

THE CONTINUING CARE AT HOME PROGRAM

MOZAIC AT HOME
(formerly Senior Choice at Home)

Disclosure Statement

April 2023

SPONSORED BY

MOZAIC SENIOR LIFE
4200 Park Avenue
Bridgeport, Connecticut 06604
(203) 365-6491

***Mozaic at Home* is registered with the State of Connecticut Department of Social Services pursuant to Sections 17b-520 through 17b-535 of the Connecticut General Statutes.**

Registration with the Department of Social Services does not constitute approval, recommendation or endorsement by the Department or the State of Connecticut, nor does it evidence the accuracy or completeness of the information provided in this Disclosure Statement.

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In compliance with Conn. Agencies Regs. § 17b-533-3 (a) (3).

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General Information

This Disclosure Statement is provided pursuant to Connecticut law by The Jewish Home for the Elderly of Fairfield County, Inc. d/b/a Mozaic Senior Life (“Provider”) to a prospective Member (“Member”) of the Mozaic at Home Continuing Care at Home Program (“CCAH Program”). Connecticut law requires the Provider to provide the prospective Member with a disclosure statement before the initial transfer of funds and before the prospective Member enters into any agreement with the Provider.

Description

Name and Type of Organization

The Provider is a not-for-profit corporation organized under the laws of the State of Connecticut and exempt from taxation under Section 501(c) (3) of the Internal Revenue Code. The Provider is the owner of a 9-acre health care complex known as The Jewish Home of Fairfield County (“the Community”) located at 4200 Park Avenue in Bridgeport, Connecticut. The Provider has decades of experience in providing services to the elderly, and the Community features one of the largest Skilled Nursing Facilities in the State of Connecticut. The Skilled Nursing Facility accepts most forms of insurance, including Medicare and Medicaid. In addition to the Skilled Nursing Facility, the Community offers Assisted Living, Adult Day Care, Medical and Non-Medical Home Care, Hospice, Physician Services, Outpatient, Sub-Acute, and Long-Term Rehabilitation Therapy, and the Institute on Aging.

Through the on-going management of the Community, Provider provides quality continuing care as described further in this Disclosure Statement, including the attached Member Agreement. The Provider’s goal is to allow Members to continue an independent lifestyle and to provide the peace of mind associated with knowing certain additional attention and care is available if ever needed through the care and services offered by the CCAH Program. The CCAH Program is designed to allow Members to remain in their private homes while enjoying the traditional benefits of a Continuing Care Retirement Facility.

Affiliations

The Provider is the only organization responsible for the CCAH Program, and it has arranged for the Program’s start up financing and management. Similarly, the Provider works closely with a separate physician practice, Geriatric Professional Group, LLC (“GPG”). GPG provides physician services to residents of the Community’s Skilled Nursing Facility as well as outpatient physician services. GPG has no responsibility for the Provider’s financial or contractual obligations.

Benefits/Services Provided

In order to participate in the CCAH Program, Member must execute a Member Agreement. Please refer to a copy of the Provider's standard Member Agreement in Exhibit I. The Provider currently offers three pricing plans. Each plan requires payment of a Membership Fee and a Monthly Service Fee. All plans cover 100% of the cost of care coordination, emergency response system, home inspection and delivered meals if these services are authorized by the Care Coordinator. Some plans require co-pays or payment in full for some of the services delivered, depending on the type of membership selected. Following is a summary description of the three pricing plans. Please refer to Exhibit II for a detailed description of the plans and the current Membership and Monthly Service Fees associated with each plan.

All-Inclusive Plan: No co-pay required and 100% coverage of specified and authorized services, including home health aide, companion, delivered meals, adult day care, assisted living facility and skilled nursing facility services.

Security Plan: 15% co-pay required for specified home health aide, companion and adult day care and 30% co-pay for assisted living facility and skilled nursing facility services.

Co-Pay Plan: 50% co-pay for specified home health aide, companion, adult day care, assisted living facility and skilled nursing facility services.

The Provider will deliver services in a manner consistent with the objective of enabling the Member to maintain his/her own living arrangement at home for as long as is practical and to provide Facility Based Services if and when needed.

The CCAH Program includes the following services and programs, which, unless noted otherwise below, will be provided in exchange for payment of the Membership Fee and Monthly Service Fee discussed below, with no additional charge under the All-Inclusive Plan and applicable co-pays under the Security and Co-Pay Plans:

- A. Residence. The Member will remain in his/her existing home (or subsequent residence of the Member's choice).
- B. Member Home Inspection. During the first year of Membership, Provider will conduct an inspection of the Member's home to identify any functional or safety problems for Member and will make recommendations to the Member based on the inspection. This inspection will not identify physical or environmental problems with the premises, such as roof, plumbing or HVAC issues. It will focus only on functional and safety issues for the Member. After the initial inspection, the Provider will conduct an inspection every second year, unless circumstances or the Member's health condition justify more frequent inspections.
- C. Annual Physical Examination. The Provider encourages the Member to have an annual physical examination performed by the Member's personal physician or by one of Provider's physicians or nurse practitioners. The Provider encourages the Member to submit a medical report from the Member's personal physician to the Care Coordinator.

- D. Care Coordination. A Care Coordinator will be assigned to the Member. The Care Coordinator will lead the Care Coordination Team, consisting of an Authorized Mozaic at Home Staff Member, the Medical Director, and other clinical professionals as determined appropriate by the Care Coordinator. The Care Coordination Team, in consultation with the Member and/or the Member's designated representative, will prepare a care plan to meet the Member's particular needs. The Care Coordination Team will make all decisions involving the Member's participation in various medical and health care Services or permanent transfer from home to facility-based services following consultation with the Member or the Member's Designated Representative.
- E. Home Site Service. Home Site Services are available when the Care Coordination Team, in consultation with the Member or the Member's Designated Representative, determines Home Site Services would be appropriate. The Provider may require an examination by its Medical Director (or his/her designee) to determine eligibility for Home Site Services, and the Member must use an approved provider to be eligible for coverage. Following is a description of Home Site Services offered by the Provider:
1. **SKILLED HOME HEALTH CARE**
The Provider will provide non-Medicare covered home care services, including personal care provided by a State licensed Home Health Aide, as determined to be appropriate by the Care Coordination Team and to the extent this service is covered in the plan selected by the Member.
 2. **HOMEMAKER SERVICES**
The Provider will provide Homemaker Services, including a companion, light housekeeping and chore services as determined to be appropriate by the Care Coordination Team and to the extent this service is covered in the plan selected by the Member.
 3. **COMPANION SERVICES**
The Provider will provide Companion Services as determined to be appropriate by the Care Coordination Team and to the extent this service is covered in the plan selected by the Member.
 4. **EMERGENCY RESPONSE SYSTEM**
If determined to be appropriate by the Care Coordination Team and agreed to by the Member, the Provider will provide an emergency response system with 24-hour coverage to the extent this service is covered in the plan selected by the Member.
 5. **MEALS**
If determined to be appropriate by the Care Coordination Team, the Provider will deliver a maximum of two meals per day to be delivered to the Home Site for a limited amount of time, while the member is recovering from an

illness or recent hospitalization, and if the member is not already receiving aide, companion, or homemaker services.

6. **ADULT DAY CARE**

The Provider will provide Adult Day Care Services as determined to be appropriate by the Care Coordination Team to the extent this service is covered in the plan selected by the Member.

F. Facility Based Services

1. When Determined To Be Appropriate by the Care Coordination Team and prescribed by a physician, Provider will provide or arrange for Facility Based Services, including Assisted Living in a private accommodation and Nursing Home Services in a semi-private accommodation. Provider may require an examination of the Member by its Medical Director (or his/her designee) to determine eligibility for Facility Based Services.

2. **ASSISTED LIVING AND NURSING HOME SERVICES**

Assisted Living and Nursing Home Services will be provided either in the Provider's Community Skilled Nursing Facility, or in similar facilities approved by the Provider. The Provider will not be responsible for any ancillary charges (such as laundry, prescription drugs, medical supplies, telephone, or television) incurred for Facility Based Services. The Member will be solely responsible for such charges.

G. CCAH Program Facilities and Programs. The Provider will continue to make arrangements with several organizations to provide CCAH Program Members with access to facilities and programs, which may include but not limited to, a library, computer center, indoor swimming pool, meeting rooms, and arts and crafts programs.

H. Activities and Leisure Events. The Member will have access to planned and scheduled social, recreational, spiritual, educational and cultural activities and leisure events, as well as, arts and crafts, exercise and health programs, and other special activities designed to meet the needs of the Members.

I. Lifestyle and Wellness Programs. The Provider will offer Lifestyle and Wellness Programs from time to time, free of charge or with an applicable fee for service, including but not limited to, exercise classes, arts and crafts, wellness seminars, speakers and day excursions.

J. Transportation Services. If the Member is unable to drive or instructed by his/her physician not to drive, the Provider will provide transportation to and from medically necessary outpatient surgery or minor procedures such as cataract removal, chemotherapy treatments, and surgical biopsies. The Provider does not provide transportation for regular physician office visits, dialysis, or other routine or on-going specialist appointments. If the Member requires such additional

transportation services, the Provider may assist the Member in arranging for such services. The Member will be responsible for paying any fees associated with such additional transportation services.

- K. Other Services and Programs at Additional Charge. Other services and programs will be available to the Member for an additional charge, including but not limited to, private transportation, catering, and other special services performed for the Member beyond the normal scope of services offered by Provider. Availability and charges for these additional services and programs will be determined by Provider.
- L. Referral Service for Additional Services. A Referral Service for other services is available with associated additional charges to be paid to a third-party vendor who functions as an independent contractor of Provider. These services may include, but not be limited to, landscape maintenance, legal, financial planning, home maintenance and rental of medical equipment.
- M. Limitation of Provider Payment for Non-Institutional Health Care Services. Provider may limit payment for Home Site Services (skilled home health care, homemaker, companion, emergency response system, meals and adult day care) if the cost of such Home Site Services for any thirty (30) day period exceeds the cost based on standard published rates for care in the Community's Nursing Home Facility. Member may either transfer to a Plan Participating Facility or pay the difference between the cost of Home Site Services and the cost based on standard published rates for care in the Community's Nursing Home Facility.

Board Members and Officers

The Provider is governed by a voluntary Board of Directors. Directors and Officers serve without compensation, and no Director or Officer has any equitable or beneficial interest in Provider. Within the last five (5) years, neither Provider, nor any of its Officers or Directors, has been a party to any civil or criminal proceeding of any kind described in Section 17b-522(b)(4) of the Connecticut General Statutes. Following is a list of Provider's Directors and Officers:

Jon August (**Chairperson**)

Andrew H. Banoff

Jim Bennett

Edward Burger

Moira Colangelo

Cindy Epstein (**Women's Auxiliary**)

Michael Fleischer

Janet Freedman

Ed Friedland

Roy Friedman (**Honorary Director for Life**)

Roslyn Goldstein (**Honorary Director for Life**)

Eric Hendlin

Jennifer Kanfer

Eric Katz

Mitchell Kornblit

Mark A. Lapine (**Honorary Director for Life**)

Marc Levey

Neil Lippman (**Men's Club**)

Gerald Luterman (**Treasurer**)

Nancy Magida (**Secretary**)

Michael Marcus

Emil Meshberg (**Vice Chairperson**)

Brian Miles

Jerry Minsky

Renee Noren

Alan Phillips

Jeff Radler

Amy Rich

Hal Rosnick (**Honorary Director for Life**)

Philip Schaefer

Dr. Scott Serels

William Sims (**Honorary Director for Life**)

Art Spinner

Mandy Stanton

Milton Sutin (**Honorary Director for Life**)

Kenneth I. Wirfel

Martin F. Wolf (**Honorary Director for Life**)

Mike Wolfson

Prior Experience

The Provider has extensive prior experience providing services to the elderly across the continuum of care. In particular, the Provider operates a 294-bed Skilled Nursing Facility, 18 Assisted Living Apartments, 14 Memory Care Studios, inpatient and outpatient rehabilitation services, home care, companions, hospice and other community services, including adult day care, geriatric assessment, physician services, etc.

Program Implementation

Program Consultant

The Provider had contracted with Cadbury Senior Services to provide assistance in developing and implementing the CCAH Program.

Cadbury Senior Services, Inc. is a Quaker guided not-for-profit organization owning and operating Cadbury at Cherry Hill, New Jersey, a continuing care retirement community established in 1978, and Cadbury at Lewes, a continuing care retirement community in Lewes, Delaware opened in 2007. In addition, Cadbury Senior Services also operates Cadbury Continuing Care at Home, a program established in 1998 to meet the desire of many seniors to stay in their homes and age in place and to complement and expand the mission of Cadbury Senior Services.

The American Association of Homes and Services for the Aging has recognized Cadbury Continuing Care at Home with an Innovation of the Year award. Cadbury Care at Home has been replicated numerous times by other not-for-profit senior care providers across the country.

Management

The Provider will manage the CCAH Program. The Provider's management team consists of Andrew H. Banoff, President and Chief Executive Officer; Larry Condon, Senior Vice President, Administrator; Roger Sliby, Vice President of Finance and Chief Financial Officer; Kara Rodriguez, Vice President, Chief Human Resources Officer; Elizabeth Zicari, Vice President, Community Services and Business Development; and Stacey Bardin, Director of Nursing.

Right to Rescission

A new Member has the right to rescind the Member Agreement within thirty (30) days after signing the Member Agreement ("Rescission Period"). If the Member exercises this right, then the Provider will issue a full refund of the Membership Fee paid less the \$250 application fee.

The Application Process

A prospective Member qualifies for the CCAH Program upon satisfaction of the following requirements and admission steps:

- A. Age. The CCAH Program is intended for and restricted to persons 55 years of age or older.
- B. Personal Interview. A prospective Member must have a personal interview with a representative from the Provider. The Provider may request additional interviews upon review of all information submitted with the application.
- C. Confidential Data Application and Personal Health History. The prospective Member must submit for approval by Administration, a Confidential Data Application and a Personal Health History, all on forms furnished by the Provider.
- D. Financial Requirements. The prospective Member must have assets and income sufficient under foreseeable circumstances to meet the prospective Member's financial obligations under the CCAH Program and to meet the prospective Member's ordinary living expenses. The Provider may require the prospective Member to furnish additional, current financial information as may be needed.
- E. Health Requirements. The prospective Member must submit a report of a physical examination of the prospective Member performed by the prospective Member's physician. The Provider may require the prospective Member to have another physical examination by its Medical Director or by another physician approved by the Provider. The prospective Member shall be responsible for the costs of physical examinations performed for purposes of the application.
- F. Notification. The Provider will review the Confidential Data Application and Personal Health History and the results of the personal interview notifying the prospective Member once a decision has been made on whether the prospective Member is eligible to participate in the CCAH Program.
- G. Application Fee. The Provider will charge a \$250 non-refundable application fee to cover the administrative costs involved in processing the Member's application.

Termination

The grounds under which the Provider may terminate the Member Agreement and the procedures for termination and issuance of refunds, if any, are described in Section VI of the Member Agreement attached as Exhibit I. As noted in the Member Agreement, any interest earned on Membership Fees or other deposits from the Member will accrue to the Provider's benefit. Any refunds due to the Member upon termination of the Member Agreement will not include interest earned.

Spouses and Multiple Household Members

Each member of a married couple or household must sign a separate Member Agreement for the CCAH Program. As a result, termination of the Member Agreement with one spouse or household member due to death or any other reason will have no impact on the Member Agreement with the other spouse or household member.

Financial Hardship

As a not-for-profit organization, the Provider has established a policy whereby it will not terminate membership in the CCAH Program solely by reason of a Member's inability to pay the total Monthly Fee. When a Member establishes facts justifying the need for financial assistance as determined by Provider in its sole discretion, the Provider will advance funds to help the Member pay his/her Monthly Fee. Such advances, plus interest at 1% above the prime rate computed monthly noted on the first day of each month in the Wall Street Journal, shall be charged against the refundable portion, if any, of the Membership Fee. If such advances exceed the refundable portion, if any, of the Membership Fee, the Provider may waive some or all of the Member's Monthly Fee if the Member has not intentionally depleted assets needed to pay his/her Monthly Fee.

Interest on Deposit

Mozaic at Home is not required to hold any amounts in escrow on behalf of members and, therefore, no interest is paid to members based on any amounts paid for Mozaic at Home.

Tax Consequences

Payment of a Membership Fee pursuant to a continuing care contract may have tax implications, including benefits. Any person considering such a payment may wish to consult a qualified advisor.

Financial Information

Membership Fees

The Membership and Monthly Fees for the CCAH Program are attached as Exhibit II.

CCAH Projected Income Statements

The projected income statements of the CCAH Program are attached as Exhibit III.

Financial Statements of The Jewish Home of Fairfield County

The latest available audited annual financial statements for The Jewish Home for the Elderly of Fairfield County, Inc. are attached as Exhibit IV.

Prepaid Obligations, Actuarial Value

Provider, through the execution of Member Agreements for the CCAH Program, will incur prepaid health obligations for its Members. The actuarial present value of Member prepaid health obligations is \$4,508,372 as of 9/30/22 based on a study conducted by Continuing Care Actuaries. The Provider will review and update prepaid health obligations on an annual basis.

Reserve Funding

Connecticut law does not require reserve funding for the CCAH Program.

DOCUMENTS FILED WITH THE CONNECTICUT DEPARTMENT OF SOCIAL SERVICES

The Provider has filed all materials required to be filed with the Connecticut Department of Social Services are on file. These materials include:

1. A current Disclosure Statement.
2. An index identifying the location of information required by law and listed in Section 17b-533-3 (a) (3) of Social Services regulations (Page ii).
3. Supplemental financial information.

All documents filed will be a matter of public record and may be reviewed at the Department's Offices located at 25 Sigourney Street, Hartford, CT 06106. Telephone: (860) 424-5250.

EXHIBIT I

THE CONTINUING CARE AT HOME PROGRAM

MOZAIC AT HOME

SPONSORED BY

MOZAIC SENIOR LIFE

MEMBER AGREEMENT

THE CONTINUING CARE AT HOME PROGRAM

MOZAIC AT HOME

SPONSORED BY

MOZAIC SENIOR LIFE

Member Agreement

THIS MOZAIC AT HOME® MEMBER AGREEMENT (“Agreement”) is made this ____ day of _____ 202__, between The Jewish Home for the Elderly of Fairfield County, Inc. d/b/a Mozaic Senior Life, a Connecticut not-for-profit Corporation, hereinafter, called the “Provider,” and _____, hereinafter called “Member.”

Recitals:

Provider is the owner of a 9-acre health care complex known as The Jewish Home of Fairfield County (“the Community”), located at 4200 Park Avenue in Bridgeport, Connecticut. Provider has established and wishes to offer to Member “Mozaic at Home,” a Continuing Care at Home Program (“CCAH Program”) allowing a Member to remain in his/her private residence while enjoying the traditional benefits of a Continuing Care Retirement Facility. The goal of the CCAH Program is to allow Member to continue an independent lifestyle and to provide the peace of mind associated with knowing certain additional attention and care is available if ever needed.

Member desires to participate in the CCAH Program and to use and enjoy the facilities, programs and services provided by the Provider under such Program.

This Agreement is made and entered into between Provider and Member as a commitment to the terms and conditions set forth below.

NOW, THEREFORE, Provider and Member agree as follows:

I. DEFINITIONS

All terms not defined in this Section shall have the meanings ascribed to them in the Agreement, or their common meaning.

The Act means Public Act No. 86-252, an Act Concerning Management of Continuing Care Facilities (Conn. Gen. Stat. § 17b-520 et seq.) as amended, including amendments of Public Act No. 08-36 addressing continuing care at home.

ADL (Activities of Daily Living) Deficiencies means deficiencies, as determined by the Care Coordination Team, in activities of daily living such as bathing, dressing, eating, transferring, walking, mobility, grooming and continence. Those persons deemed to have ADL Deficiencies may include, but may not be limited to, those who need personal assistance, those with Alzheimer's Disease or any type of dementia disorder, those who are bed bound or homebound, or those who need special equipment to ambulate (i.e., wheelchair, walker).

Adult Day Care Services means a facility offering a program of services in a group setting for a scheduled number of hours per week. Elements of an adult day care program usually include transportation, meals and activities (both health related and social).

Assisted Living Facility means a registered Managed Residential Facility where nursing and personal care services are provided by an Assisted Living Services Agency licensed by the State of Connecticut. Assisted Living Services are provided, in accordance with Connecticut assisted living licensure requirements, exclusively for residents who require substantial assistance with at least two ADL's, twenty-four (24) hour supervision for safety, and who are Determined To Be Appropriate for assisted living services.

Care Coordination Team means the persons appointed by Provider for Member, comprised of the Care Coordinator assigned to the Member, an Authorized Mozaic at Home Staff Member, the Medical Director, and other clinical professionals as determined appropriate by the Care Coordinator, in consultation with the Member and/or Member's designee. The Provider, in its sole discretion, may change from time-to-time titles and personnel of the Care Coordination Team.

Care Coordinator means the person appointed by Provider to be responsible for handling needs of Member for Services and for conducting specific needs assessments and for making recommendations for Services subject to review and final determination of Member's eligibility for Services by the Care Coordination Team.

Care Plan means the written plan of Services (including type of Service, start date, quantity, frequency, duration of Service, name of Plan Participating Provider or Facility and any special considerations) the Care Coordination Team develops and approves for Member based on a comprehensive needs assessment. The Care Plan is agreed to and signed by Member.

Companion means a person designated by the Provider to provide Companion Services to a Member at the Member's Home Site, when the Member lives alone or when the Member's family is temporarily away from home.

Companion Services means those services provided by a Companion, which may include visiting a Member for conversation and social time, including playing cards, games or going for a walk, supervision of and assistance with activities of daily living, medication reminders, and regular telephone calls.

Designated Service Area means Provider's area of coverage for Services (currently Fairfield and New Haven Counties), as defined by Provider. The Designated Service Area may be altered from time to time at the sole discretion of Provider. No change in the Designated Service Area by Provider will adversely affect this Agreement.

Determined To Be Appropriate means the Care Coordination Team, utilizing industry standards and accepted standards of health care practice, has assessed a Member's medical and functional status and concluded Services are necessary and will be provided by the Provider or another provider as specified in this Agreement.

Disclosure Statement means the Disclosure Statement of Provider available to Member, pursuant to the Act.

Effective Date means the date by which all parties have executed this Agreement and the Membership Fee has been paid in full or in part per other financial arrangements. The Provider will assume none of the responsibilities of this Agreement until the Effective Date.

Emergency Response System means an in-home 24-hour electronic alarm system activated by a signal to a central switchboard. This system allows Members who are deemed to be at high risk to secure immediate help in the event of a medical, physical, emotional or environmental emergency.

Facility Based Services means Services provided in a facility outside the Home Site, including Assisted Living and Nursing Home Facilities.

Home Health Aide means certified home health aide who has successfully completed a training and/or competency evaluation program approved by the Connecticut Department of Public Health and designated by the Provider to provide Home Health Aide Services to a Member at the Member's Home Site.

Home Health Aide Services means services provided by a Home Health Aide, which may include assistance with bathing and dressing, an established activity regimen such as range of motion exercises, nutritional needs such as feeding assistance and simple maintenance of the Member's environment.

Homemaker is a person designated by the Provider to provide Homemaker Services to the Member at the Member's Home Site.

Homemaker Services are services provided by a Homemaker, which may include assistance with day-to-day chore activities in the Home Site such as cooking, dishwashing, laundry, light housekeeping and errands.

Home Site is the residence of the Member which is not on or at the site of the Provider's campus or facility.

Home Site Services means Services provided at the Member's Home Site.

Medical Director means a physician appointed from time to time by Provider to oversee the provision of medical and health care Services provided to Members.

Medical Record means all records relating to Member's medical history and condition, which may be maintained by Provider or by a Plan Participating Facility or a Plan Approved Provider.

Medicare means the Health Insurance for the Aging Act, Title XVIII of the Social Security Amendment of 1965, as amended and Regulations promulgated thereunder in effect from time to time.

Medicare Covered Services means all hospital, skilled nursing, home care and medical services covered and paid for by Medicare Parts A and B and Member's MediGap or Secondary Insurance.

Member's Designated Representative means any person appointed by Member to represent Member's interests, including but not limited to a health care representative, an attorney-in-fact or conservator.

Medicare Supplemental Coverage means a private health insurance plan, which is certified by the Secretary of Health and Human Services as meeting federal requirements for Medicare supplemental policies. In general, Medicare Supplemental Coverage, also referred to as MediGap Insurance or Secondary Insurance, pays for certain deductibles and co-payments and for some of the balance of the costs of care covered by Medicare Parts A and B when full costs are not paid by Medicare.

Nursing Home Facility means a facility licensed by the State of Connecticut to provide various levels of nursing care.

Permanent Member means a Member who has resided in an Assisted Living or Nursing Home Facility for 100 consecutive days and has been determined to be a Permanent Member with respect to such Facility by the Care Coordination Team.

Plan means the CCAH Program Plan selected by Member.

Plan Approved Provider means a health care services facility or agency having an agreement with the Provider to supply Services to Members.

Plan Participating Facility means an Assisted Living or Nursing Home Facility having an agreement with Provider to supply Facility Based Services according to the definition of Facility Based Services to Member.

Prevailing Rate for a Plan Participating Facility means the current per diem rate charged by a particular Plan Participating Facility.

Referral Service means a service provided under the Plan whereby Provider, acting as an intermediary between Member and third-party vendors of such services, makes referrals to Member for such services as he/she may choose, at costs payable in full by Member.

Services mean any assistance, including care coordination, Member home inspection, annual physical examination, Home Site Services (including Skilled Home Health Care, Homemaker Services, Companion Services, Emergency Response System, Meals and Adult Day Care), Facility Based Services (including Assisted Living and Nursing Home Facility), transportation services, Referral Services and lifestyle and wellness programs, provided to Member as described in this Agreement, subject to applicable co-payments.

II. **ACCOMMODATIONS AND SERVICES**

Provider will provide the following Services to Member, subject to the terms and conditions of this Agreement for the lifetime of the Member in a manner consistent with the objective of enabling Member to remain at the Home Site for as long as is practical and to provide Facility Based Services if needed:

- A. **Residence.** Member shall remain in the Home Site (or subsequent residence if Member moves to another location within the Designated Service Area).

Member currently lives at _____
and shall remain within the Designated Service Area to remain eligible for the Services.

- B. **Member Home Inspection.** During the first year of Member's participation in the CCAH Program and every second year thereafter (unless circumstances or Member's health condition justify more frequent inspections), Provider will provide a functional inspection of the Home Site for the purpose of attempting to identify any functional and safety problems and will make recommendations to Member based on such inspection. The Home Site inspection will focus solely on functional and safety issues for Member. The Home Site inspection will not identify physical, structural or environmental problems with the Home Site, such as problems involving the roof, structure, HVAC, plumbing, electric, leaks or dampness, mold, termites, carpenter ants or other wood destroying insects, asbestos, radon, leaking underground storage tanks and other environmental conditions. Provider may require, based on circumstances of previous inspections or Member's health condition, Member permit Provider to provide a functional inspection of the Home Site on a more frequent basis. Provider does not represent it will undertake steps necessary to effectuate any of recommendations resulting from its Home Site inspection. Implementation of any recommended changes or corrections and payment of any costs involved are the sole responsibility of Member.

- C. **Annual Physical Examination.** Provider encourages Member to undergo an annual physical examination performed by Member's personal physician or by one of Provider's physicians or nurse practitioners. Provider also encourages Member to submit, or arrange for Member's personal physician to submit, a medical report from

Member's personal physician to Member's Care Coordinator.

- D. Care Coordination. Provider shall assign a Care Coordinator to Member. The Care Coordination Team, in consultation with Member and/or Member's Designated Representative, shall prepare a care plan to meet Member's particular needs from time to time during the term of the Agreement. The Care Coordination Team will make all decisions involving Member's participation in various medical and health care Services or permanent transfer from the Home Site to Facility Based Services following consultation with Member or Member's Designated Representative.
- E. Home Site Service. Consistent with the benefit level and required co-payments for the Plan selected by Member, Provider shall provide Home Site Services, as Determined To Be Appropriate by the Care Coordination Team. Member must exhibit at least one or more ADL Deficiencies to be eligible for the following Home Site Services, and Member must use a Plan Approved Provider and sign the relevant agreement to be eligible for coverage. Provider may require an examination by its Medical Director (or his/her designee) to determine eligibility for Services:
1. **SKILLED HOME HEALTH CARE**
Provider will provide non-Medicare covered skilled Home Health Care Services, including personal care provided by a Home Health Aide as Determined To Be Appropriate by the Care Coordination Team.
 2. **HOMEMAKER SERVICES**
Provider will provide Homemaker Services as Determined To Be Appropriate by the Care Coordination Team.
 3. **COMPANION SERVICES**
Provider will provide Companion Services as Determined To Be Appropriate by the Care Coordination Team.
 4. **EMERGENCY RESPONSE SYSTEM**
If Determined To Be Appropriate by the Care Coordination Team and agreed to by the Member or Member's Designated Representative, Provider will provide an Emergency Response System.
 5. **MEALS**
If Determined To Be Appropriate by the Care Coordination Team, the Provider will deliver a maximum of two meals per day to be delivered to the Home Site for a limited amount of time, while the member is recovering from an illness or recent hospitalization, and if the member is not already receiving aide, companion, or homemaker services.
 6. **ADULT DAY CARE**
Provider will provide Adult Day Care Services as Determined To Be Appropriate by the Care Coordination Team.

F. Facility Based Services

1. When Determined To Be Appropriate by the Care Coordination Team and prescribed by a physician, Provider will provide or cause to be provided, Facility Based Services, including Assisted Living in a private accommodation and Nursing Home Services in a semi-private accommodation. Provider may require an examination of Member by its Medical Director (or his/her designee) to determine eligibility for Facility Based Services.

2. ASSISTED LIVING AND NURSING HOME SERVICES

As Determined To Be Appropriate by the Care Coordination Team, Facility Based Services will be provided either in the Community's Skilled Nursing Home or in similar Plan Participating Facilities approved by Provider. Provider will not be responsible for any ancillary charges such as laundry, prescription drugs, medical supplies, telephone, or television. Such charges shall be Member's sole responsibility.

G. CCAH Program Facilities. Member shall have access to facilities and programs for the use and benefit of all Members of the CCAH Program. Such facilities and programs may include a library, computer center, indoor swimming pool, meeting rooms, arts and crafts programs, and other facilities and programs described in CCAH Program materials.

H. Activities and Leisure Events. Member shall have access to planned and scheduled social, recreational, spiritual, educational and cultural activities and leisure events as well as arts and crafts, exercise and health programs, and other special activities designed to meet the needs of Member.

I. Lifestyle and Wellness Programs. Provider shall offer lifestyle and wellness programs from time to time, either free of charge or for a fee. Such services may include but not be limited to, exercise classes, arts and crafts, wellness seminars, speakers and day excursions. Provider shall advise Member of the schedules and the cost of these programs on an as offered basis.

J. Transportation Services. If Member is unable to drive or instructed by his/her physician not to drive, Provider will provide transportation to and from medically necessary outpatient surgery or minor procedures which may include, but not be limited to, cataract removal, chemotherapy treatments, and surgical biopsies. Provider shall not provide transportation for regular physician office visits, dialysis, and routine or specialist appointments. If Member requires assistance in obtaining such transportation services, Provider may assist Member in arranging for such services, but Provider shall not be responsible for any fees involved in such additional transportation services. Payment of any fees associated with additional transportation services will be the sole responsibility of Member.

- K. Other Services and Programs at Additional Charge. Other services and programs will be available to Member at Member's expense, including but not limited to, private transportation, catering, and other special services beyond the normal scope of services offered by Provider. Provider shall determine the availability and charges for such additional services.
- L. Referral Service for Additional Services. Provider shall provide a Referral Service so Member may obtain additional services not provided under this Agreement such as landscape maintenance, legal, financial planning, home maintenance and rental of medical equipment. Member shall be responsible for paying any charges for such additional services directly to the third-party vendor selected.
- M. Limitation of Provider Payment for Non-Institutional Health Care Services. Provider may limit payment for Home Site Services (skilled home health care, homemaker, companion, emergency response system, meals and adult day care) if the cost of such Home Site Services for any thirty (30) day period exceeds the cost based on standard published rates for care in the Community's Nursing Home Facility. Member may either transfer to a Plan Participating Facility or pay the difference between the cost of Home Site Services and the cost based on standard published rates for care in the Community's Nursing Home Facility.

III. FEES, TERMS AND CONDITIONS

- A. Membership Fee. Member agrees to pay the Provider a nontransferable, non-interest-bearing Membership Fee of \$ _____ upon signing this Agreement as a condition of becoming a Member participant in the CCAH Program. The Membership Fee is a one-time fee and shall not be increased or changed during the duration of this Agreement. This Membership Fee is in payment for the _____ **PLAN.**
- B. Monthly Service Fee. In addition to the Membership Fee, Member agrees to pay a Monthly Service Fee for the term of this Agreement which shall be payable in advance by the 1st day of each month. As of the date of this Agreement, the Monthly Service Fee associated with the _____ **PLAN** will be \$ _____ per month. Provider may adjust the Monthly Service Fee during the term of this Agreement as described in Paragraph III. C. below.
- C. Adjustments in the Monthly Service Fee. Provider charges a Monthly Service Fee in order to provide the programs and services described in this Agreement and to cover the costs of debt service, insurance, maintenance, depreciation, administration, staffing, and other expenses associated with the operation and management of the CCAH Program. Provider shall have the authority to adjust the Monthly Service Fee from time to time during the term of this Agreement as Provider deems necessary in order to reflect changes in costs of providing the facilities, programs and services described herein consistent with operating on a sound financial basis and maintaining the quality of

services. The Provider will make any such increases in the Monthly Service Fee or other charges upon sixty (60) days prior written notice to Member.

- D. Additional Service Fees. Provider may charge additional service fees to cover costs of programs and services not included in the Monthly Service Fee, as approved or requested by Member.
- E. Monthly Statements. Provider will furnish Member with monthly statements for payment of the Monthly Service Fee and Additional Service Fees owed by Member. Member shall pay all fees reflected on the monthly statement by the 10th day of the month. Provider may charge interest at a rate of One and One-half Percent (1.5%) per month on any unpaid balance owed by Member thirty (30) days after the monthly statement is furnished. In the event Member does not make payment on a timely basis, Member agrees to pay all costs and attorney fees, if any, in the collection of such indebtedness.
- F. Care in Other Facilities. Should Member need a level of care beyond which the Community is licensed to provide (i.e., Acute Care or Psychiatric Hospital, etc.) or beyond Services covered under this Agreement and Member requires transfer to another facility, all expenses that will result from such transfer and care shall be borne entirely by Member.
- G. Care in Other Assisted Living or Nursing Home Facilities. Should Member be transferred to another Assisted Living or Skilled Nursing Facility because an appropriate bed is not available in the Provider's Community, Member will continue to pay the Monthly Service Fee. Provider will be responsible for charges incurred at the other facility for the level of services defined within this Agreement.
- H. Third Party Reimbursement. The Provider reserves the right to bill Medicare and other third-party payers such as insurance and long-term care insurance companies. Member shall be responsible for all fees and charges incurred while this Agreement remains in force and Member will pay any disputed or denied claims within ninety (90) days.
- I. New Spouse/Partner. In the event Member is or becomes single and then desires to get married or have a partner live with Member at the Home Site, Member may do so.

However, that additional person will not be subject to nor receive any benefits of this Agreement. The additional potential Member must meet both of the following conditions:

1. The additional potential Member qualifies under the same conditions as the initial Member under this Agreement and
2. The additional potential Member agrees to pay the Membership Fee and the Monthly Service Fee then in effect and to execute a separate Member Agreement.

- J. Excess Costs. Except as specifically provided by this Agreement, Member shall be solely responsible for services not covered by Medicare Parts A and B and Medicare Supplemental Coverage and for payments exceeding Medicare and Member's Supplemental Coverage limits including but not limited to: audiology tests and hearing aids; eye glasses and refractions; dentistry; dentures; dental inlays; organ transplants; orthopedic appliances; occupational, physical and speech therapy; podiatry; hospitalization and professional care for psychiatric disorders; treatment for alcohol or drug abuse medications; chiropractors; renal dialysis; extraordinary treatments; and experimental treatments as reasonably determined by its Medical Director.
- K. Illness or Accident While Traveling. If Member is involved in an accident or suffers an illness while traveling or while living at a temporary or second residence outside the Designated Service Area, Member shall make every reasonable effort to notify Provider as soon as possible. If continued medical care is required, Member shall arrange to return to Home Site or, if applicable, to a Plan Participating Facility as soon as reasonably possible. Provider will have no responsibility for costs resulting from such accident or illness until Member returns to Home Site or to a Plan Participating Facility and Provider or a Plan Participating Facility becomes responsible for Member's care.
- L. Financial Hardship. As a not-for-profit organization, the Provider has established a policy whereby it will not terminate membership in the CCAH Program solely by reason of a Member's inability to pay the total Monthly Fee. When a Member establishes facts justifying the need for financial assistance as determined by Provider in its sole discretion, the Provider will advance funds to help the Member pay his/her Monthly Fee. Such advances, plus interest at 1% above the prime rate computed monthly noted on the first day of each month in the Wall Street Journal, shall be charged against the refundable portion, if any, of the Membership Fee. If such advances exceed the refundable portion, if any, of the Membership Fee, Provider may waive some or all of the Member's Monthly Fee if Member has not intentionally depleted assets needed to pay his/her Monthly Fee.

IV. AGREEMENT REQUIREMENTS AND PROCEDURES

Member qualified for services under this Agreement upon satisfaction of the following provisions:

- A. Condition of Membership in CCAH Program. The CCAH Program is available to persons who are 55 years of age or older and who meet all eligibility requirements established by Provider. Through the application process, Member submitted a Confidential Data Application and Personal Health History, as well as other information required by Provider, participated in one or more interviews with Provider and arranged for Member's physician to furnish a physical examination report to Provider. As a condition of membership in the CCAH Program, Member must continue to meet all eligibility requirements established by Provider, including but not limited to financial qualifications and qualifications to ensure that Provider can accommodate Member's

health needs through the CCAH Program. Member agrees to provide such additional information Provider may require from time to time to supplement the Confidential Data Application, Personal Health History and other information provided in the application.

- B. Representations. Member's application, including the Confidential Data Application and Personal Health History, is incorporated by reference into this Agreement. Member affirms the representations made in the application, including the Confidential Data Application and Personal Health History, are true and correct as of the date made and there have been no material changes in the information provided since such date. Member understands any material misstatements or omissions may result in termination of this Agreement.
- C. Medical Insurance. Member shall procure and maintain in force, at Member's own expense, maximum coverage available to Member under any applicable program of Federal Social Security, commonly known as Medicare A and B (basic and supplemental coverage), if eligible, or under similar programs as may be offered in the future and at least one Medicare supplemental health insurance commonly called ("MediGap") policy satisfactory to Provider. If Member is not eligible for Medicare A and B, Member will be required to obtain a health insurance policy equivalent to Medicare (both A and B) and at least one other Medicare supplementary health insurance (commonly called "MediGap") policy, both satisfactory to the Provider. Member must also procure and maintain maximum coverage under Medicare Part D. If Member is not eligible to participate in Medicare Part D, Member agrees to maintain a health insurance policy providing creditable prescription drug coverage. If Member fails or neglects to arrange for such medical insurance coverage, Provider, in Provider's sole discretion, may terminate this Agreement. Alternatively, Provider may, in Provider's sole discretion, make application on Member's behalf, pay Member's premium for the insurance and bill the costs to Member on the Monthly Service Fee statement. Member is responsible for procuring as well as maintaining such medical insurance coverage and Provider, while authorized to do so, shall have no obligation to do so. Should Member incur a medical expense during a period of time for which such medical insurance was required by Provider but was not procured and/or maintained either by Member or by Provider, Member shall be responsible for any portion of such expense that would have been covered had such a medical insurance policy been procured and maintained. All changes in information regarding Member's insurance coverage whether adding or canceling a policy, must be submitted in writing to Provider within ten (10) calendar days.
- D. Transfer of Property. Member agrees not to make any gift or other transfer of assets for less than adequate consideration if such gift or other transfer is made for the purpose of avoiding Member's obligations under this Agreement, or if such gift or transfer would render Member unable to meet Member's financial obligations under this Agreement.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

- A. Transfer to Assisted Living or Nursing Home Facility. Member agrees Provider shall have authority to determine Member should be transferred from the Home Site to an Assisted Living or Nursing Home Facility or from one level of care to another level of care within Provider. Such determination shall be based on the Care Coordination Team's assessment, based on its professional judgment, to determine the appropriate level of care for Member. Any decision to transfer Member or change levels of care for Member shall be made only after consultation, to the extent practicable under the circumstances at that time, with Member or, in the case of incapacity, Member's Designated Representative; a representative of Member's family; and Member's attending physician.
- B. Transfer to Hospital or Other Facility. Once Member moves to an Assisted Living or Nursing Home Facility under this Agreement, if Provider determines Member needs care beyond which Provider can provide, Provider may transfer Member to a hospital or other facility equipped to provide such care, and Member shall be responsible for the cost of any care or services provided by the hospital or other facility. Such transfer of Member will be made only after consultation, to the extent practicable under the circumstances at the time, with Member or, in the case of incapacity, Member's Designated Representative; or a representative of Member's family; and Member's attending physician.
- C. Decisions Involving Permanent Transfer from Living Accommodation. All decisions involving permanent transfer from Member's current living accommodation (including Home Site, Assisted Living Facility, Nursing Home Facility or hospital/other facility) to another accommodation will be made by the Care Coordination Team in consultation with Member or, in case of incapacity, with Member's Designated Representative. If Provider determines that any transfer is permanent, Member may dispose (or keep) his/her Home Site as Member sees fit; however, all services provided for under this Agreement pertaining to such Home Site will terminate unless separate arrangements are made between the parties.

VI. TERMINATION AND REFUND PROVISIONS

- A. Member's Termination of Agreement During Thirty (30) Day Rescission Period. Member shall have the right to rescind this Agreement within thirty (30) days of the Effective Date ("Rescission Period"). If Member wishes to terminate this Agreement within the Rescission Period, Member must notify Provider in writing by registered or certified mail within such Rescission Period of Member's decision to rescind the Agreement. In the event of such rescission, Provider shall refund all money transferred by Member to Provider less the application fee within thirty (30) days of receipt by Provider of the notice of termination. Member, or Member's Designated Representative, must sign a receipt supplied by Provider, releasing Provider from any and all further obligations before a refund can be issued.

- B. Member's Voluntary Termination After Effective Date. At any time after the Rescission Period, Member may terminate this Agreement for any reason by giving the Provider at least thirty (30) days prior written notice of such termination. If a refund is due to Member, Provider will make the refund in accordance with subsections E and F of this Paragraph.
- C. Termination Upon Member's Death After Commencement of CCAH Program Services. In the event Member dies at any time after commencement of CCAH Program Services, this Agreement shall terminate automatically and any Refund due consistent with Paragraph E and F below, shall be payable to the Member's Estate.
- D. Termination by the Provider. Provider may terminate this Agreement at any time for any cause Provider, in its discretion, deems good and sufficient. Good or sufficient cause shall include, but is not limited to the following: (1) there has been a material misrepresentation or omission made by Member in Member's Confidential Data Application or Personal Health History forms; (2) Member fails to make payment to Provider of any fees or charges due to Provider within sixty (60) days of the date when due; (3) Member permanently relocates outside the Designated Service Area or enters a continuing care retirement community at the residential level; or (4) Member breaches any of the terms and conditions of this Agreement. If a refund is due to Member following such termination, Provider will make the refund in accordance with subsection E and F, of this Paragraph.
- E. Refund. If this Agreement is terminated under Paragraph VI. B, C or D above, during the first forty-eight (48) months following the Effective Date, Provider will pay Member a refund, less an administration fee equal to four percent (4%) of the Membership Fee and less two percent (2%) of the Membership Fee for each month (full or partial without prorating) of Membership. If, however, the Member has transferred into Assisted Living or a Nursing Home Facility, the Refund will be reduced by four percent (4%) per month. If services are provided during this period, the refund will be distributed as stated above less the cost of services rendered. If either party terminates this Agreement after forty-eight (48) months following the Effective Date, Member will not be entitled to any refund of the Membership Fee.
- F. Right of Set-Off; Other Rights. Provider will have the right to set-off against any refund payable to Member or Member's estate under Paragraph VI. E above, any accrued Monthly Service Fees having been deferred, any fees or amounts payable to Provider under this Agreement and under any other Agreement between Member and Provider or any affiliate of Provider and any costs or expenses that might be due, payable or incurred by Member due to Member's violation of this Agreement.

VII. GENERAL

- A. Assignment. The rights and privileges of Member under this Agreement to the facilities, services, and programs of Provider are personal to Member and may not be transferred or assigned by Member. Provider reserves the right to assign this Agreement in the

event of a corporate reorganization, sale or other event requiring assignment.

- B. Provider's Rights of Management. The absolute rights of management are reserved by Provider, its Board of Directors and its administrators. Provider reserves the right to accept or reject any person for Membership. Members do not have the right to determine admissions or terms of admission of any other Member.
- C. Entire Agreement. This Agreement, including all exhibits, constitutes the entire Agreement between Provider and Member. Provider shall not be liable for or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent Provider, unless such statements, representations or promises are set forth in this Agreement. Any modification or amendment to this Agreement must be in writing and signed by Provider and Member.
- D. Successors and Assigns. This Agreement shall bind and inure to the benefit of Member's heirs, executors and administrators only in accordance with its terms.
- E. Right of Entry. Member authorizes employees and agents of Provider to enter the Home Site for the purpose of providing services, inspection, and in the event of perceived medical or another emergency.
- F. Subordination. Member will not be liable for any indebtedness of Provider. Member agrees, however, that, except as provided under applicable law, Member's rights under this Agreement are subordinate and inferior to all bond indentures, mortgages or other documents creating liens encumbering real or personal property of Provider.
- G. Right to Confidentiality. Except as may be required by law or by the order of court, Provider will hold all medical records and other information concerning Member's health condition confidential and will not disclose such information or records except for purposes of treatment, payment or Provider's health care operations. Member agrees that Provider may provide protected health information to health care professionals, third-party payers and others having a need, in Provider's judgment, or right to know such information under applicable federal or state laws. In addition, Provider will hold Member's Confidential Financial Statement and associated materials confidential. This right to confidentiality shall continue in effect upon termination of this Agreement.
- H. Rules Adopted by Provider. Provider reserves the right to adopt or amend policies, procedures and rules regarding membership consistent with the provisions of this Agreement, and Member agrees to observe such policies, procedures and rules.
- I. Required Notice of Relocation from Home Site. Member shall not relocate from the Home Site without notifying Provider in writing. Provider has the right to do a functional Home Site Inspection. Member understands that Provider has the right to terminate the Agreement upon Member's relocation outside the Designated Service Area.

- J. Power of Attorney and Designation of Health Care Representative. Member agrees to execute and maintain in effect a Durable Power of Attorney and Designation of Health Care Representative valid under Connecticut law. This Power of Attorney shall designate as Member's attorney-in-fact, a bank, lawyer, relative, or other responsible person or persons of Member's choice, to act for Member in managing Member's financial affairs, and filing for insurance and other benefits as fully and completely as Member would if acting personally. The Designation of Health Care Representative shall designate a family member or other representative to serve as Member's Designated Representative to make health care decisions on Member's behalf in the event of incapacity. The Durable Power of Attorney and Designation of Health Care Representative each shall be in a form that survives Member's incapacity or disability and be otherwise satisfactory to Provider.
- K. Governing Laws. The laws of the State of Connecticut shall govern this Agreement.
- L. Partial Illegality. The invalidity of any restriction, condition or other provision of this Agreement or any part of the same, shall not impair or affect in any way the validity or enforceability of or otherwise affect the rest of this Agreement, and the Agreement shall be valid and enforced to the fullest extent permitted by law.
- M. Appeal Process. For purposes of this subsection, absent unusual circumstances, "prompt" or "promptly" shall mean no more than seven (7) days from the date Member or Provider is informed in writing of the decision related to appeal.
1. MEMBER'S RIGHT TO APPEAL
Member has the right to appeal decisions in connection with Section II. Accommodations and Services and Section V. Transfers or Changes in Levels of Care.
 2. WHO MAY APPEAL
Member or Member's Designated Representative has the right to appeal. The family of a Member may advocate for or may encourage Member to appeal, but cannot themselves appeal, except in the case where the family member has been appointed Member's Designated Representative and Member is deemed incapacitated. The Care Coordinator may act as an advocate for Member or may facilitate the appeal but cannot appeal him/herself.
 3. APPEAL PROCESS - LEVEL I
 - a. Care Coordinator shall record all requests for appeal.
 - b. Member shall promptly initiate appeal procedures by (1) telephoning Member's Care Coordinator; or (2) informing Provider, in writing, of his/her desire to appeal.
 - c. Director of Care Coordination shall perform a prompt, independent review of the case, and shall notify Member of review decision promptly thereafter.

4. APPEAL PROCESS - LEVEL II

If Member promptly notifies Provider in writing of desire to appeal to the next level, the case will be reviewed promptly by the Care Coordination Team. The Director of Care Coordination shall notify Member of review decision promptly thereafter.

5. APPEAL PROCESS - LEVEL III

If Member promptly notifies Provider, in writing, of Member's desire to appeal to the next level, the case will be reviewed promptly by the Appeal Committee, consisting of the Medical Director, President and Chief Executive Officer, Clinical Representative, and a representative designated by Member. The Director of Care Coordination shall notify Member of review decision promptly thereafter.

6. NO FURTHER APPEAL

Member shall have no right to appeal a Level III decision.

- N. Arbitration. Any dispute, claim or controversy of any kind between the parties, arising out of, or in connection with, this Agreement or any amendment thereto, or the breach hereof, shall be submitted to and determined by arbitration in Bridgeport, Connecticut in accordance with the commercial arbitration rules of the American Arbitration Association. Both parties shall be bound by the decision of the arbitrator, and judgment upon such disposition may be entered in any state or federal court having jurisdiction over the matter unless the arbitration is fraudulent or so grossly erroneous as to necessarily imply bad faith. If the parties are unable to agree in good faith and within a reasonable time on the selection of an arbitrator, either party may request appointment of an arbitrator by the American Arbitration Association. The parties shall make a reasonable attempt to select an arbitrator with experience in retirement communities, long-term care or health care operations generally. Costs of arbitration shall be shared by both parties equally.
- O. Statement of Nondiscrimination. Provider complies with all applicable federal and state laws prohibiting discrimination based on race, color, sex, religious beliefs, national origin, sexual orientation, veteran's status, and other protected classes of persons.
- P. Member acknowledges receipt of a *Disclosure Statement* not more than sixty (60) nor less than ten (10) days before signing this Agreement.

Member has read and understood the *Disclosure Statement*, including this Agreement. Member acknowledges having read these documents and having had the opportunity to review them with an attorney, financial advisor or other representative of Member's choice.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year above written.

MOZAIC SENIOR LIFE

WITNESS:

By: _____

Print Name: _____

President & CEO or Authorized Representative

MEMBER

WITNESS:

Print Name: _____

Print Name: _____

Current Address: Street

City, State, Zip Code

Telephone Number

EXHIBIT II
PLAN OPTIONS AND MEMBERSHIP/MONTHLY FEES
(Effective through September 30, 2023)

PLAN OPTIONS

<u>TYPE OF SERVICE</u>	<u>ALL INCLUSIVE</u>	<u>SECURITY</u>	<u>CO-PAY</u>
Care Coordination	100%	100%	100%
Health Support Services			
Home Health Aide	100%	85%	50%
Companion/Homemaker	100%	85%	50%
Live-In Companion	100%	85%	50%
Adult Day Care	100%	85%	50%
Delivered Meals	100%	100%	100%
Emergency Response System	100%	100%	100%
Home Inspections	100%	100%	100%
Medical Transportation	100%	100%	100%
Residential Healthcare or Assisted Living Care			
	100%	70%	50%
Nursing Home Care	100%	70%	50%

All Inclusive

		Single		Couple (per-person)	
		Membership	Monthly	Membership	Monthly
55	\$	31,565	\$ 530	55	\$ 30,916 \$ 515
56		32,509	530	56	32,178 515
57		33,453	530	57	33,441 515
58		34,971	530	58	34,703 515
59		36,491	530	59	35,966 515
60		38,009	530	60	37,228 515
61		39,528	530	61	38,715 515
62		41,046	530	62	40,203 515
63		42,402	530	63	41,524 515
64		43,757	530	64	42,845 515
65		45,112	530	65	44,167 515
66		48,297	530	66	47,089 515
67		51,482	530	67	50,011 515
68		54,667	530	68	52,933 515
69		57,852	530	69	55,856 515
70		61,037	530	70	58,778 515
71		62,118	530	71	59,808 515
72		63,200	530	72	60,838 515
73		64,281	530	73	61,868 515
74		65,362	530	74	62,898 515
75		66,444	530	75	63,928 515
76		68,247	530	76	65,904 515
77		70,051	530	77	67,880 515
78		71,854	530	78	69,856 515
79		73,658	530	79	71,833 515
80		75,461	530	80	73,809 515
81		77,640	530	81	74,027 515
82		79,820	530	82	74,246 515
83		81,999	530	83	74,464 515
84		84,178	530	84	74,683 515
85		86,358	530	85	74,901 515
86		88,203	530	86	76,671 515
87		90,048	530	87	78,440 515
88		91,893	530	88	80,210 515
89		93,738	530	89	81,979 515
90		95,583	530	90	83,749 515
91		97,190	530	91	85,290 515
92		98,797	530	92	86,831 515
93		100,405	530	93	88,372 515
94		102,012	530	94	89,913 515
95		103,620	530	95	91,454 515

Security

		Single				Couple (per-person)	
		Membership	Monthly			Membership	Monthly
55	\$	24,439	\$ 467	55	\$	23,969	\$ 453
56		25,437	467	56		24,948	453
57		26,435	467	57		25,926	453
58		27,432	467	58		26,905	453
59		28,430	467	59		27,883	453
60		29,428	467	60		28,862	453
61		30,604	467	61		30,015	453
62		31,781	467	62		31,169	453
63		32,816	467	63		32,178	453
64		33,851	467	64		33,187	453
65		34,885	467	65		34,195	453
66		35,714	467	66		35,003	453
67		36,543	467	67		35,812	453
68		37,372	467	68		36,620	453
69		38,201	467	69		37,428	453
70		39,030	467	70		38,236	453
71		41,324	467	71		38,900	453
72		43,617	467	72		39,564	453
73		45,911	467	73		40,228	453
74		48,204	467	74		40,892	453
75		50,498	467	75		41,556	453
76		52,057	467	76		43,856	453
77		53,617	467	77		46,157	453
78		55,176	467	78		48,457	453
79		56,736	467	79		50,757	453
80		58,295	467	80		53,057	453
81		59,344	467	81		54,008	453
82		60,393	467	82		54,959	453
83		61,442	467	83		55,910	453
84		62,491	467	84		56,862	453
85		63,540	467	85		57,813	453
86		65,000	467	86		59,135	453
87		66,459	467	87		60,458	453
88		67,918	467	88		61,781	453
89		69,377	467	89		63,104	453
90		70,836	467	90		64,427	453
91		72,103	467	91		65,574	453
92		73,369	467	92		66,722	453
93		74,636	467	93		67,870	453
94		75,902	467	94		69,018	453
95		77,169	467	95		70,166	453

Co-Pay					
Single			Couple (per-person)		
	Membership	Monthly		Membership	Monthly
55	\$ 21,419	\$ 398	55	\$ 17,839	\$ 386
56	21,507	398	56	19,341	386
57	21,595	398	57	20,842	386
58	21,683	398	58	22,344	386
59	21,770	398	59	23,846	386
60	21,858	398	60	25,213	386
61	22,731	398	61	25,240	386
62	23,605	398	62	25,267	386
63	24,294	398	63	25,294	386
64	24,984	398	64	25,321	386
65	25,673	398	65	25,348	386
66	26,226	398	66	25,752	386
67	26,778	398	67	26,290	386
68	27,329	398	68	26,829	386
69	27,881	398	69	27,367	386
70	28,433	398	70	27,905	386
71	29,990	398	71	28,527	386
72	31,548	398	72	29,148	386
73	33,105	398	73	29,770	386
74	34,663	398	74	30,392	386
75	36,220	398	75	31,013	386
76	36,701	398	76	31,422	386
77	37,182	398	77	31,832	386
78	37,662	398	78	32,241	386
79	38,143	398	79	32,650	386
80	38,624	398	80	33,059	386
81	39,253	398	81	33,594	386
82	39,882	398	82	34,129	386
83	40,511	398	83	34,664	386
84	41,140	398	84	35,200	386
85	41,768	398	85	35,735	386
86	42,638	398	86	36,475	386
87	43,508	398	87	37,215	386
88	44,377	398	88	37,955	386
89	45,247	398	89	38,695	386
90	46,117	398	90	39,436	386
91	46,868	398	91	40,075	386
92	47,620	398	92	40,714	386
93	48,371	398	93	41,354	386
94	49,122	398	94	41,993	386
95	49,874	398	95	42,633	386

EXHIBIT III

CCAH PROGRAM PROJECTED INCOME STATEMENTS

Mozaic at Home
Projected Income Statement

FISCAL YEAR	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenue: (in thousands)					
Earned Membership Fees *	\$636	\$710	\$783	\$857	\$930
Monthly Fees	909	1,014	1,119	1,224	1,329
Other Revenue - Application Fees	8	8	8	8	8
Total Revenues	<u>\$1,553</u>	<u>\$1,732</u>	<u>\$1,910</u>	<u>\$2,089</u>	<u>\$2,267</u>
Expenses: (in thousands)					
Salaries & Benefits	\$229	\$234	\$288	\$294	\$350
Benefits	69	70	86	88	105
Marketing	65	68	72	75	79
General & Administrative	44	46	49	51	53
Assisted Living	95	97	99	101	104
Companion Services	1,250	1,375	1,513	1,664	1,830
Total Expenses	<u>\$1,751</u>	<u>\$1,890</u>	<u>\$2,106</u>	<u>\$2,274</u>	<u>\$2,521</u>
Net Income	<u>(\$198)</u>	<u>(\$158)</u>	<u>(\$196)</u>	<u>(\$185)</u>	<u>(\$254)</u>
Cash Flow	\$160	\$160	\$160	\$160	\$160

* Only a portion of the Membership Fees can be accounted for in each year. The cash flow for the program continues to be positive.

EXHIBIT IV

THE JEWISH HOME FINANCIAL STATEMENTS

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2022 AND 2021**

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Home for the Elderly of Fairfield County, Inc.
d/b/a Jewish Senior Services

Opinion

We have audited the accompanying financial statements of Jewish Home for the Elderly of Fairfield County, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Home for the Elderly of Fairfield County, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Home for the Elderly of Fairfield County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Home for the Elderly of Fairfield County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish Home for the Elderly of Fairfield County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Home for the Elderly of Fairfield County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Marcum LLP

Hartford, CT
January 27, 2023

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2022 AND 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,195,924	\$ 4,677,427
Accounts receivable, net	5,230,470	5,019,966
Current portion of contributions receivable, net	214,838	135,986
Prepaid expenses and other assets	247,185	217,969
Entrance fee receivables	141,020	240,006
Agency assets - residents' trust funds	177,473	217,727
Total Current Assets	14,206,910	10,509,081
Property and Equipment		
Land	5,000,000	5,000,000
Buildings and improvements	92,566,507	92,460,664
Equipment	4,186,132	4,106,691
Computers and software	1,579,150	1,407,610
Vehicles	377,001	377,001
Construction in process	1,069,076	30,483
	104,777,866	103,382,449
Less accumulated depreciation	24,947,614	21,279,160
Property and Equipment - net	79,830,252	82,103,289
Other Assets		
Investments	11,643,175	14,161,763
Contributions receivable, net	482,608	418,088
Charitable remainder trust	125,196	125,196
Total Other Assets	12,250,979	14,705,047
Total Assets	\$ 106,288,141	\$ 107,317,417

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2022 AND 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,277,504	\$ 861,134
Accrued taxes, expenses and other liabilities	3,621,033	2,964,637
Contract liabilities	1,661,292	821,461
Current portion of notes payable	4,631	197,869
Current portion of bonds payable, net	2,343,333	2,246,667
Advances payable	--	385,000
Agency liabilities - funds held for residents	177,473	217,727
	<u>9,085,266</u>	<u>7,694,495</u>
Total Current Liabilities		
Other Liabilities		
Notes payable	--	6,130
Bonds payable, net of current portion and debt issuance costs	47,315,167	49,616,349
Liability under split-interest agreements	146,833	152,384
Deferred revenue from entrance fees, net	4,486,777	4,051,049
Interest rate swap agreements	35,302	111,290
Accrued pension liability	759,431	1,337,236
	<u>52,743,510</u>	<u>55,274,438</u>
Total Other Liabilities		
Total Liabilities		
	<u>61,828,776</u>	<u>62,968,933</u>
Net Assets		
Without donor restrictions	31,897,625	30,422,584
With donor restrictions	12,561,740	13,925,900
	<u>44,459,365</u>	<u>44,348,484</u>
Total Net Assets		
Total Liabilities and Net Assets		
	<u>\$ 106,288,141</u>	<u>\$ 107,317,417</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Resident care and services	\$ 50,379,939	\$ --	\$ 50,379,939
Community services	11,463,045	--	11,463,045
COVID-19 Relief Revenue	840,696	--	840,696
Other income	1,939,911	--	1,939,911
Net assets released from restrictions - operations	473,418	(473,418)	--
Total Operating Revenues	<u>65,097,009</u>	<u>(473,418)</u>	<u>64,623,591</u>
Operating Expenses			
Program services	56,941,377	--	56,941,377
Management and general	7,037,186	--	7,037,186
Fundraising	734,433	--	734,433
Total Operating Expenses	<u>64,712,996</u>	<u>--</u>	<u>64,712,996</u>
Income (Loss) from Operations	<u>384,013</u>	<u>(473,418)</u>	<u>(89,405)</u>
Nonoperating Income (Expense)			
Contributions	1,143,633	443,949	1,587,582
Change in liability under split-interest agreements	(16,392)	--	(16,392)
Net realized and unrealized losses on investments	(1,071,506)	(1,293,935)	(2,365,441)
Investment income, net	32,505	172,133	204,638
Unrealized gain on interest rate swap agreements	75,987	--	75,987
Loss on disposal of construction in progress	(30,483)	--	(30,483)
Net Nonoperating Income (Expense)	<u>133,744</u>	<u>(677,853)</u>	<u>(544,109)</u>
Excess (Deficiency) of Revenues over Expenses	517,757	(1,151,271)	(633,514)
Change in Pension Liability	744,395	--	744,395
Net Assets Released from Restrictions - Capital	<u>212,889</u>	<u>(212,889)</u>	<u>--</u>
Change in Net Assets	1,475,041	(1,364,160)	110,881
Net Assets - Beginning	<u>30,422,584</u>	<u>13,925,900</u>	<u>44,348,484</u>
Net Assets - End	<u>\$ 31,897,625</u>	<u>\$ 12,561,740</u>	<u>\$ 44,459,365</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Resident care and services	\$ 44,224,191	\$ --	\$ 44,224,191
Community services	10,007,754	--	10,007,754
COVID-19 Relief Revenue	399,467	--	399,467
Other income	1,489,592	--	1,489,592
Net assets released from restrictions - operations	<u>506,953</u>	<u>(506,953)</u>	<u>--</u>
Total Operating Revenues	<u>56,627,957</u>	<u>(506,953)</u>	<u>56,121,004</u>
Operating Expenses			
Program services	52,675,190	--	52,675,190
Management and general	6,416,303	--	6,416,303
Fundraising	<u>536,308</u>	<u>--</u>	<u>536,308</u>
Total Operating Expenses	<u>59,627,801</u>	<u>--</u>	<u>59,627,801</u>
Loss from Operations	<u>(2,999,844)</u>	<u>(506,953)</u>	<u>(3,506,797)</u>
Nonoperating Income (Expense)			
Contributions	1,142,914	807,569	1,950,483
Change in liability under split-interest agreements	(6,973)	--	(6,973)
Net realized and unrealized gains on investments	190,283	1,043,340	1,233,623
Investment income, net	56,930	423,402	480,332
Unrealized gain on interest rate swap agreements	2,352	--	2,352
Loss on disposal of construction in progress	<u>(397,694)</u>	<u>--</u>	<u>(397,694)</u>
Net Nonoperating Income	<u>987,812</u>	<u>2,274,311</u>	<u>3,262,123</u>
(Deficiency) Excess of Revenues over Expenses	(2,012,032)	1,767,358	(244,674)
Change in Pension Liability	962,052	--	962,052
Net Assets Released from Restrictions - Capital	<u>292,210</u>	<u>(292,210)</u>	<u>--</u>
Change in Net Assets	(757,770)	1,475,148	717,378
Net Assets - Beginning	<u>31,180,354</u>	<u>12,450,752</u>	<u>43,631,106</u>
Net Assets - End	<u>\$ 30,422,584</u>	<u>\$ 13,925,900</u>	<u>\$ 44,348,484</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 28,453,580	\$ 3,535,969	\$ 445,446	\$ 32,434,995
Employee benefits	5,846,421	634,117	81,446	6,561,984
Depreciation expense	3,404,979	236,251	27,225	3,668,455
Purchased services	6,749,109	35,338	3,465	6,787,912
Interest expense	2,088,116	144,882	16,696	2,249,694
Consulting and management fees	1,214,051	995,571	452	2,210,074
Medical supplies and expenses	1,196,171	169	--	1,196,340
Bad debt expense	841,007	--	--	841,007
Occupancy	1,786,858	123,979	14,287	1,925,124
Food expense	1,452,841	350,393	314	1,803,548
Taxes	1,462,749	36,518	--	1,499,267
General supplies	1,010,297	367,519	39,649	1,417,465
Information technology	438,253	38,902	22,197	499,352
Miscellaneous	996,945	537,578	83,256	1,617,779
Total Expenses	<u>\$ 56,941,377</u>	<u>\$ 7,037,186</u>	<u>\$ 734,433</u>	<u>\$ 64,712,996</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 27,229,818	\$ 3,207,207	\$ 301,363	\$ 30,738,388
Employee benefits	6,168,652	824,328	30,306	7,023,286
Depreciation expense	3,597,307	249,596	28,763	3,875,666
Purchased services	3,979,813	78,232	1,437	4,059,482
Interest expense	1,951,135	135,378	15,601	2,102,114
Consulting and management fees	896,917	802,215	230	1,699,362
Medical supplies and expenses	1,284,758	1,671	--	1,286,429
Bad debt expense	434,338	--	--	434,338
Occupancy	1,779,300	123,455	14,227	1,916,982
Food expense	1,314,607	212,261	2,152	1,529,020
Taxes	1,340,109	50,000	--	1,390,109
General supplies	1,024,095	286,409	30,296	1,340,800
Information technology	533,423	53,300	23,646	610,369
Miscellaneous	1,140,918	392,251	88,287	1,621,456
Total Expenses	<u>\$ 52,675,190</u>	<u>\$ 6,416,303</u>	<u>\$ 536,308</u>	<u>\$ 59,627,801</u>

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 110,881	\$ 717,378
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,668,455	3,875,666
Loss on disposal of construction in process	30,483	397,694
Bad debt expense	841,007	434,338
Interest for debt issuance costs	42,151	42,151
Net realized and unrealized losses (gains) on investments	2,365,441	(1,233,623)
Proceeds from entrance fees	1,125,778	630,180
Amortization of entrance fees	(690,050)	(677,738)
Unrealized gain on interest rate swap agreements	(75,988)	(2,352)
Changes in operating assets and liabilities:		
Accounts receivable	(1,051,511)	(1,269,729)
Contributions receivable	(143,372)	(422,428)
Prepaid expenses and other assets	(29,216)	(66,103)
Accounts payable	416,370	221,241
Accrued taxes, expenses and other liabilities	755,382	(430,391)
Accrued pension cost	(577,805)	(820,400)
Liability under split-interest agreements	(5,551)	(22,086)
Contract liabilities	839,831	(49,506)
Net Cash Provided by Operating Activities	7,622,286	1,324,292

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Investing Activities		
Cash outlays for property and equipment	\$ (1,425,901)	\$ (188,273)
Purchases of investments and reinvested income	(725,354)	(40,615)
Proceeds from sale of investments	878,501	--
Net Cash Used in Investing Activities	(1,272,754)	(228,888)
Cash Flows from Financing Activities		
Principal payments on notes payable and line of credit	(199,368)	(15,712)
Principal payments on bonds payable	(2,246,667)	(1,619,583)
Repayments of advances	(385,000)	--
Net Cash Used in Financing Activities	(2,831,035)	(1,635,295)
Net Change in Cash and Cash Equivalents	3,518,497	(539,891)
Cash and Cash Equivalents - Beginning	4,677,427	5,217,318
Cash and Cash Equivalents - Ending	\$ 8,195,924	\$ 4,677,427

The accompanying notes are an integral part of these consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS

Jewish Home for the Elderly of Fairfield County, Inc. d/b/a Jewish Senior Services (the Home) is a nonstock corporation under Connecticut law and a not-for-profit health care facility providing rest home and skilled nursing care, adult day care, licensed medical home care services and nonmedical home care services to the aged and infirm. As of September 30, 2022 and 2021, the Home was licensed for 294 skilled nursing beds. A substantial portion of the Home's revenue and related receivables is provided by Medicaid and Medicare programs.

The Home's auxiliary organizations include the Women's Auxiliary of the Jewish Home for the Elderly and the Men's Club of the Jewish Home for the Elderly (the Auxiliaries). The Auxiliaries are incorporated separately; however, their principal function is fundraising for the Home. The Auxiliaries do not have agreements with the Home and, therefore, their activities are not included in the accompanying consolidated financial statements. However, they continue to have a financial interrelationship with the Home. Related party transactions are included in Note 13.

TJH Senior Living, LLC, and TJH Holding, LLC, were incorporated in 2009 as holding companies for potential business activities outside of the health care facility. The Home is the manager of these companies. Since incorporation, TJH Holding, LLC has not had any business activity. During the year ended September 30, 2022, TJH Senior Living, LLC began a project which will entail the purchase of land and development of a 210-unit senior living facility, comprised of independent living, assisted living, memory care and skilled nursing units. Further information regarding the related debt and the project are disclosed in Notes 7 and 10, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB), utilizing the accrual basis of accounting. Under the accrual basis revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows. The consolidated financial statements include the accounts and transactions of the Home and TJH Senior Living, LLC. Significant inter-company transactions and accounts have been eliminated from the consolidated financial statements.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Home's significant estimates include patient accounts receivable, estimated final settlements due to or from third-party payers, fair value estimates, amortization of deferred entrance fees, recognition of COVID-19 relief revenue, the analysis of long-lived assets for impairment, charitable gift annuities payable, interest rate swap valuations and pension liabilities. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

NET ASSETS

Net assets are classified as without donor restrictions or with donor restrictions to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives. Accordingly, the assets, liabilities, and net assets of the Home are reported in two net asset groups as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of net assets over which the governing Board of Directors has control to use in carrying out the operations of the Home in accordance with its charter and by-laws and are neither required to be held in perpetuity or purpose restricted by donor-imposed restrictions. Board-designated endowment funds within net assets without donor restrictions were \$126,550 and \$316,888 as of September 30, 2022 and 2021, respectively.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure and also include accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the Home to expend the income earned thereon for general purposes or purposes specified by the donor.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

As of September 30, 2022 and 2021, the Organization had approximately \$9.1 million of net assets restricted in perpetuity.

NONOPERATING INCOME (EXPENSE)

Activities other than in connection with providing healthcare services are considered to be nonoperating. Nonoperating income consists primarily of income earned on invested funds, realized and unrealized gains and losses on marketable securities and interest rate swap agreements, change in value of split-interest agreements, pension liability, loss on disposal of non-operating assets and gifts and bequests.

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

The consolidated statements of activities and changes in net assets without donor restrictions include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from operating income (loss), consistent with industry practice, include changes in pension liabilities other than net periodic benefit costs and net assets released from restrictions for capital acquisitions.

CASH AND CASH EQUIVALENTS

Cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less when purchased. The Home maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits of \$250,000 per depositor per bank. Management believes that the Home's deposits are not subject to significant credit risk. The Home has not suffered any losses in connection with its banking activities.

ACCOUNTS RECEIVABLE

Accounts receivable result from the health care services provided by the Home. Accounts receivable are reported net of any contractual adjustments and implicit price concessions.

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE (CONTINUED)

The Home estimates its accounts receivable based on its past experience, which indicates that certain patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is generally charged off against revenue as an implicit price concession.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses on these investments are reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. These amounts are reported in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions or net assets with donor restrictions as appropriate based on any donor stipulations or law.

Investments and non-marketable securities in general, are exposed to various risks such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of these investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statements of financial position and consolidated statements of operations and changes in net assets. Marketable securities with readily determinable fair values are measured at fair value in the consolidated statements of financial position. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment acquisitions are recorded at cost. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10 – 40 years
Furniture, fixtures and equipment	3 – 25 years
Computers and software	3 – 5 years
Vehicles	4 years

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures in excess of \$1,000 for renewals and betterments are capitalized.

IMPAIRMENT OF OTHER LONG-LIVED ASSETS

The Home records impairment losses on other long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There was no impairment loss recorded during years ended September 30, 2022 and 2021.

SPLIT-INTEREST AGREEMENTS

The Home has entered into several split-interest agreements whereby assets were transferred to the Home and invested. Under the terms of the program, contributions are received from donors in exchange for a promise by the Home to pay a fixed amount for a specified period of time to a donor or individuals designated by the donor. Annuity contracts may be established for either one or two lives and provide that fixed payments be made to the annuitants for the remainder of their lives. Upon termination of the annuity contract, any remaining assets revert to the Home for purposes as specified in the charitable gift annuity contracts.

On an annual basis, the Home revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHARITABLE REMAINDER TRUST

The Home is the beneficiary of a charitable remainder trust managed by an unrelated trustee. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Home's use. The trust is carried at the fair value of the underlying investments. The portion of the trust attributable to the present value of the future benefits to be received by the Home is recognized in the consolidated statements of activities as a donor- restricted contribution in the period the trust is established. On an annual basis, the Home revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

DEBT ISSUANCE COSTS

Debt issuance costs are fees and other costs incurred in obtaining financing, amortized on a straight- line basis, over the term of the related debt which approximates the effective interest rate. Debt issuance costs are presented as a direct deduction of the carrying amount of the debt. Amortization of debt issuance costs is included in interest expense.

PROMISES TO GIVE

Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are to be collected or paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received or paid. Amortization of the discounts is included in contribution revenue or expense. Conditional promises to give are not included in support or expenses until the conditions are substantially met.

INTEREST RATE SWAP AGREEMENTS

The Home has entered into two interest rate swap agreements associated with its bonds payable. The agreements effectively change the interest rate exposure of the bonds payable from variable rate to fixed rate. The swap agreements became effective on May 1, 2016, which was one month prior to the first principal payment. The termination date of the swap agreements is May 1, 2026. The differential paid or received on the swap agreements is included in interest expense in the accompanying consolidated statements of activities and changes in net assets. The change in fair value of the interest rate swap agreements is separately shown on the consolidated statements of activities and changes in net assets. See Note 7 for further information.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AGENCY TRANSACTIONS

The Home provides residents with a service by which residents' funds are maintained in a separate account, the use of which is directed by the resident. Such funds are maintained in a separate bank account and are reflected in the accompanying consolidated statements of financial position as agency assets - residents' trust funds with a corresponding liability as agency liabilities - funds held for residents.

REVENUE RECOGNITION

The Home recognizes revenue at an amount reflecting the consideration to which the Home expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Home satisfies a performance obligation

See below for details on how the above five-step process is applied to the Home's contracts with customers.

REVENUES FROM CONTRACTS WITH CUSTOMERS

Resident care and services and community services revenue is reported at the amount reflecting the consideration the Home expects to receive in exchange for the services provided. These amounts are due from residents, patients or third-party payors (including health insurers and government payors). Performance obligations are determined based on the nature of the services provided.

Resident care and services and community services revenue is recognized as performance obligations are satisfied. The Home recognizes revenue in accordance with the provisions of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERFORMANCE OBLIGATIONS

At contract inception, the Home assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a distinct good or service (or bundle of goods or services). To identify the performance obligations, the Home considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The Home determines the following distinct goods and services represent separate performance obligations:

- Skilled nursing facility services
- Assisted living services
- Continuing care at home services
- Home care services
- Hospice services
- Outpatient services
- Other services

The Home satisfies its performance obligations for skilled nursing facility services, hospice and assisted living services upon completion of each day's service or as ancillary services are provided. Patients receive care and room and board on a per diem basis and can also receive various ancillary services. Residents are charged a daily fee for bed stay and services provided. Fees for ancillary services performed are payable upon receipt. Private room charges are due one month in advance.

The Home satisfies its performance obligations for continuing care at home services over time as benefits are transferred to the resident. Because a member has the ability to discontinue paying the monthly service fee at any time, the agreement is viewed as a monthly contract with an option to renew. Payment terms for the entrance fee are a fixed amount paid at the time the contract is signed and the member begins in the program. The nonrefundable entrance fee is recorded as a contract liability and amortized over the estimated actuarial life of the member, which is re-evaluated on an annual basis. The monthly service fee is set at the time of the contract signing and is fixed except for annual inflationary increases.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERFORMANCE OBLIGATIONS (CONTINUED)

The Home satisfies its performance obligations for home care services upon completion of each session of service provided. Medicare pays the Home a predetermined base payment for each patient, adjusted for the health condition and care needs of the beneficiary. Home Health Medicare services are paid under the Patient Driven Grouping Model (PDGM), which uses 30 day periods as a basis for payment. Each 30 day period is placed into different subgroups for each of the following categories: Admission source, timing of the 30 day episode, clinical grouping, functional impairment level, and comorbidity adjustment. These factors are utilized to derive at the final payment of each 30 day episode under PDGM. Under PDGM, revenue is recognized ratably over the episode based on the beginning and ending dates which are a reasonable proxy for the transfer of benefit of the service.

The Home satisfies its performance obligations for outpatient services upon completion of each service provided.

Performance obligations are determined based on the nature of the services provided by the Home. Revenue for performance obligations satisfied over time is recognized based on the estimated realizable amount earned for services provided. The Home believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

TRANSACTION PRICE

The Home determines the transaction price based on standard charges for room and board and services provided, reduced by contractual adjustments provided to applicable third-party payors or discounts provided to uninsured patients in accordance with the Home's policy. The Home determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Home determines its estimate of implicit price concessions based on its historical collection experience with this class of patients. Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare - Certain skilled nursing facility services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors.
- Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates on a per diem basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRANSACTION PRICE (CONTINUED)

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined daily rates or discounts from established charges.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Home's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Home. In addition, the contracts the Home has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home's historical settlement activity, including an assessment to ensure the probability of a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Subsequent changes determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRANSACTION PRICE (CONTINUED)

The Home has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement and payment methodologies
- Length of the patient's service or episode of care
- Line of business providing the service

Other operating income includes food and service revenue, child care, fitness center and other nonpatient revenue. This revenue is recognized on a monthly basis upon the provision of the respective service.

The difference between the opening and closing balances of the Home's contract liabilities from entrance fees primarily result from the timing difference between the Home's performance and nonrefundable entrance fees received and/or amortized during the period.

The composition of revenues by primary payor for the years ended September 30, 2022 and 2021 is as follows:

	2022				2021			
	Resident Services and Care	Community Services	Resident Services and Care	Community Services	Resident Services and Care	Community Services	Resident Services and Care	Community Services
Medicaid	\$ 24,567,506	49%	\$ 165,216	1%	\$ 21,975,068	50%	\$ 126,957	1%
Private	15,549,614	31%	6,033,420	53%	12,896,898	29%	4,866,719	49%
Medicare	9,739,078	19%	3,480,525	31%	8,718,513	20%	3,269,260	33%
Continuing care members	--	0%	1,418,363	12%	--	0%	1,443,200	14%
Other third-party payors	<u>523,741</u>	1%	<u>365,521</u>	3%	<u>633,712</u>	1%	<u>301,618</u>	3%
	<u>\$ 50,379,939</u>	<u>100%</u>	<u>\$ 11,463,045</u>	<u>100%</u>	<u>\$ 44,224,191</u>	<u>100%</u>	<u>\$ 10,007,754</u>	<u>100%</u>

Average occupancy was 98% and 91% for the years ended September 30, 2022 and 2021, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRACT LIABILITIES

The Home recognizes contract liabilities in relation to its private payor long-term care, assisted living businesses and adult day services. The opening and closing balances of the Home's contract liabilities are as follows:

Opening (October 1, 2020)	\$ 870,967
Closing (September 30, 2021)	<u>821,461</u>
Decrease	<u>\$ (49,506)</u>
Opening (October 1, 2021)	\$ 821,461
Closing (September 30, 2022)	<u>1,661,292</u>
Increase	<u>\$ 839,831</u>

INCOME TAXES

The Home and TJH Senior Living, LLC have been recognized by the Internal Revenue Service (IRS) as not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The Home and TJH Senior Living, LLC account for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has analyzed the tax positions taken and has concluded that as of September 30, 2022 and 2021, there are no tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Home and TJH Senior Living, LLC are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses that can be identified with a specific service are charged directly according to their natural expenditure classification. Salaries and benefits are supported by time records for specific services. Facility costs, including rent, utilities and insurance are allocated based upon square footage.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

General and administrative expenses and other indirect costs that cannot be specifically identified with any one service are allocated based on a percentage of direct and directly allocable expenses for that particular service depending on the nature of the expense. All other costs are directly charged to the programs and supporting services they benefit.

SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Home has evaluated events and transactions for potential recognition or disclosure through January 27, 2023, the date the consolidated financial statements were available to be issued. Other than disclosed in Note 1 and Note 7, there were no other events identified that required recognition or disclosure in the consolidated financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

GAAP established a framework for measuring fair value. That framework provides a fair value hierarchy prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Home has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices observable for the asset or liability;• Inputs derived principally from or corroborated by observable market data by correlation or other means. |

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments are not included in the fair value hierarchy.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

MONEY MARKET FUNDS - This investment class is meant to provide safety when money managers are unable to find investments with appropriate returns consistent with their strategy. It tends to be very short term with a very low return.

CORPORATE BONDS - Certain corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

MUNICIPAL BONDS - This investment class is meant to provide a low risk component to the Home's portfolio and provides an asset class that has a low correlation to the equity investments.

COMMON AND PREFERRED STOCKS - Common and preferred stocks are valued at the closing price reported in the active market in which the individual securities are traded.

MUTUAL FUNDS - Mutual funds are valued at the quoted net asset value of shares held by the Home at year end.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

EXCHANGE TRADED FUNDS - Exchange traded funds are valued at the closing price reported in the active market in which the individual securities are traded.

U.S. GOVERNMENT BONDS - U.S. government bonds are valued at the closing price reported in the active market in which the individual securities are traded.

HEDGE FUNDS - The fair value of the hedge funds has been determined using the net asset value (NAV) per share as a practical expedient and is not categorized in the fair value hierarchy. The practical expedient would not be used if it is determined to be probable that the funds will sell the investments for an amount different from the reported NAV. The hedge funds valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions. Accordingly, the estimated fair values may differ from the values that would have been used had a ready market existed for these investments.

INTEREST RATE SWAP AGREEMENTS - Interest rate swap agreements are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk and correlations of such inputs. Interest rate swap agreements have inputs which can generally be corroborated by market data and are therefore classified as Level 2.

There have been no changes in the methodologies used at September 30, 2022 and 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Home's assets and liabilities subject to fair value reporting at fair value as of September 30, 2022 and 2021:

Description	2022				
	Total	Investments Valued using Net Asset Value (a)	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Money market funds	\$ 68,395	\$ --	\$ 68,395	\$ --	\$ --
Fixed income					
Corporate bonds	195,240	--	--	195,240	--
Municipal bonds	51,008	--	51,008	--	--
Equity securities					
Common stocks	639,047	--	639,047	--	--
Preferred stocks	88,718	--	88,718	--	--
Mutual funds	7,412,160	--	7,412,160	--	--
Exchange traded funds	836,805	--	836,805	--	--
Hedge funds	<u>2,351,802</u>	<u>2,351,802</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets at Fair Value	<u>\$ 11,643,175</u>	<u>\$ 2,351,802</u>	<u>\$ 9,096,133</u>	<u>\$ 195,240</u>	<u>\$ --</u>
Total Liabilities at Fair Value					
Interest rate swap agreements	<u>\$ 35,302</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 35,302</u>	<u>\$ --</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

Description	2021				
	Total	Investments Valued using Net Asset Value (a)	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Money market funds	\$ 139,527	\$ --	\$ 139,527	\$ --	\$ --
Fixed income					
Corporate bonds	263,122	--	--	263,122	--
Municipal bonds	161,257	--	161,257	--	--
Equity securities					
Common stocks	715,686	--	715,686	--	--
Preferred stocks	94,940	--	94,940	--	--
Mutual funds	9,317,583	--	9,317,583	--	--
U.S. government bonds	773,276	--	773,276	--	--
Exchange traded funds	1,016,794	--	1,016,794	--	--
Hedge funds	<u>1,679,578</u>	<u>1,679,578</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets at Fair Value	<u>\$ 14,161,763</u>	<u>\$ 1,679,578</u>	<u>\$ 12,219,063</u>	<u>\$ 263,122</u>	<u>\$ --</u>
Total Liabilities at Fair Value					
Interest rate swap agreements	<u>\$ 111,290</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 111,290</u>	<u>\$ --</u>

(a) Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

Additional information regarding investments that report fair value based on NAV per share or unit as of September 30, 2022 and 2021 is as follows:

Description	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
	2022	2021				
Hedged capital appreciation						
Alkeon Growth	\$ 566,856	\$ 976,875	None	Quarterly	25 days	1 year
Blackstone Real Estate						
Income Trust	\$ 853,910	\$ 702,703	None	Monthly	T-3	1 year
Blackstone Private						
Credit Fund	\$ 386,175	\$ --	None	Quarterly	25 days	1 year
North Haven Private						
Investment Fund	\$ 544,861	\$ --	None	Quarterly	25 - 30 days	None

OTHER FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, receivables, prepaid expense, accounts payable, accrued expenses and contract liabilities approximate their fair value because of the short-term nature of these instruments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of September 30, 2022 and 2021 are expected to be collected as follows:

	2022		
	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Within one year	\$ 212,838	\$ 2,000	\$ 214,838
Within one to five years	532,692	8,000	540,692
More than five years	--	13,000	13,000
Total contributions receivable	745,530	23,000	768,530
Less discount to net present value	(65,544)	(5,540)	(71,084)
Net contributions receivable	\$ 679,986	\$ 17,460	\$ 697,446
	2021		
	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Within one year	\$ 133,986	\$ 2,000	\$ 135,986
Within one to five years	468,172	8,000	476,172
More than five years	--	13,000	13,000
Total contributions receivable	602,158	23,000	625,158
Less discount to net present value	(65,544)	(5,540)	(71,084)
Net contributions receivable	\$ 536,614	\$ 17,460	\$ 554,074

Contributions receivable in more than one year at September 30, 2022 and 2021 are discounted at 4.5%.

CONDITIONAL PROMISES TO GIVE

The Home has been advised that it is named as a beneficiary in other charitable trusts and wills. No amounts have been recognized in the accompanying consolidated financial statements, inasmuch as these instruments are conditional and subject to change.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 5 - COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States and the world. The Home is monitoring the outbreak of COVID-19 and the related business and travel restrictions and its impact on operations, financial position, cash flows, reopening trends, patient and third party payor payments, and the industry in general, in addition to the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Home's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Home at the time of issuance, the impact could not be yet determined.

PROVIDER RELIEF FUND

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to healthcare providers to be distributed through the Provider Relief Fund (PRF). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to COVID-19, and shall reimburse the recipient for health care related expenses or lost revenues attributable to COVID-19 and are not required to be repaid except where PRF funding received exceed the limits on eligible health care related expenses or lost revenues as defined by the U.S. Department of Health and Human Services (HHS), provided the recipients attest to and comply with the terms and conditions. HHS distributions from the Provider Relief Fund include general distribution and targeted distributions.

During the years ended September 30, 2022 and 2021, the Home received \$1,680,696 and \$46,388, respectively, in funding from the Provider Relief Fund. Of these amounts, \$840,696 and \$46,388 for the years ended September 30, 2022 and 2021, respectively, have been recognized as revenue within COVID-19 Relief Revenue on the accompanying consolidated statements of operations and changes in net assets determined on a systematic basis in line with the recognition of specific expenses and lost revenues for which the grants are intended to compensate.

CORONAVIRUS RELIEF FUND

During the year ended September 30, 2021, the Home received \$353,079 of stimulus funds passed through from the State of Connecticut originating from the Coronavirus Relief Fund, also established by the CARES Act. These amounts have been included within COVID-19 Relief Revenue as of September 30, 2021 on the accompanying consolidated statements of activities and changes in net assets. No additional funding was received during the year ended September 30, 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 5 - COVID-19 PANDEMIC (CONTINUED)

ADVANCES PAYABLE

During the year ended September 30, 2021, advances payable includes \$385,000 provided by the Connecticut Department of Social Services. These payments were issued to help ease the financial strain due to any disruption in claims submission and/or claims processing related to the COVID-19 Public Health Emergency. These advances were recouped during the year ended September 30, 2022.

NOTE 6 - NOTES PAYABLE AND LETTER OF CREDIT

Notes payable as of September 30, 2022 and 2021 consist of the following:

	2022	2021
Unsecured subordinate loans in the amount of \$585,000, payable to board members monthly in the amount of \$17,800, including interest at 5%, compounded monthly commencing on December 1, 2018 through March 1, 2023. Balance forgiven in full in 2022 (see Note 14).	\$ --	\$ 179,539
Equipment loans in the amount of \$110,493, payable in monthly installments of \$1,271 and \$766, including one noninterest-bearing loan and one at 2.9%, compounded monthly through April 2022 and March 2023, secured by the financed equipment.	4,631	24,460
Less current portion	4,631	197,869
Total notes payable - long-term	\$ --	\$ 6,130

LETTER OF CREDIT

As of September 30, 2022 and 2021, the Home has a standby letter of credit for \$700,000 that renews annually each fiscal year. There were no amounts outstanding as of September 30, 2022 and 2021. The letter expires on April 30, 2023.

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NOTE 7 - BONDS PAYABLE

On April 29, 2014, the Home obtained \$62,000,000 from the issuance of City of Bridgeport tax-exempt bonds through People's United Bank, (which was acquired by Manufacturer's and Traders Trust Company (M&T Bank) in April 2022) to develop and construct a new campus on Park Avenue. The new campus was substantially completed on July 1, 2016 and houses all operations of the Home. The bonds consist of Senior Living Facility Revenue Bonds, Series 2014A (Series A) in the principal amount of \$55,500,000 and Senior Living Facility Revenue Bonds, Series 2014B (Series B) in the principal amount of \$6,500,000. The Series A bonds and the Series B bonds are subject to mandatory tender on May 1, 2026. Quarterly interest payments commenced May 29, 2014 at the Bank Rate as defined in the agreement and quarterly principal payments commenced June 1, 2016. The bonds are secured by all tangible assets, contributions receivable, leases and revenues of the Home.

As discussed in Note 2, the Home has interest rate swap agreements with M&T Bank. The original notional values of the swaps were \$55,500,000 and \$6,500,000, from the issuance of the City of Bridgeport tax-exempt bonds. The swap agreements provide the Home with interest rate protection for its City of Bridgeport tax-exempt variable rate bonds. The Home agrees to pay M&T Bank fixed rates of 2.67% for the Series A bonds and 2.38% for the Series B bonds in exchange for receiving a floating variable rate. The fixed rates include a termination fee equal to 0.145% for the Series A bonds and 0.05% for the Series B bonds, which will enable the Home to terminate the swaps at any time on or after May 1, 2023 without making termination payments.

Bonds payable on the statements of financial position are net of unamortized debt issuance costs of \$699,000 and \$741,151 at September 30, 2022 and 2021, respectively. Principal payments due on the bonds payable are expected to be as follows:

<u>Years ending September 30,</u>	
2023	\$ 2,343,333
2024	2,446,667
2025	2,556,667
2026	<u>43,010,833</u>
	<u>\$ 50,357,500</u>

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NOTE 7 - BONDS PAYABLE (CONTINUED)

The bonds payable are subject to certain financial covenants to be tested on an annual basis, whereas, the Home is required to meet certain requirements. The Home was in compliance with its financial covenants as of September 30, 2022 and 2021.

On December 1, 2022, TJH Senior Living, LLC received \$31,695,000 from the issuance of City of Stamford Revenue Bond Anticipation Notes (the 2022 BANs). The proceeds from the 2022 BANs were deposited into a project fund in order to finance the acquisition of the real property and pre-development activities related to the project described in Note 10. In conjunction with the financing, the Home contributed approximately \$3.2 million to TJH Senior Living, LLC subsequent to September 30, 2022. This amount is in addition to approximately \$746,000 of project related expenses paid during the fiscal year ending September 30, 2022 by the Home. In conjunction with the sale of the real property, the seller contributed \$2.0 million back to TJH Senior Living and the Home. TJH Senior Living, LLC intends to repay the 2022 BANs through the issuance of approximately \$325 million of tax-exempt revenue bonds, or in lieu thereof, seek other financing to refinance to the 2022 BANs and finance the construction of the project. The Home is not obligated to make payments in support of the 2022 BANs under the associated loan agreement or in any other manner.

NOTE 8 - BENEFIT PLANS

PENSION PLAN

The Home has a noncontributory defined benefit pension plan (the Plan) covering all eligible employees as of September 30, 2004, the date the Plan was frozen and all benefit accruals ceased. The benefits are based upon years of service, and employees were fully vested in the company match and contribution after five years of service.

The Home makes annual contributions to the Plan that meet or exceed the minimum amounts specified by the Employment Retirement Income Security Act of 1974 (ERISA), as amended. During 2022 and 2021, the Home was required to make contributions to the Plan of \$162,500 and \$360,000, respectively. Additionally, based on the plan actuary's calculations, the Home expects to contribute \$350,000 to the Plan in fiscal year 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 8 - BENEFIT PLANS (CONTINUED)

PENSION PLAN (CONTINUED)

The following table sets forth the changes in the benefit obligations and funded status of the Plan as of September 30:

	2022	2021
Change in accumulated benefit obligation		
Accumulated benefit obligation at beginning of year	\$ 4,816,261	\$ 5,223,804
Interest cost	122,255	122,929
Actuarial (gain) loss	(1,142,404)	(31,178)
Settlement	(370,198)	(432,047)
Benefits paid	(83,430)	(67,247)
Accumulated benefit obligation, end of year	3,342,484	4,816,261
Change in plan assets		
Fair value of plan assets at beginning of year	3,479,025	3,066,168
Actual return on plan assets	(604,844)	552,151
Employer contributions	162,500	360,000
Settlement	(370,198)	(432,047)
Benefits paid	(83,430)	(67,247)
Fair value of plan assets, end of year	2,583,053	3,479,025
Funded status, end of year (underfunded)	\$ (759,431)	\$ (1,337,236)
Amounts recognized in the statements of financial position		
Accrued pension liability	\$ (759,431)	\$ (1,337,236)

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NOTE 8 - BENEFIT PLANS (CONTINUED)

PENSION PLAN (CONTINUED)

The following table sets forth the net periodic benefit cost recognized for the years ended September 30:

	2022	2021
Components of net periodic benefit cost		
Interest cost	\$ 122,255	\$ 122,929
Expected return on plan assets	(134,656)	(106,299)
Settlement	135,429	176,432
Amortization of net loss	206,062	308,590
Net periodic benefit cost	\$ 329,090	\$ 501,652

The Home has recorded an adjustment to relieve pension liability not recognized in the net periodic pension cost of \$744,395 and \$962,052 for the years ended September 30, 2022 and 2021, respectively.

ASSUMPTIONS

The significant underlying assumptions used to determine benefit obligations and net benefit cost are as follows:

	2022	2021	2020
Discount rate - benefit obligation	5.35%	2.80%	2.65%
Discount rate - net periodic benefit cost	2.80%	2.65%	3.15%
Long-term rate of return	6.50%	6.50%	6.50%

Mortality:

Based on Pri-2012 Total dataset base rate mortality table projected generationally using MP-2021

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NOTE 8 - BENEFIT PLANS (CONTINUED)

PENSION PLAN (CONTINUED)

FINANCIAL INSTRUMENTS MEASURED AT NAV

The plan assets have been invested in certain pooled separate accounts. The fair value of the pooled separate accounts have been determined using the net asset value (NAV) per share as a practical expedient and is not categorized in the fair value hierarchy. All pooled separate accounts of the Plan as of September 30, 2022 and 2021 are invested in registered mutual funds which are valued at the closing price reported on the active markets on which the individual securities are traded.

The following table list the investments in the pooled separate accounts held within the Plan as of September 30, 2022 and 2021:

Investment	Assets at Fair Value as of September 30:					
	Fair Value		Unfunded Commitments	Redemption Frequency if Currently Eligible	Other Redemption Restrictions	Redemption Notice Period
	2022	2021				
Pooled separate accounts	\$2,583,053	\$3,479,025	None	Daily	None	None

The following is a summary of the asset allocation of the pooled separate accounts of the Plan as of September 30, 2022 and 2021:

	2022	2021
Large U.S. Equity	33%	39%
Small / Mid U.S. Equity	3%	3%
International Equity	15%	22%
Fixed income	40%	29%
Other	9%	7%

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NOTE 8 - BENEFIT PLANS (CONTINUED)

PENSION PLAN (CONTINUED)

The Plan's investment strategy was to build an efficient, well diversified portfolio based on a long-term, strategic outlook on the investment markets. The investment markets outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations were used to develop a core asset allocation based on the specific needs of the Plan. The core asset allocation utilized multiple investment managers in order to maximize the Plan's return while minimizing risk. The expected long-term rate of return on plan assets reflected the average rate of earnings expected on the funds invested, or to be invested, to provide for the benefits included in the projected benefit obligation.

In estimating that rate, the Home gave appropriate consideration to the returns being earned by the plan assets in the fund and the rates of return expected to be available for reinvestment.

ESTIMATED FUTURE BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending September 30,

2023	\$ 700,000
2024	300,000
2025	210,000
2026	240,000
2027	310,000
2028 - 2032	1,180,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 8 - BENEFIT PLANS (CONTINUED)

EMPLOYEE 401K PLAN

The Home maintains a defined contribution plan. Employee contributions under the plan are determined by the participating employees, subject to certain Internal Revenue Service limitations. The Home matched employee contributions at a rate of 50%, up to a maximum of 4% of compensation, through June 30, 2022. Effective July 1, 2022, the Retirement Committee approved an increase to the Home's matching contribution to 100% of the first 4% of compensation. The Home also offers a discretionary profit-sharing contribution. The Home's contribution expense totaled \$507,886 and \$379,502 for the years ended September 30, 2022 and 2021, respectively.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Home grants credits without collateral to its resident, most of whom are local residents, and some are funded under third-party payor agreements. The mix of gross receivables at September 30, 2022 and 2021 was as follows:

	2022	2021
Medicare	16 %	18 %
Medicaid	41 %	44 %
Private pay and other	43 %	38 %
	100 %	100 %

NOTE 10 - CONSTRUCTION IN PROGRESS

Construction in progress relates to the project described in Note 1, which includes the development of a new continuing care retirement community or life plan community on approximately 15 acres of land in Stamford, Connecticut by TJH Senior Living, LLC. The community is planned to consist of 168 independent living units, 14 assisted living units, 14 memory care units and 14 skilled nursing beds. The total cost of the project is anticipated to be approximately \$325 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Home's financial assets available within one year of the consolidated statements of financial position date for general expenditure as of September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,195,924	\$ 4,677,427
Less: Net amount used in construction project subsequent to year end	(1,203,372)	--
Accounts receivable, net	5,230,470	5,019,966
Current portion of contributions receivable, net without donor restrictions	214,838	133,986
Entrance fee receivables	<u>141,020</u>	<u>240,006</u>
Total Financial Assets Available Within One Year for General Expenditure	<u>\$ 12,578,880</u>	<u>\$ 10,071,385</u>

LIQUIDITY MANAGEMENT

The Home is substantially supported by amounts it receives for providing patient and resident services. In addition, the Home receives donations and has accumulated an endowment that is restricted in part by donors with the remainder restricted by the Home's board of directors. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Home must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Home's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Home has the ability to access its board designated investments to meet obligations that are in excess of its normal operating cash flows. Additionally, the Home also has a \$700,000 letter of credit available as of September 30, 2022 (see Note 6).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The following is the composition of the Home's net assets with donor restrictions at September 30, 2022 and 2021:

	2022	2021
Restricted in perpetuity		
General purpose	\$ 9,147,678	\$ 9,137,261
Income use restricted		
Specific programs	1,860,030	1,860,030
Total restricted in perpetuity	11,007,708	10,997,291
Restricted by time or purpose		
Accumulated earnings on endowment funds held in perpetuity	--	1,534,239
Term endowment - purpose restricted	856,587	857,756
Specific programs	13,202	5,721
Capital	644,712	519,671
Future periods	39,531	11,222
Total purpose and time restricted	1,554,032	2,928,609
Total Net Assets with Donor Restrictions	\$ 12,561,740	\$ 13,925,900

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows for the years ended September 30, 2022 and 2021:

	2022	2021
Purpose restrictions		
Accumulated earnings on permanent endowment funds	\$ 446,624	\$ 468,772
Specific programs	16,794	28,181
Capital	212,889	292,210
Passage of time	10,000	10,000
Net Assets Released from Restrictions	\$ 686,307	\$ 799,163

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13 - ENDOWMENT

The Home's endowment consists of approximately 70 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Home has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not classified in permanent endowment is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by CTPMIFA.

In accordance with CTPMIFA, the Home considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13 - ENDOWMENT (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

Endowment net asset composition as of September 30, 2022 and 2021 is as follows:

2022	Without Donor Restriction	With Donor Restrictions	Total Endowment Assets
Board-designated endowment funds	\$ 126,550	\$ --	\$ 126,550
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	--	11,007,708	11,007,708
Accumulated gains and income on donor-restricted endowment assets not yet appropriated	--	--	--
Term endowment	--	856,587	856,587
Total Funds	<u>\$ 126,550</u>	<u>\$ 11,864,295</u>	<u>\$ 11,990,845</u>
2021	Without Donor Restriction	With Donor Restrictions	Total Endowment Assets
Board-designated endowment funds	\$ 316,888	\$ --	\$ 316,888
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	--	10,997,291	10,997,291
Accumulated gains and income on donor-restricted endowment assets not yet appropriated	--	1,534,239	1,534,239
Term endowment	--	857,756	857,756
Total Funds	<u>\$ 316,888</u>	<u>\$ 13,389,286</u>	<u>\$ 13,706,174</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13 - ENDOWMENT (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

Change in endowment net assets for the years ended September 30, 2022 and 2021 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total Endowment Assets
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets - October 1, 2020	\$ 277,774	\$ 12,193,909	\$ 12,471,683
Investment return			
Income, net	41,368	423,402	464,770
Net investment (losses) gains	<u>(2,254)</u>	<u>1,207,711</u>	<u>1,205,457</u>
Total investment return	<u>39,114</u>	<u>1,631,113</u>	<u>1,670,227</u>
Contributions	<u>--</u>	<u>33,036</u>	<u>33,036</u>
Appropriation of endowment assets for expenditure	<u>--</u>	<u>(468,772)</u>	<u>(468,772)</u>
Endowment net assets - September 30, 2021	<u>316,888</u>	<u>13,389,286</u>	<u>13,706,174</u>
Investment return			
Income, net	4,427	172,133	176,560
Net investment losses	<u>(194,765)</u>	<u>(1,316,500)</u>	<u>(1,511,265)</u>
Total investment return	<u>(190,338)</u>	<u>(1,144,367)</u>	<u>(1,334,705)</u>
Contributions	<u>--</u>	<u>66,000</u>	<u>66,000</u>
Appropriation of endowment assets for expenditure	<u>--</u>	<u>(446,624)</u>	<u>(446,624)</u>
Endowment net assets - September 30, 2022	<u>\$ 126,550</u>	<u>\$ 11,864,295</u>	<u>\$ 11,990,845</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13 - ENDOWMENT (CONTINUED)

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Home to retain as a fund of perpetual duration. Due to overall poor market performance experienced during the year ended September 30, 2022, the endowment funds had a cumulative deficiency of approximately \$350,000 as of September 30, 2022 .

RETURN OBJECTIVES AND RISK PARAMETERS

The Home has adopted investment and spending policies for endowment assets attempting to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor- restricted funds the Home must hold in perpetuity or for a donor-specified period(s) as well as board- designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intending to produce results exceeding the price and yield results of the Home's custom index while assuming a moderate level of investment risk. The Home expects its endowment funds, over time, to provide an average rate of return of approximately 6.5% annually. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Home relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Home targets a diversified asset allocation placing an emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Home has a policy of appropriating for distribution each year 4% of the total endowment investment value. In establishing this policy, the Home considered the long-term expected return on its endowment.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13 - ENDOWMENT (CONTINUED)

***SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY
(CONTINUED)***

Accordingly, over the long term, the Home expects the current spending policy to allow its endowment to grow at an average of 6.5% annually. This is consistent with the Home's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Home has a policy that does not permit spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Auxiliaries made contributions to the Home of \$465,000 and \$271,806 for the years ended September 30, 2022 and 2021, respectively. Amounts due to the Home from the Auxiliaries at September 30, 2022 and 2021 are reflected in prepaid expenses and other assets in the accompanying consolidated statements of financial position and amounted to approximately \$6,349 and \$4,467, respectively.

The Home receives a fee for providing billing services for Geriatric Professional Group, LLC (GPG), which provides physicians' services to residents of the Home. The Home had revenues from GPG of approximately \$12,000 during each of the years ended September 30, 2022 and 2021. Amounts due to the Home from GPG at September 30, 2022 and 2021 are reflected in prepaid expenses and other assets in the accompanying consolidated statements of financial position and amounted to approximately \$1,055 and \$750, respectively.

As shown in Note 6, the remaining balance of board member loans of \$179,539 was forgiven during the year ended September 30, 2022.

NOTE 15 - CASH FLOWS

ADDITIONAL CASH FLOW INFORMATION

The Home paid cash for interest of \$2,186,629 and \$2,047,472 during the years ended September 30, 2022 and 2021, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Claims and legal actions are brought against the Home during the normal course of business. Management has taken the necessary steps to mitigate potential losses by obtaining insurance coverage and engaging legal counsel. In the opinion of management, no claims or legal actions have been asserted against the Home that, individually or in the aggregate, will be in excess of its insurance coverage.

The Home is party to various legal proceedings and claims incidental to its normal business operations, including suits in which it is a defendant. Based on consultation with counsel, it is the opinion of management that all claims and proceedings can be ultimately defended and resolved without significant adverse effect on the financial position, results of operations or cash flows of the Home.

MEMBER ACKNOWLEDGEMENT

In compliance with § 17b-522 of Connecticut General Statutes, a person signing a continuing care contract must be informed that:

- such a contract is a financial investment and such investment may be at risk;
- the Provider’s ability to meet its contractual obligations under such contract depends upon its financial performance;
- it is advisable to consult an attorney or other professional experienced in matters relating to investments regarding continuing care facilities prior to signing a continuing care contract;
- the Department of Social Services does not guarantee the security of such investments

I have received and reviewed a copy of the Disclosure Statement and a copy of the Member Agreement for the MOZAIC AT HOME CONTINUING CARE AT HOME Program prior to execution of the contract or the transfer of any money or other property to the Provider.

Prospective Member Name (Print)

Prospective Member Signature Date

Legal Representative, if applicable
(Print)

Legal Representative Signature Date

Legal Firm or Legal Representative
Name, Address, Phone (Print)