteed repayment of the Priority Tulsa Loan, which payment guaranty is subject to certain rights of the Retirement Communities to limit its liability under such guaranty, and completion of construction. The Retirement Communities has also guaranteed repayment of the Junior Tulsa Loan.

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 $20,288 and $24,351 at January 31, 2015 and 2014, respectively. At January 31, 2015, $20,288 is recorded in other liabilities. At January 31, 2014, $7,146 is recorded within current liabilities and $17,205 is 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 year ended January 31, 2015 and 2014, the Retirement Communities had the following interest rate swaps in effect:

Counterparty	Notional Amount	Maturity Date	Rate Paid	Rate Received	Market Value as of January 31, 2015	Market Value as of January 31, 2014
Wells Fargo Bank, N.A.	$14,805	12/1/2034	3.59%	67% of 1M LIBOR	($3,492)	($2,381)
Wells Fargo Bank, N.A.	$12,550	12/1/2025	3.49%	67% of 1M LIBOR	($1,791)	($1,614)
Wells Fargo Bank, N.A.	$65,290	2/1/2019	5.18%	SIFMA Index	($15,005)	($18,685)
Deutsche Bank AG	$97,483	6/1/2014	5.18%	SIFMA Index	$0	($1,671)
					($20,288)	($24,351)

On October 17, 2013, the Retirement Communities and Wells Fargo Bank, N.A. entered into an Amended and Restated Confirmation (the "2014 Amendment") related to one of the swaps. The 2014 Amendment caused the following changes: (i) adjustment of the mandatory termination date from June

1, 2014 to February 1, 2019, (ii) termination of a portion of the scheduled notional amount from June 1, 2014 to June 1, 2022, which reduced the notional amount, (iii) termination of 100% of the notional schedule from June 1, 2022 to June 1, 2043, and (iv) an adjustment to the cash flow frequency from semi-annually to monthly beginning July 1, 2014. As a result of the execution of the 2014 Amendment, the Retirement Communities paid $5,475 to Wells Fargo Bank, N.A. in both 2015 and 2014. The payments were recorded as a loss on swap termination in both 2015 and 2014 in addition to costs previously paid and amortized from prepaid expenses.

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, 2015 or January 31, 2014.

Additionally, in November 2012, the Retirement Communities and Deutsche Bank AG entered into an interest rate swap (the "Replacement Swap") with an effective date of December 1, 2012. This swap agreement terminated during 2015.

The net amount paid in 2015 and 2014 to Wells Fargo Bank, N.A. and Deutsche Bank AG under the interest rate swap agreements is $4,915 and $6,010, respectively. The expense is recorded as interest expense on interest rate swaps in 2015 and 2014.

The change in the fair market value of the swaps of $4,063 and $18,890 is recorded as a component of nonoperating revenue in the consolidated statements of operations for the years ended January 31, 2015 and 2014, respectively.

13. CONSTRUCTION IN PROGRESS

The construction in progress balance of $23,652 and $30,067 at January 31, 2015 and 2014, 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. Covenant Retirement Communities has construction contracts at various properties with total project costs of approximately $45,415. As of January 31, 2015 the remaining commitments on the project approximate $16,500.

14. RELATED-PARTY TRANSACTIONS

a. Included in assets whose use is limited, including interest in investment pool classified as noncurrent at January 31, 2015 and 2014, are $1,028 and $997, respectively, of National Covenant Properties certificates of deposit. Interest income earned on the National Covenant Properties certificates of deposit was $43 and $40 in 2015 and 2014.

b. Included in other assets and amounts payable to Covenant Institutions is $437 and ($120) of amounts due from/(to) Covenant Ministries of Benevolence as of January 31, 2015 and 2014, respectively.

c. Included in administrative and general expense are management fees paid to Covenant Ministries of Benevolence of $2,350 and $2,117 in 2015 and 2014, respectively.

d. 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 non-residents in managing assets, establishing trusts, and other related activities. Amounts paid to the Covenant Estate Planning Services were $1,302 and $1,387 in 2015 and 2014, respectively.

e. 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, 2015 and 2014, the outstanding balance on the note is $5,000. 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.

f. On September 27, 2010, CRC Holdings One entered into a revolving line of credit with National Covenant Properties with an available credit 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, 2015 and 2014, the outstanding balance on the line is $4,000. The line of credit bears interest at the prime rate or a minimum of 4%, due monthly. The principal amount borrowed is due no later than 20 years from the date of first disbursement of loan funds.

g. 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, 2015 and January 31, 2014, the outstanding balance on the line is $5,000. The line of credit bears interest at the prime rate or a minimum of 4%, due monthly. The principal amount borrowed is due no later than 5 years from the date of first disbursement of loan funds. The Retirement Communities guarantee payment of the balance as described in Footnote 11.

h. 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, 2015, the outstanding balance on the line is $4,200. The line of credit bears interest at the prime rate or a minimum of 4%, due monthly. The principal amount borrowed is due no later than 5 years from the date of first disbursement of loan funds. The Retirement Communities guarantee payment of the balance as described in Footnote 11.

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% of each employees' salary. The Retirement Communities recorded expense of $1,192 and $1,093 for the match in 2015 and 2014, respectively.

Pension expense, representing the Retirement Communities' required contribution to the Plan, was $1,380 and $1,575 in 2015 and 2014, respectively. The contributions made by the Retirement Communities represented more than 5% of the total contributions made to the Plan in 2015 and 2014, respectively. 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.

Contributions from all employers to the Plan for December 31, 2014 and December 31, 2013, respectively, are as follows:

Pension Fund	FEIN	Total Contributions to Plan for the Year Ended December 31, 2014	Total Contributions to Plan for the Year Ended December 31, 2013
Evangelical Covenant Church Retirement Plan	36-2167730	$ 13,946	$ 4,343

As of December 31, 2013, net assets of the Plan were $303,791 and the actuarial present value of accumulated plan benefits was $332,911. This information is not yet available for the year ended December 31, 2014.

The fair value of Plan assets as of December 31, 2014 and December 31, 2013 was $309,937 and $305,571, respectively.

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, 2015 and 2014, the liability recorded for unpaid and unreported claims was $1,458 and $2,162, respectively, and is reported in other current liabilities. The medical benefit expense was $7,519 and $11,429 for the years ended January 31, 2015 and 2014, respectively.

17. BENEFICIAL INTEREST OF 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 2015 and 2014 at fair value.

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 is 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 statement of financial position.

The Retirement Communities 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, 2015 and 2014 is $2,313 and $2,090, respectively, and is recorded in assets whose use is limited and permanently restricted net assets in the consolidated statement of financial position.

18. SUPPLEMENTAL INFORMATION TO CONSOLIDATED STATEMENTS OF CASH FLOWS

This schedule represents the reconciliation for the years ended January 31, 2015 and 2014 of the change in net assets to net cash flows provided by operating activities:

	2015	2014
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ (3,505)	$ 14,073
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Amortization of deferred entrance fees	(33,864)	(32,416)
Depreciation	38,236	35,098
Amortization	626	616
Net accretion of original issue discount and premiums	579	623
Provision for uncollectible amounts, including related-party notes receivable	904	1,159
Net realized and unrealized gain on investments	(7,882)	(18,367)
Net change in temporarily restricted net assets	909	(1,510)
Endowment income restricted for reinvestment	(118)	(188)
Realized loss on derivative instruments	5,798	6,385
(Gain) Loss on disposal of fixed assets	(77)	2,686
Net unrealized gain on derivative instruments	(4,063)	(18,890)
Nonrefundable entrance fees collected	60,051	49,595
Nonrefundable entrance fees refunded	(3,812)	(3,165)
Changes in assets and liabilities:		
Accounts receivable	(8,658)	522
Other assets	(106)	(158)
Accounts payable	2,932	417
Accrued interest	(27)	506
Accrued salaries	1,000	905
Other liabilities	(2,173)	(148)
Total	$ 46,750	$ 37,743

19. FUNCTIONAL EXPENSES

Expenses by function, including discontinued operations, for the years ended January 31, 2015 and 2014 consisted of the following:

	2015	2014
Retirement community services	$ 257,301	$ 236,185
Management and general	16,950	15,497
Total	$ 274,251	$ 251,682

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.

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ADDITIONAL CONSOLIDATING INFORMATION

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, 2015 and 2014 and have issued our report thereon dated May 26, 2015, 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 financial statements as a whole.

Plante & Moran, PLLC

May 26, 2015

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2015
(In thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 17,269	$ -	$ 2,506	$ 14,763	$ -	$ 14,048	$ 715
Restricted cash	2,812	-	13	2,799	-	164	2,635
Assets whose use is limited, including beneficial interest in investment pool:							-
Board designated	44,647	-	16	44,631	-	441	44,190
Restricted under debt agreements	4,418	-	-	4,418	-	130	4,288
Accounts receivable - net	32,929	(66)	3,848	29,147	-	2,041	27,106
Prepaid expenses and other assets	5,096	-	66	5,030	-	3,966	1,064
Total current assets	107,171	(66)	6,449	100,788	-	20,790	79,998
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:							
Board designated	138,751	-	-	138,751	-	6,141	132,610
Restricted under state and debt agreements	59,854	-	-	59,854	-	1,740	58,114
Endowment	7,040	-	-	7,040	-	4,727	2,313
Total assets whose use is limited, including beneficial interest in investment pool	205,645	-	-	205,645	-	12,608	193,037
OTHER ASSETS	35,877	(27,232)	1,752	61,357	(603)	50,914	11,046
INTEREST IN IRREVOCABLE TRUSTS	4,777	-	-	4,777	-	20	4,757
PROPERTY AND EQUIPMENT - Net	560,918	-	35,114	525,804	-	29,867	495,937
TOTAL	$ 914,388	$ (27,298)	$ 43,315	$ 898,371	$ (603)	$ 114,199	$ 784,775

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2015
(In thousands)

LIABILITIES AND NET ASSETS (DEFICITS)	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
CURRENT LIABILITIES:							
Accounts payable - trade							
Accounts payable - trade	$ 13,714	$ (66)	$ 260	$ 13,520	$ -	$ 12,157	$ 1,363
Accounts payable - contractors	3,092	-	950	2,142	-	-	2,142
Accrued salaries and wages	9,340	-	1,066	8,274	-	1,040	7,234
Accrued interest	2,869	-	90	2,779	-	136	2,643
Advance deposits	1,613	-	-	1,613	-	411	1,202
Current maturities of long-term debt	9,640	-	-	9,640	-	332	9,308
Deferred revenue subject to refund	92,917	-	-	92,917	-	(2)	92,919
Refundable contract liabilities	63,116	-	-	63,116	-	1	63,115
Other current liabilities	11,318	-	1,434	9,884	-	4,833	5,051
Total current liabilities	207,619	(66)	3,800	203,885	-	18,908	184,977
LONG-TERM DEBT - Less current maturities	399,006	-	-	399,006	-	17,404	381,602
PAYABLE TO (FROM) COVENANT INSTITUTIONS:							
Covenant Retirement Communities - Notes and advances	-	(27,232)	27,232	-	(604)	8,986	(8,382)
Other Benevolent institutions - Notes and advances	18,200	-	18,200	-	-	-	
and advances	18,200	(27,232)	45,432	-	(604)	8,986	(8,382)
OTHER LIABILITIES	52,504	-	16,780	35,724	(1,306)	27,057	9,973
DEFERRED REVENUE FROM ENTRANCE FEES	177,180	-	-	177,180	-	9,797	167,383
Total liabilities	854,509	(27,298)	66,012	815,795	(1,910)	82,152	735,553
NET ASSETS (DEFICITS):							
Unrestricted	47,642	-	(22,702)	70,344	1,307	26,924	42,113
Temporarily restricted	5,197	-	5	5,192	-	397	4,795
Permanently restricted - endowment	7,040	-	-	7,040	-	4,726	2,314
Total net assets (deficits)	59,879	-	(22,697)	82,576	1,307	32,047	49,222
TOTAL	$ 914,388	$ (27,298)	$ 43,315	$ 898,371	$ (603)	$ 114,199	$ 784,775

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2015
(In thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
OPERATING REVENUES:							
Routine resident services	$ 184,753	$ -	$ 5,526	$ 179,227	$ -	$ 1,952	$ 177,275
Ancillary services	40,667	-	16,185	24,482	-	3	24,479
Amortization of deferred entrance fees	33,864	-	-	33,864	-	1,114	32,750
Net assets released from restriction for operations	2,254	-	-	2,254	-	(49)	2,303
Other	6,267	(1,305)	2,758	4,814	(127)	544	4,397
Total operating revenues	267,805	(1,305)	24,469	244,641	(127)	3,564	241,204
EXPENSES:							
Routine nursing services	54,295	(352)	9,383	45,264	(250)	37	45,477
Ancillary services	15,976	(6)	2,019	13,963	(25)	(3)	13,991
Resident benefits	11,881	(2)	702	11,181	(49)	54	11,176
Dietary	32,891	-	623	32,268	(143)	32	32,379
Laundry	1,409	-	-	1,409	(6)	2	1,413
Housekeeping	6,881	-	155	6,726	(46)	67	6,705
Maintenance	17,265	-	560	16,705	(44)	398	16,351
Utilities	11,198	-	332	10,866	-	266	10,600
Administrative and general	44,058	(941)	8,537	36,462	459	154	35,849
Interest	16,614	(649)	1,616	15,647	(5,876)	(2,040)	23,563
Property taxes	2,685	-	233	2,452	-	500	1,952
Insurance	5,401	-	317	5,084	-	(195)	5,279
Marketing and promotion	14,332	(2)	1,205	13,129	(23)	320	12,832
Depreciation	38,107	-	956	37,151	-	2,687	34,464
Amortization	626	-	41	585	-	25	560
Other	632	-	274	358	-	(634)	992
Total expenses	274,251	(1,952)	26,953	249,250	(6,003)	1,670	253,583
OPERATING (LOSS) INCOME	(6,446)	647	(2,484)	(4,609)	5,876	1,894	(12,379)

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2015
(In thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
OPERATING (LOSS) INCOME	(6,446)	647	(2,484)	(4,609)	5,876	1,894	(12,379)
NONOPERATING REVENUE (EXPENSE):							
Contributions:							
Gifts and bequests — net	37	-	108	(71)	2	(265)	192
Net assets released from restriction — distributions from trusts	595	-	-	595	-	(3)	598
Total contributions	632	-	108	524	2	(268)	790
Other nonoperating (expense) income - net	145	899	12	(766)	-	315	(1,081)
Investment return, including beneficial interest in investment pool:							
Interest and dividend income	4,041	(648)	(1)	4,690	(5,876)	556	10,010
Realized gains (losses) on fixed income and equity securities — net	6,442	-	-	6,442	-	2,262	4,180
Unrealized gains (losses) on fixed income and equity securities — net	(6,121)	-	-	(6,121)	-	(3,770)	(2,351)
Alternative investment income (loss)	4,394	-	-	4,394	-	4,394	-
Total investment return (loss), including beneficial interest in investment pool	8,756	(648)	(1)	9,405	(5,876)	3,442	11,839
Unrealized gains (losses) on derivative instruments	4,063	-	-	4,063	225	3,838	-
Interest expense on interest rate swaps	(4,915)			(4,915)		(4,915)	-
Loss on swap termination	(5,798)	-	-	(5,798)	-	(5,798)	-
Total nonoperating revenue (expense)	2,883	251	119	2,513	(5,649)	(3,386)	11,548
(LOSS) INCOME	(3,563)	898	(2,365)	(2,096)	227	(1,492)	(831)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:							
Net assets released from restriction for capital purchases	205	-	-	205	-		205
Net asset transfer to related organization	-		1,160	(1,160)		(1,160)	
Total other changes in unrestricted net assets	205	-	1,160	(955)	-	(1,160)	205
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ (3,358)	$ 898	$ (1,205)	$ (3,051)	$ 227	$ (2,652)	$ (626)

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2015
(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	$ 285	$ 16	$ 76	$ 14	$ 133	$ 33	$ 12	$ 1
Restricted cash	2,047	517	15	1,125	120	146	121	3
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	13,255	5,769	-	779	1,793	3,145	1,769	-
Restricted under debt agreements	1,102	150	-	333	254	365	-	-
Accounts receivable - net	12,591	1,553	196	2,007	1,732	1,188	1,315	4,600
Prepaid expenses and other assets	566	48	3	31	75	48	342	19
Total current assets	29,846	8,053	290	4,289	4,107	4,925	3,559	4,623
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:								
Board designated	21,277	896	3,585	5,867	4,220	185	6,524	-
Restricted under state and debt agreements	20,670	3,001	-	9,577	3,093	3,696	1,303	-
Endowment	-	-	-	-	-	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	41,947	3,897	3,585	15,444	7,313	3,881	7,827	-
OTHER ASSETS	3,729	613	-	323	522	1,142	1,129	-
INTEREST IN IRREVOCABLE TRUSTS	2,592	108	221	1,123	312	112	716	-
PROPERTY AND EQUIPMENT - Net	182,480	47,940	5,112	34,411	30,035	35,613	29,060	309
TOTAL	$ 260,594	$ 60,611	$ 9,208	$ 55,590	$ 42,289	$ 45,673	$ 42,291	$ 4,932

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2015
(In thousands)

LIABILITIES AND NET ASSETS (DEFICITS)	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
CURRENT LIABILITIES:								
Accounts payable - trade	$ 601	$ 79	$ 35	$ 229	$ 73	$ 59	$ 68	$ 58
Accounts payable - contractors	-	-	-	-	-	-	-	-
Accrued salaries and wages	2,849	447	41	489	594	378	565	335
Accrued interest	985	183	-	240	254	308	-	-
Advance deposits	358	58	87	5	71	63	74	-
Current maturities of long-term debt	1,794	697	-	560	-	536	1	-
Deferred revenue subject to refund	29,689	8,362	1	5,953	4,696	6,453	4,224	-
Refundable contract liabilities	18,965	6,970	-	2,409	3,075	4,072	2,439	-
Other current liabilities	1,401	608	72	209	186	134	168	24
Total current liabilities	56,642	17,404	236	10,094	8,949	12,003	7,539	417
LONG-TERM DEBT - Less current maturities	147,299	43,184	-	27,056	32,241	44,817	1	-
PAYABLE TO (FROM) COVENANT INSTITUTIONS - Notes and advances	66,214	3,025	4,557	16,756	13,509	5,812	17,381	5,174
OTHER LIABILITIES	13	-	-	-	13	-	-	-
DEFERRED REVENUE FROM ENTRANCE FEES	48,178	10,885	1	9,504	7,633	8,534	11,621	-
Total liabilities	318,346	74,498	4,794	63,410	62,345	71,166	36,542	5,591
NET ASSETS (DEFICITS):								
Unrestricted	(59,561)	(14,033)	4,211	(8,249)	(20,313)	(25,639)	5,121	(659)
Temporarily restricted	1,809	146	203	429	257	146	628	-
Permanently restricted - endowment	-	-	-	-	-	-	-	-
Total net assets (deficits)	(57,752)	(13,887)	4,414	(7,820)	(20,056)	(25,493)	5,749	(659)
TOTAL	$ 260,594	$ 60,611	$ 9,208	$ 55,590	$ 42,289	$ 45,673	$ 42,291	$ 4,932

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2015
(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	$ 66,786	$ 11,940	$ 2,009	$ 12,164	$ 13,555	$ 9,869	$ 12,273	$ 4,976
Ancillary services	10,357	1,441	29	2,368	1,928	1,928	1,349	1,314
Amortization of deferred entrance fees	10,992	2,880	-	2,055	1,629	1,979	2,449	-
Net assets released from restriction for operations	618	94	-	47	249	55	173	-
Other	2,083	172	32	228	311	414	926	-
Total operating revenues	90,836	16,527	2,070	16,862	17,672	14,245	17,170	6,290
EXPENSES:								
Routine nursing services	18,315	2,993	134	2,582	4,311	2,125	3,297	2,873
Ancillary services	6,082	899	-	1,385	1,117	1,101	826	754
Resident benefits	4,430	803	378	657	881	660	857	194
Dietary	12,496	2,107	407	2,277	2,301	2,139	2,464	801
Laundry	551	105	13	54	115	30	84	150
Housekeeping	2,474	354	14	448	603	270	575	210
Maintenance	5,710	1,036	138	1,076	1,093	913	1,176	278
Utilities	4,398	688	143	878	792	559	1,252	86
Administrative and general	14,474	2,374	679	2,721	2,642	2,211	2,804	1,043
Interest	10,058	2,514	131	2,193	2,149	2,466	569	36
Property taxes	1,229	-	-	99	89	312	729	-
Insurance	2,013	345	112	459	393	300	348	56
Marketing and promotion	5,085	954	3	1,359	980	781	1,008	-
Depreciation	11,783	2,442	236	2,821	2,389	1,427	2,468	-
Amortization	192	59	-	31	36	66	-	-
Other	464	72	-	44	120	64	114	50
Total expenses	99,754	17,745	2,388	19,084	20,011	15,424	18,571	6,531
OPERATING (LOSS) INCOME	(8,918)	(1,218)	(318)	(2,222)	(2,339)	(1,179)	(1,401)	(241)

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION - EASTERN CAMPUSES FOR THE YEAR ENDED JANUARY 31, 2015 (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 (LOSS) INCOME	(8,918)	(1,218)	(318)	(2,222)	(2,339)	(1,179)	(1,401)	(241)
NONOPERATING REVENUE (EXPENSE):								
Contributions:								
Gifts and bequests — net	293	(41)	-	161	8	44	121	-
Net assets released from restriction — distributions from trusts	60	4	-	45	-	11	-	-
Total contributions	353	(37)	-	206	8	55	121	-
Other nonoperating (expense) income - net	(832)	(1)	-	2	(312)	(42)	(61)	(418)
Investment return, including beneficial interest in investment pool:								
Interest and dividend income	2,068	359	71	638	478	230	292	-
Realized gains (losses) on fixed income and equity securities — net	983	317	71	3	182	148	262	-
Unrealized gains (losses) on fixed income and equity securities — net	(465)	(270)	-	88	(88)	(97)	(98)	-
Total investment return (loss), including beneficial interest in investment pool	2,586	406	142	729	572	281	456	-
Total nonoperating revenue (expense)	2,107	368	142	937	268	294	516	(418)
(LOSS) INCOME	(6,811)	(850)	(176)	(1,285)	(2,071)	(885)	(885)	(659)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:								
Net assets released from restriction for capital purchases	22	8	-	-	14	-	-	-
Total other changes in unrestricted net assets	22	8	-	-	14	-	-	-
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ (6,789)	$ (842)	$ (176)	$ (1,285)	$ (2,057)	$ (885)	$ (885)	$ (659)

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2015
(In thousands)

ASSETS	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
CURRENT ASSETS:								
Cash and cash equivalents	$ 430	$ 7	$ 21	$ 3	$ 13	$ 10	$ 258	$ 118
Restricted cash	588	18	51	175	331	-	-	13
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	30,935	5,999	2,544	10,678	2,397	7,793	1,524	-
Restricted under debt agreements	3,186	725	304	1,318	98	359	315	67
Accounts receivable - net	14,515	1,933	1,981	2,680	2,469	543	638	4,271
Prepaid expenses and other assets	498	46	125	26	46	47	41	167
Total current assets	50,152	8,728	5,026	14,880	5,354	8,752	2,776	4,636
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:								
Board designated	111,333	15,739	6,038	38,308	25,956	584	11,818	12,890
Restricted under state and debt agreements	37,444	7,011	14,820	8,084	932	2,680	3,112	805
Endowment	2,313	560	45	-	-	-	-	1,708
Total assets whose use is limited, including beneficial interest in investment pool	151,090	23,310	20,903	46,392	26,888	3,264	14,930	15,403
OTHER ASSETS	7,317	1,246	2,132	1,760	984	312	581	302
INTEREST IN IRREVOCABLE TRUSTS	2,165	364	342	42	502	143	721	51
PROPERTY AND EQUIPMENT - Net	313,457	57,467	22,106	78,493	38,244	42,546	33,835	40,766
TOTAL	$ 524,181	$ 91,115	$ 50,509	$ 141,567	$ 71,972	$ 55,017	$ 52,843	$ 61,158

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2015
(In thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
LIABILITIES AND NET ASSETS (DEFICITS)								
CURRENT LIABILITIES:								
Accounts payable - trade	$ 762	$ 98	$ 59	$ 219	$ 159	$ 53	$ 35	$ 139
Accounts payable - contractors	2,142	-	415	1,588	139	-	-	-
Accrued salaries and wages	4,385	776	666	758	713	495	374	603
Accrued interest	1,658	574	172	452	9	153	204	94
Advance deposits	844	85	93	292	126	210	37	1
Current maturities of long-term debt	7,514	943	504	1,357	543	687	2,819	661
Deferred revenue subject to refund	63,230	9,364	7,155	19,398	12,941	8,672	5,700	-
Refundable contract liabilities	44,150	8,302	4,951	15,426	3,368	10,641	1,462	-
Other current liabilities	3,650	928	154	601	648	304	204	811
Total current liabilities	128,335	21,070	14,169	40,091	18,646	21,215	10,835	2,309
LONG-TERM DEBT - Less current maturities	234,303	70,899	23,492	59,464	7,727	23,170	25,935	23,616
PAYABLE TO (FROM) COVENANT INSTITUTIONS - Notes and advances	(74,596)	6,462	(42,558)	(25,132)	(30,568)	(6,468)	(9,562)	33,230
OTHER LIABILITIES	9,960	-	-	24	-	-	35	9,901
DEFERRED REVENUE FROM ENTRANCE FEES	119,205	14,087	17,179	19,695	16,138	17,857	10,398	23,851
Total liabilities	417,207	112,518	12,282	94,142	11,943	55,774	37,641	92,907
NET ASSETS (DEFICITS):								
Unrestricted	101,674	(21,980)	38,023	47,372	58,148	(906)	14,557	(33,540)
Temporarily restricted	2,986	17	159	53	1,881	149	645	82
Permanently restricted - endowment	2,314	560	45	-	-	-	-	1,709
Total net assets (deficits)	106,974	(21,403)	38,227	47,425	60,029	(757)	15,202	(31,749)
TOTAL	$ 524,181	$ 91,115	$ 50,509	$ 141,567	$ 71,972	$ 55,017	$ 52,843	$ 61,158

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2015
(In thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
OPERATING REVENUES:								
Routine resident services	$ 110,489	$ 18,915	$ 15,053	$ 18,014	$ 17,508	$ 13,906	$ 11,723	$ 15,370
Ancillary services	14,122	2,112	2,397	2,783	1,761	1,491	1,091	2,487
Amortization of deferred entrance fees	21,758	3,675	2,791	3,462	3,597	3,622	2,052	2,559
Net assets released from restriction for operations	1,685	232	115	390	142	161	123	522
Other	2,314	151	224	380	473	716	220	150
Total operating revenues	150,368	25,085	20,580	25,029	23,481	19,896	15,209	21,088
EXPENSES:								
Routine nursing services	27,162	5,229	3,856	4,428	4,075	2,877	2,307	4,390
Ancillary services	7,909	1,196	1,366	1,414	1,139	746	632	1,416
Resident benefits	6,746	1,238	808	1,044	1,181	691	828	956
Dietary	19,883	3,242	2,771	3,363	3,095	2,372	2,176	2,864
Laundry	862	146	148	190	120	67	82	109
Housekeeping	4,231	599	546	603	936	476	597	474
Maintenance	10,641	2,148	1,166	1,811	1,479	1,206	1,325	1,506
Utilities	6,202	1,212	1,067	836	1,001	825	601	660
Administrative and general	21,375	2,991	3,085	3,701	3,623	2,456	2,688	2,831
Interest	13,505	4,475	702	1,935	774	1,294	1,577	2,748
Property taxes	723	229	-	-	2	223	-	269
Insurance	3,266	481	434	477	556	448	423	447
Marketing and promotion	7,747	1,257	821	1,072	1,240	535	1,126	1,696
Depreciation	22,681	4,339	2,087	4,621	2,943	2,599	2,217	3,875
Amortization	368	82	27	153	10	28	34	34
Other	528	54	75	142	92	42	65	58
Total expenses	153,829	28,918	18,959	25,790	22,266	16,885	16,678	24,333
OPERATING (LOSS) INCOME	(3,461)	(3,833)	1,621	(761)	1,215	3,011	(1,469)	(3,245)

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2015
(In thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
OPERATING (LOSS) INCOME	(3,461)	(3,833)	1,621	(761)	1,215	3,011	(1,469)	(3,245)
NONOPERATING REVENUE (EXPENSE):								
Contributions:								
Gifts and bequests — net	(101)	329	12	(92)	10	(14)	(198)	(148)
Net assets released from restriction — distributions from trusts	538	54	71	-	-	1	273	139
Total contributions	437	383	83	(92)	10	(13)	75	(9)
Other nonoperating (expense) income - net	(249)	10	(75)	(102)	(30)	(36)	(26)	10
Investment return, including beneficial interest in investment pool:								
Interest and dividend income	7,942	1,488	1,257	1,766	1,547	474	649	761
Realized gains (losses) on fixed income and equity securities — net	3,197	577	(8)	708	546	458	268	648
Unrealized gains (losses) on fixed income and equity securities — net	(1,886)	(293)	(168)	(546)	(42)	(360)	(64)	(413)
Total investment return (loss), including beneficial interest in investment pool	9,253	1,772	1,081	1,928	2,051	572	853	996
Total nonoperating revenue (expense)	9,441	2,165	1,089	1,734	2,031	523	902	997
(LOSS) INCOME	5,980	(1,668)	2,710	973	3,246	3,534	(567)	(2,248)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:								
(LOSS) INCOME	183	15	15	22	11	30	-	90
Total other changes in unrestricted net assets	183	15	15	22	11	30	-	90
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ 6,163	$ (1,653)	$ 2,725	$ 995	$ 3,257	$ 3,564	$ (567)	$ (2,158)

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION - COVENANT RETIREMENT SERVICES
AS OF JANUARY 31, 2015
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development and Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Brandel Manor-Cypress	CovenantCare at Home	Ontrac Management Services	LifeConnect	Covenant Retirement Services
ASSETS											
CURRENT ASSETS:											
Cash and cash equivalents	$ 2,506	$ -	$ 175	$ 335	$ 44	$ 741	$ 24	$ 727	$ -	$ -	$ 460
Restricted cash	13	-	-	-	-	13	-	-	-	-	-
Assets whose use is limited, including beneficial interest in investment pool:											
Board designated	16	-	16	-	-	-	-	-	-	-	-
Restricted under debt agreements	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable - net	3,848	(28)	180	-	-	549	1	2,861	285	-	-
Prepaid expenses and other assets	66	-	13	-	-	22	1	30	-	-	-
Total current assets	6,449	(28)	384	335	44	1,325	26	3,618	285	-	460
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	-	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS	1,752	-	-	213	111	162	-	871	(501)	-	896
INTEREST IN IRREVOCABLE TRUSTS	-	-	-	-	-	-	-	-	-	-	-
PROPERTY AND EQUIPMENT - Net	35,114	-	4	3,680	6,284	16,467	8,527	152	-	-	-
TOTAL	$ 43,315	$ (28)	$ 388	$ 4,228	$ 6,439	$ 17,954	$ 8,553	$ 4,641	$ (216)	$ -	$ 1,356

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION - COVENANT RETIREMENT SERVICES
AS OF JANUARY 31, 2015
(In thousands)

LIABILITIES AND NET ASSETS (DEFICITS)	Consolidated	Eliminations	Covenant Solutions Business Development and Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Brandel - Cypress	CovenantCare at Home	Ontrac Management Services	LifeConnect	Covenant Retirement Services
CURRENT LIABILITIES:											
Accounts payable - trade	$ 260	$ (28)	$ 25	$ 10	$ -	$ 10	$ -	$ 236	$ -	$ -	$ 7
Accounts payable - contractors	950	-	-	-	-	147	803	-	-	-	-
Accrued salaries and wages	1,066	-	103	-	6	141	3	743	70	-	-
Accrued interest	90	-	-	14	-	55	21	-	-	-	-
Advance deposits	-	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue subject to refund	-	-	-	-	-	-	-	-	-	-	-
Refundable contract liabilities	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	1,434	-	-	7	383	338	23	683	-	-	-
Total current liabilities	3,800	(28)	128	31	389	691	850	1,662	70	-	7
LONG-TERM DEBT - Less current maturities	-	-	-	-	-	-	-	-	-	-	-
PAYABLE TO (FROM) COVENANT INSTITUTIONS - Notes and advances	45,432	-	1,383	3,810	9,117	5,000	4,200	19,513	137	-	2,272
OTHER LIABILITIES	16,780	-	-	-	-	13,055	3,622	103	-	-	-
DEFERRED REVENUE FROM ENTRANCE FEES	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	66,012	(28)	1,511	3,841	9,506	18,746	8,672	21,278	207	-	2,279
NET ASSETS (DEFICITS):											
Unrestricted	(22,702)	-	(1,123)	387	(3,067)	(792)	(119)	(16,642)	(423)	-	(923)
Temporarily restricted	5	-	-	-	-	-	-	5	-	-	-
Permanently restricted - endowment	-	-	-	-	-	-	-	-	-	-	-
Total net assets (deficits)	(22,697)	-	(1,123)	387	(3,067)	(792)	(119)	(16,637)	(423)	-	(923)
TOTAL	$ 43,315	$ (28)	$ 388	$ 4,228	$ 6,439	$ 17,954	$ 8,553	$ 4,641	$ (216)	$ -	$ 1,356

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION - COVENANT RETIREMENT SERVICES
FOR THE YEAR ENDED JANUARY 31, 2015
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development & Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Ontrac Management Services	LifeConnect	Covenant Retirement Services
OPERATING REVENUES:									
Routine resident services	$ 5,526	$ -	$ -	$ -	$ 799	$ 4,727	$ -	$ -	$ -
Ancillary services	16,185	-	-	-	-	1,129	-	-	-
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-
Net assets released from restriction for operations	-	-	-	-	-	-	-	-	-
Other	2,758	-	1,581	534	8	44	591	-	-
Total operating revenues	24,469	-	1,581	534	807	5,900	591	-	-
EXPENSES:									
Routine nursing services	9,383	-	-	-	-	1,579	-	-	-
Ancillary services	2,019	-	-	-	-	194	-	-	-
Resident benefits	702	-	-	-	18	254	-	-	-
Dietary	623	-	-	-	12	611	-	-	-
Laundry	-	-	-	-	-	-	-	-	-
Housekeeping	155	-	-	-	34	121	-	-	-
Maintenance	560	-	-	183	149	228	-	-	-
Utilities	332	-	-	-	98	207	-	-	-
Administrative and general	8,537	-	2,267	45	152	892	549	(4)	81
Interest	1,616	(35)	-	160	163	652	23	-	84
Property taxes	233	-	-	115	112	6	-	-	-
Insurance	317	-	41	4	63	68	4	-	-
Marketing and promotion	1,205	-	-	-	101	131	-	-	-
Depreciation	956	-	3	118	176	608	-	-	-
Amortization	41	-	-	-	-	13	-	-	-
Other	274	-	5	-	-	-	-	(2)	2
Total expenses	26,953	(35)	2,316	625	1,078	5,564	576	(6)	167
OPERATING (LOSS) INCOME	(2,484)	35	(735)	(91)	(271)	336	15	6	(167)

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION - COVENANT RETIREMENT SERVICES
FOR THE YEAR ENDED JANUARY 31, 2015
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development & Support	Covenant Holdings One, LLC	Covenant Holdings Two, LLC	Covenant Place of Lenexa	Ontrac Management Services	LifeConnect	Covenant Retirement Services
OPERATING (LOSS) INCOME	(2,484)	35	(735)	(91)	(271)	336	15	6	(167)
NONOPERATING REVENUE (EXPENSE):									
Contributions:									
Gifts and bequests — net	108	-	(3)	-	-	-	-	-	-
Other nonoperating (expense) income - net	12	-	(48)	-	-	-	-	-	(13)
Total investment return (loss), including beneficial interest in investment pool									
Interest and dividend income	(1)	(35)	-	-	-	-	-	-	34
Total nonoperating (expense) revenue	119	(35)	(51)	-	-	-	-	-	21
(LOSS) INCOME	(2,365)	-	(786)	(91)	(271)	336	15	6	(146)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:									
Net assets released from restriction for capital purchases	-	-	-	-	-	-	-	-	-
Net asset transfer from related organization	1,160	-	-	-	-	-	-	1,160	-
Total other changes in unrestricted net assets	1,160	-	-	-	-	-	-	1,160	-
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ (1,205)	$ -	$ (786)	$ (91)	$ (271)	$ 336	$ 15	$ 1,166	$ (146)

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, 2015
(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, 2015 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,

A DIVISION OF COVENANT HOME, INC.

5 YEAR PRO FORMA INCOME STATEMENTS

COVENANT Retirement Communities

SELECTION CRITERIA

46 - Covenant Village of Cromwell | All Levels of Care | Normal | Forecast 2017

Operating Statement Summary

	ACTUAL			CONSOLIDATED										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Resident Days	128,274	124,468	123,093	126,667	132,438	133,901	134,136	134,743	134,165	133,228	134,537	134,832	133,984	132,645
Adjusted Resident Care Revenue	15,951,431	16,248,336	16,360,896	18,334,158	19,527,765	20,277,732	21,003,466	21,749,235	22,494,980	23,221,606	24,086,320	24,936,255	25,794,174	26,583,757
Less: Contractual Adjustments	(1,998,349)	(2,095,684)	(2,602,078)	(2,657,820)	(3,018,367)	(3,187,289)	(3,364,153)	(3,636,260)	(3,831,940)	(4,012,546)	(4,209,770)	(4,413,330)	(4,635,979)	(4,839,911)
Net Resident Care Revenue	13,953,082	14,152,652	13,758,818	15,676,338	16,509,397	17,090,443	17,639,313	18,112,975	18,663,040	19,209,060	19,876,551	20,522,925	21,158,194	21,743,846
Ancillary Services Revenue	841,580	1,188,567	1,349,409	1,482,763	1,516,785	1,543,453	1,574,488	1,716,333	1,752,279	1,784,036	1,819,898	1,856,515	1,897,534	1,932,060
Other Operating Revenue	908,139	896,310	834,209	914,836	933,133	951,795	970,165	1,000,598	1,016,370	1,028,538	1,049,108	1,070,090	1,091,492	1,113,322
Total Operating Revenues	15,702,801	16,237,530	15,942,435	18,073,937	18,959,315	19,585,692	20,183,966	20,829,905	21,431,689	22,021,633	22,745,557	23,449,530	24,147,220	24,789,227
Revenue % Increase		3.4%	-1.8%	13.4%	4.9%	3.3%	3.1%	3.2%	2.9%	2.8%	3.3%	3.1%	3.0%	2.7%
Routine Nursing Services	3,433,438	3,506,165	3,296,730	3,490,832	3,563,796	3,623,873	3,694,277	3,768,072	3,844,870	3,902,239	3,971,114	4,041,199	4,123,561	4,185,086
Ancillary Services	653,314	808,275	825,574	891,860	912,828	930,323	948,819	968,124	987,467	1,003,329	1,022,839	1,042,016	1,062,638	1,079,428
Resident Benefits	730,486	732,316	857,364	1,104,718	1,074,276	1,094,610	1,116,994	1,135,923	1,164,096	1,181,436	1,203,939	1,227,297	1,253,329	1,273,654
Dietary Expense	2,048,461	2,214,934	2,414,371	2,837,015	2,967,589	3,028,270	3,095,621	3,164,086	3,237,973	3,301,278	3,375,379	3,441,415	3,523,414	3,579,729
Laundry Expense	96,428	87,805	84,131	138,798	147,074	149,799	152,797	155,886	159,029	161,392	164,458	167,463	170,806	173,295
Housekeeping Expense	531,727	578,167	575,035	631,697	634,649	646,597	659,601	664,132	686,381	696,375	709,610	722,461	736,587	747,047
Maintenance Expense	983,002	1,058,005	1,140,660	1,133,581	1,114,886	1,136,031	1,157,700	1,195,141	1,228,016	1,249,215	1,271,572	1,297,236	1,318,283	1,337,745
Utilities Expense	911,461	1,062,913	1,251,697	1,207,481	1,231,631	1,256,263	1,280,509	1,304,839	1,330,935	1,357,554	1,384,705	1,412,399	1,440,647	1,469,460
Insurance	357,404	350,655	348,147	356,359	365,419	374,719	384,145	393,768	403,819	414,137	424,728	435,600	446,761	458,218
Administrative and General	2,241,433	2,662,639	2,568,683	3,127,026	3,418,285	3,557,780	3,634,502	3,715,866	3,798,192	3,870,112	3,960,905	4,048,734	4,138,867	4,215,293
Property Taxes	706,543	712,120	728,837	743,173	758,036	773,197	788,120	803,094	819,156	835,539	852,250	869,295	886,681	904,414
Total Operating Expenses	12,693,695	13,773,995	14,091,229	15,662,540	16,188,470	16,571,462	16,913,085	17,268,930	17,659,933	17,972,605	18,341,500	18,705,115	19,101,575	19,423,370
Expense % Increase		8.5%	2.3%	11.2%	3.4%	2.4%	2.1%	2.1%	2.3%	1.8%	2.1%	2.0%	2.1%	1.7%
Internal Operating Margin	3,009,105	2,463,535	1,851,207	2,411,397	2,770,846	3,014,230	3,270,881	3,560,976	3,771,755	4,049,028	4,404,057	4,744,415	5,045,645	5,365,858
Internal Operating Ratio	19.16%	15.17%	11.61%	13.34%	14.61%	15.39%	16.21%	17.10%	17.60%	18.39%	19.36%	20.23%	20.90%	21.65%
Debt Service Coverage Ratio	1.27	0.58	-	-	-	-	-	-	-	-	-	-	-	-
Entrance Fees - Net	1,283,418	1,766,022	1,016,103	3,159,743	2,933,963	2,547,025	2,438,355	2,577,321	2,841,891	2,877,586	2,829,091	3,006,999	2,860,744	3,469,528
Contributions - Net	(179,701)	(119,139)	294,576	231,754	235,185	239,796	244,390	248,960	253,999	259,254	264,357	269,661	275,146	280,880
Investment Income	417,727	478,556	309,704	396,364	400,545	423,693	450,548	478,018	507,149	538,414	570,937	604,608	640,203	680,803
Other Non-Operating Income	96,734	144,954	92,778	109,000	111,180	113,404	115,592	117,789	120,144	122,547	124,998	127,498	130,048	132,649
Health Subsidy Expense	916,757	987,516	898,171	997,223	1,025,277	1,057,394	1,092,560	1,128,919	1,168,647	1,205,382	1,245,573	1,287,131	1,332,505	1,374,538
Benevolent Care	692,340	627,668	607,810	670,020	683,420	697,089	710,543	724,043	738,524	753,294	768,360	783,727	799,402	815,390
Interest - External	(25,461)	(46,583)	(31,205)	0	0	0	0	0	0	0	0	0	0	0
Interest - Internal	394,722	355,245	453,435	492,060	541,660	538,120	504,603	491,931	477,662	453,735	442,026	424,616	414,291	381,867
Marketing and Promotion	710,887	862,516	925,157	926,252	934,132	941,663	949,911	958,118	967,443	974,394	982,731	993,274	1,003,509	1,009,082
Other Non-Operating Expense	(24,341)	1,428,499	175,307	(178,548)	(182,119)	(185,762)	(189,347)	(192,944)	(196,803)	(200,739)	(204,754)	(208,849)	(213,026)	(217,287)
Net Non-Operating Income/(Expense)	(1,046,725)	(1,944,469)	(1,315,514)	989,854	678,502	275,414	180,616	312,023	567,710	611,735	555,447	728,868	569,459	1,200,269
Net Excess/(Deficit)	1,962,380	519,066	535,693	3,401,251	3,449,348	3,289,643	3,451,497	3,872,998	4,339,465	4,660,763	4,959,504	5,473,283	5,615,105	6,566,127
Depreciation	1,845,138	2,128,867	2,468,120	2,815,868	2,872,186	2,929,629	2,986,171	3,042,909	3,103,767	3,165,842	3,229,159	3,293,742	3,359,617	3,426,809
Amortization	2,576	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Excess/(Deficit)	114,666	(1,609,801)	(1,932,428)	585,383	577,162	360,014	465,326	830,090	1,235,699	1,494,921	1,730,345	2,179,541	2,255,488	3,139,317

COVENANT Retirement Communities

SELECTION CRITERIA

46 - Covenant Village of Cromwell | All Levels of Care | Forecast 2017

Balance Sheet

CONSOLIDATED

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Assets											
Current Assets											
Cash - Unrestricted	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450	13,450
Short Term Investments	0	0	0	0	0	0	0	0	0	0	0
Cash - Restricted	190,759	190,759	190,759	190,759	190,759	190,759	190,759	190,759	190,759	190,759	190,759
Assets Whose Use is Limited											
Board Designated	2,026,791	2,107,863	2,192,177	2,279,865	2,371,059	2,465,902	2,564,538	2,667,119	2,773,804	2,884,756	3,000,146
Restricted Under Debt Agreements	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable - Residents	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241	1,222,241
Accounts Receivable - Third Party	400,853	400,853	400,853	400,853	400,853	400,853	400,853	400,853	400,853	400,853	400,853
Other Receivables	7,253	7,253	7,253	7,253	7,253	7,253	7,253	7,253	7,253	7,253	7,253
Prepaid Expenses	100,038	100,038	100,038	100,038	100,038	100,038	100,038	100,038	100,038	100,038	100,038
Total Current Assets	3,961,386	4,042,458	4,126,772	4,214,459	4,305,654	4,400,496	4,499,132	4,601,714	4,708,399	4,819,351	4,934,741
Assets Whose Use is Limited											
Benevolent Care Fund	6,581,287	6,844,538	7,118,320	7,403,052	7,699,175	8,007,142	8,327,427	8,660,524	9,006,945	9,367,223	9,741,912
Property Replacement Reserve	15,905	194,706	450,175	704,387	982,818	1,296,595	1,623,130	1,958,874	2,322,505	2,790,204	3,340,400
Capital Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
Operating Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
Future Health Care Reservce	0	0	0	0	0	0	0	0	0	0	0
Other	28,592	29,735	30,925	32,162	33,448	34,786	36,178	37,625	39,130	40,695	42,323
Total Designated Funds	6,625,783	7,068,980	7,599,419	8,139,602	8,715,441	9,338,523	9,986,735	10,657,023	11,368,580	12,198,122	13,124,635
Bond Project Fund	0	0	0	0	0	0	0	0	0	0	0
Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
State Required Reserve Fund	1,361,050	1,415,492	1,472,111	1,530,996	1,592,236	1,655,925	1,722,162	1,791,048	1,862,690	1,937,198	2,014,686
Total Restricted Funds	1,361,050	1,415,492	1,472,111	1,530,996	1,592,236	1,655,925	1,722,162	1,791,048	1,862,690	1,937,198	2,014,686
Total Assets Whose Use is Limited	7,986,833	8,484,472	9,071,531	9,670,597	10,307,676	10,994,448	11,708,897	12,448,071	13,231,270	14,135,320	15,139,321
Investments and Other Assets											
Non-Current Receivables	0	0	0	0	0	0	0	0	0	0	0
Investments	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506	1,112,506
Unamortized Debt Expense	0	0	0	0	0	0	0	0	0	0	0
Unamortized Original Issue Discount	0	0	0	0	0	0	0	0	0	0	0
Other Deferred Expenses	0	0	0	0	0	0	0	0	0	0	0
Other Assets	681,411	681,411	681,411	681,411	681,411	681,411	681,411	681,411	681,411	681,411	681,411
Total Investments and Other Assets	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917	1,793,917
Property and Equipment											
Property and Equipment - at cost	59,954,226	64,076,226	68,076,226	71,076,226	74,076,226	77,076,226	79,576,226	81,969,226	84,292,226	86,492,226	88,592,226
Accumulated Depreciation	(30,427,946)	(33,300,131)	(36,229,761)	(39,215,932)	(42,258,841)	(45,362,607)	(48,528,449)	(51,757,608)	(55,051,350)	(58,410,967)	(61,837,776)
Net Property and Equipment - cost	29,526,281	30,776,095	31,846,465	31,860,294	31,817,385	31,713,618	31,047,776	30,211,617	29,240,875	28,081,258	26,754,449
Total Assets	43,268,417	45,096,941	46,838,685	47,539,268	48,224,632	48,902,480	49,049,722	49,055,320	48,974,461	48,829,846	48,622,428

COVENANT Retirement Communities

SELECTION CRITERIA

46 - Covenant Village of Cromwell | All Levels of Care | Forecast 2017

Balance Sheet

CONSOLIDATED

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Liabilities											
Current Liabilities											
Notes Payable	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	10,763	10,763	10,763	10,763	10,763	10,763	10,763	10,763	10,763	10,763	10,763
Accounts Payable - Contractors	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Accrued Salaries and Wages	424,764	424,764	424,764	424,764	424,764	424,764	424,764	424,764	424,764	424,764	424,764
Accrued Taxes	13,180	13,180	13,180	13,180	13,180	13,180	13,180	13,180	13,180	13,180	13,180
Accrued Interest Expense	0	0	0	0	0	0	0	0	0	0	0
Other Accrued Expenses	25,464	25,464	25,464	25,464	25,464	25,464	25,464	25,464	25,464	25,464	25,464
Other Current Liabilities	107,988	107,988	107,988	107,988	107,988	107,988	107,988	107,988	107,988	107,988	107,988
Accrued Future Medical Expense	0	0	0	0	0	0	0	0	0	0	0
Advance Deposits	117,900	117,900	117,900	117,900	117,900	117,900	117,900	117,900	117,900	117,900	117,900
Current Maturities - Long Term Debt	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilites	700,058	700,058	700,058	700,058	700,058	700,058	700,058	700,058	700,058	700,058	700,058
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0
Accrued Future Medical Expense	0	0	0	0	0	0	0	0	0	0	0
Other Liabilities	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433	3,240,433
Advance Account (to)/from CRC	17,146,193	18,397,555	19,779,285	20,014,542	19,869,816	19,311,965	17,964,287	16,239,539	13,979,140	11,579,037	8,232,302
Due To Covenant Institutions	0	0	0	0	0	0	0	0	0	0	0
Intra-Facility	0	0	0	0	0	0	0	0	0	0	0
National Covenant Properties	0	0	0	0	0	0	0	0	0	0	0
CRC Parent	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	21,086,684	22,338,046	23,719,776	23,955,033	23,810,308	23,252,457	21,904,778	20,180,030	17,919,632	15,519,529	12,172,793
Deferred Revenue & Net Assets	22,181,733	22,758,895	23,118,909	23,584,235	24,414,324	25,650,023	27,144,944	28,875,289	31,054,830	33,310,318	36,449,635
Total Liabilities & Net Assets	43,268,417	45,096,941	46,838,685	47,539,268	48,224,632	48,902,480	49,049,722	49,055,320	48,974,461	48,829,846	48,622,428
	(0)	0	0	0	0	0	(0)	0	0	0	0

COVENANT Retirement Communities

46 - Covenant Village of Cromwell

SELECTION CRITERIA

All Levels of Care

Forecast 2017

Statement of Cash Flow

CONSOLIDATED

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash Flows from Operating Activies:										
Excess/(Deficit) from Operations	577,162	360,014	465,326	830,090	1,235,699	1,494,921	1,730,345	2,179,541	2,255,488	3,139,317
Add back Depreciation and Amortization	2,872,186	2,929,629	2,986,171	3,042,909	3,103,767	3,165,842	3,229,159	3,293,742	3,359,617	3,426,809
Net Changes in Working Capital	0	0	0	(0)	0	0	0	0	(0)	0
Total From Operating Activities	3,449,348	3,289,643	3,451,497	3,872,998	4,339,465	4,660,763	4,959,504	5,473,283	5,615,105	6,566,127
Cash Flows from Investing Activities:										
Capital Expenditures										
Capital Expenditures	(4,122,000)	(4,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(2,500,000)	(2,393,000)	(2,323,000)	(2,200,000)	(2,100,000)
Inc/(Dec) in Contractor Payable	0	0	0	0	0	0	0	0	0	0
(Inc)/Dec in Investments	0	0	0	0	0	0	0	0	0	0
(Inc)/Dec in Reserves										
Benevolent Care Fund	(263,251)	(273,782)	(284,733)	(296,122)	(307,967)	(320,286)	(333,097)	(346,421)	(360,278)	(374,689)
Property Replacement Fund	(178,801)	(255,468)	(254,213)	(278,430)	(313,778)	(326,534)	(335,744)	(363,631)	(467,699)	(550,196)
Capital Reserve Fund	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Operating Reserve Fund	0	0	0	0	0	0	0	0	0	0
Future Health Care Fund	0	0	0	0	0	0	0	0	0	0
State Required Reserves	(54,442)	(56,620)	(58,884)	(61,240)	(63,689)	(66,237)	(68,886)	(71,642)	(74,508)	(77,488)
Bond Project Fund	0	0	0	0	0	0	0	0	0	0
Debt Service Reserve Fund	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Board Designated	(81,072)	(84,315)	(87,687)	(91,195)	(94,842)	(98,636)	(102,582)	(106,685)	(110,952)	(115,390)
Other Reserves	(1,144)	(1,189)	(1,237)	(1,286)	(1,338)	(1,391)	(1,447)	(1,505)	(1,565)	(1,628)
(Inc)/Dec in Other Restricted Cash	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in All Other	0	0	0	0	0	0	0	0	0	0
Total from Investing Activities	(4,700,710)	(4,671,373)	(3,686,754)	(3,728,273)	(3,781,614)	(3,313,084)	(3,234,756)	(3,212,884)	(3,215,002)	(3,219,391)
Cash Flows from Financing Activities:										
Net New Entrance Fees Received	0	0	0	0	0	0	0	0	0	0
Additions to Long-Term Debt	0	0	0	0	0	0	0	0	0	0
Repayments of Long-Term Debt	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in Short-Term Debt	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in Intercompany Debt	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in All Other	0	0	0	0	0	0	0	0	0	0
Total From Financing Activities	0	0	0	0	0	0	0	0	0	0
Net Cash Generated	(1,251,362)	(1,381,730)	(235,257)	144,725	557,851	1,347,678	1,724,748	2,260,399	2,400,103	3,346,735

EXHIBIT "D"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

DESCRIPTION OF PROPOSED CONSTRUCTION PROJECTS

The Corporation is commencing preliminary review and consideration of construction of a new town center at the Community. Such improvements may or may not be constructed. It is not anticipated that any final decision for construction of any such improvements, finalization of the details and plans for any such improvements or commencement of construction will occur until 2017 or later.

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:___________________________

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