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

52 Missionary Road
Cromwell, CT 06416

THIS DISCLOSURE STATEMENT IS DATED JUNE 22, 2017.

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

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

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

COVENANT
VILLAGE OF CROMWELL
A Covenant Retirement Community

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

NAME AND ADDRESS OF PROVIDER

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

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

OFFICERS, DIRECTORS, AND TRUSTEES

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

   Answer: The corporate member of Covenant Home, Inc. is Covenant Retirement Communities, Inc., an Illinois not-for-profit corporation. The names of the officers and directors of Covenant Home, Inc. are as follows (Note: annual meeting to elect new board and appoint new offices is to be held in June/July 2016. Response will be supplemented after such meeting):

CRC Board of Directors
July 2016 to June 2017

Jon P. Aagaard
Pamela Christensen
Kara Davis
Mark Eastburg
Jim Elving
Marc E. Espinosa
Rhoda Friesen
Thomas F. Heywood
Donald Hodgkinson
Kathy Holmgren
Scott Macdonald
Matthew Manlove
Dale Rinard
Marlene E. Stante
Anne E. Vining

Ex Officio:
David A. Dwight
Terri S. Cunliffe
Gary Walter
Jennifer Larson

Provider Officers June 2016 to June 2017

Terri S. Cunliffe	President
Jody Holt	Senior VP/CFO/Treasurer (eff. June 5, 2017)
David G. Erickson	Senior VP/General Counsel/Assistant Secretary
Joshua Anderson	Associate VP of Operations/Assistant Secretary

BUSINESS EXPERIENCE

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

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

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

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

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

JUDICIAL PROCEEDINGS

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

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

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

AFFILIATION

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

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

DESCRIPTION OF PROPERTY

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

Answer: The Facility, Covenant Village of Cromwell, is located at 52 Missionary Road, Cromwell, CT 06416, and currently consists of 226 units of residential living including 169 apartment, 28 patio home and 27 cottage accommodations for the elderly.

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

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

Legal description: A certain piece or parcel of land and improvements contained thereon located in the Town of Cromwell, County of Middlesex, State of Connecticut, and more particularly bounded and described as follows, to-wit:

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

Thence running south 63° 37' 23" east 165.89 feet along the southerly street line of West Street; Thence running south 17° 14' 50" west 101.61 feet, south 32° 14' 55" east 28.42 feet, south 07° 02' 36" west 78.00 feet along land now or formerly of Jennie Zawacki and Ann Medolago; Thence running south 63° 37' 33" east 109.47 feet along land now or formerly of Jennie Zawacki and Ann Medolago, and land now or formerly of Francis H. Grace, partly by each; Thence running south 55° 34' 51" east 200.53 feet along land now or formerly of Francis H. Grace, and land now or formerly of Kenneth L. Bobenski and Katherine A. Bobenski, partly by each; Thence running south 07° 02' 36" west 27.15 feet along land now or formerly of Nicholas J. Oslander, et al.; Thence running south 54° 38' 36" east 922.60 feet along land now or formerly of Nicholas J. Oslander, et al., land now or formerly of Ursula M. Gulliksen, land now or formerly of Judy Gugliemino Santoro, land now or formerly of Aldo Casarella and Esperanza Casarella, land now or formerly of Robert Tourville and land now or formerly of Louis S. Jasion and Shirley A. Jasion, other land now or formerly of Covenant Home, Inc., land now or formerly of James E. Valentin and Barbara L. Gross, land now or formerly of Joseph Pitruzzello and Lowrey M. Pitruzzello, land now or formerly of Gilbert R. Anderson and Haruko S. Anderson and land now or formerly of Connecticut Light and Power Company, partly by each; Thence running south 05° 43' 34" east 223.00 feet along land now or formerly of Michael A. Garafalo and land now or formerly of Missionary, LLC, partly by each; Thence running south 76° 43' 20" west 36.30 feet along the northerly street line of Missionary Road; Thence running south 09° 11' 50" east 39.12 feet along the westerly street line of Missionary Road; Thence running 77° 17' 43" west 154.30 feet along land now or formerly of Giuseppe Spagnulo and Rosaria Spagnulo; Thence running south 08° 03' 29" east 399.00 feet along land now or formerly of Giuseppe Spagnulo and Rosaria Spagnulo, land now or formerly of John L. Ceplenski and Pauline S. Ceplenski, land now or formerly of Frank V. Carta and Carol Carta, land now or formerly of Serafino Calafiore, land now or formerly of Francesco Briganti and Giuseppa Briganti, partly by each; Thence running north 80° 03' 11" east 133.50 feet along land now or formerly of Francesco Briganti and Giuseppa Briganti; Thence running south 03° 00' 49" east 5.04 feet along the northerly street line of Catherine Street; Thence running south 80° 03' 11" west 138.30 feet along land now or formerly of Richard Przekopski and Ann Claire Przekopski and land now or formerly of George J. Asfalg and Rochelle Asfalg, partly by each; Thence running south 80° 50' 11" west 411.37 feet along land now or formerly of George J. Asfalg and Rochelle Asfalg, land now or formerly of Clayton T. Brown and Tracey T. Brown, land now or formerly of Jeffrey T. Pandolfi and Joann M. Pandolfi, land now or formerly of Thomas Savinelli and Margaret Savinelli and land now or formerly of Adrianne Runowicz, partly by each; Thence running south 08° 39' 49" east 55.73 feet along land now or formerly of Adrianne Runowicz; Thence running south 80° 49' 11" west 167.60 feet along land now or formerly of Adrianne Runowicz, land now or formerly of Maureen M. Lozinski and land now or formerly of Mary Lou Ferrara, partly by each; Thence running south 80° 52' 16" west 414.53 feet along land now or formerly of Mary Lou Ferrara, land now or formerly of Ronald J. Mercier and Patricia S. Mercier, land now or formerly of Kathleen Chimblo, land now or formerly of Justin D. Millar and Deborah C. Millar and land now or formerly of Kenneth D. Rice and Kara L. Rice, partly by each; Thence running north 08° 42' 06" west 390.80 feet, south 76° 56' 31" west 287.26 feet and north 08° 01' 03" west 494.51 feet along land now or formerly of Childrens Home of Cromwell; Thence running north 77° 22' 19" east 351.00 feet and north 00° 23' 40" east 1024.01 feet along land now or formerly of St. John's Housing Corp. to the point and place of commencement.

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

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

BENEFITS INCLUDED

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

   Answer: Goods and services provided under continuing care contracts:

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

   Provisions of medical care under continuing care contracts:

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

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

   The Monthly Residency Agreement provides for a lifetime reserve of sixty (60) days of health care incurred at another campus facility with limited additional costs (subject to charges for services and supplies not normally provided for in the Residency Agreement). The lifetime reserve of sixty (60) days of health care incurred at another campus facility with limited additional costs shall be available on the basis of one (1) day for every month of occupancy of the residential unit, up to a lifetime total of 60 days. The Monthly Residency Agreement is subject to limited availability. See Sections VI (B) and (C) of the Monthly Residency Agreement.

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

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

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

INTEREST ON DEPOSITS

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

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

TERMINATION OF CONTRACT

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

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

RIGHTS OF A SURVIVING SPOUSE

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

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

MARRIAGE OF A RESIDENT

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

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

DISPOSITION OF PERSONAL PROPERTY

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

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

TAX CONSEQUENCES

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

RESERVE FUNDING ESCROWS

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

    Answer: In accordance with Connecticut General Statutes Section 17b-524 regarding entrance fee escrows, the Provider maintains an entrance fee escrow, whereby each entrance fee or portion of an entrance fee received by the Provider from or on behalf of a resident prior to the date the resident is permitted to occupy a unit in the Facility is placed in escrow, subject to release as provided in said escrow agreement. The balance in said fund was $71,620.36 as of April 30, 2017, in compliance with this state regulation. The funds are held on deposit with Bank of America, N.A., 99 Founders Plaza, 5th Floor, East Hartford, CT 06108.

In accordance with Connecticut General Statutes Section 17b-525 regarding reserve fund escrows, the Provider maintains an escrow account which contains a portion of all entrance fees received by the Provider in an aggregate amount of up to the total of all principal and interest payments due during the next six (6) months on account of any first mortgage loan or other long term financing by the Facility, and the total cost of operations of the Facility for a one (1) month period. The balance in said fund was $1,310,708.87 as of April 30, 2017, in compliance with this State regulation. The escrow account is currently held at Bank of America, N.A., 99 Founders Plaza, 5th Floor, East Hartford, CT 06108. The funds are invested in accordance with state requirements and CRC policy as monitored by the Covenant Ministries of Benevolence Finance Committee.

FINANCIAL STATEMENTS

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

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

SOURCE OF FUNDS (IF FACILITY IS NOT IN OPERATION)

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

    Answer: Not applicable; operation of the Facility has commenced.

PRO FORMA CASH FLOW STATEMENTS

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

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

OCCUPANCY

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

Answer: See following charts and rate sheets.

Residency Type	Occupancy as of May 31, 2017
Independent Living	95.77%
Assisted Living	70.27%
Assisted Living with Memory Support	69.23%
Skilled Nursing	92.25%

Covenant Village of Cromwell
Pricing Effective 2/1/2017 - 1/31/2018

Residential Living Homes - *First Person	Sq. Ft.	Standard Contract	30 Day Health Care Contract	50% Refundable Contract	90% Refundable Contract	Monthly Fee - **First Person
		Entry Fee for 1st Person				
Studio Apartments	488	$75,785	$40,395	$106,080	$136,375	$1,980
1 BR Apartment	617-654	$96,085	$60,795	$134,650	$173,095	$2,449
1 BR apartment/Den / 1 BR dlx suite- Pineview	818	$128,415	$93,025	$178,065	$231,135	$2,850
1 BR Dlx apartment Pineview/Hillside	857	$147,695	$112,400	$206,650	$265,710	$2,692
2 BR Apartment	860	$184,025	$148,975	$257,650	$331,180	$2,912
2 BR Dlx Apartment:	1010	$200,285	$165,235	$280,375	$360,570	$2,968
2 BR Dlx Suite Apartment	1164	$243,310	$208,260	$280,375	$437,835	$3,158
2BR Custom Deluxe	1329	$279,365	$244,320	$391,070	$502,775	$3,381
1 Br Cottage	730	$112,110	$77,065	$156,855	$201,595	$2,697
1 BR Dlx Cottage	1077	$167,455	$132,310	$234,320	$301,285	$3,058
2 BR Cottage	948	$188,060	$153,015	$232,300	$335,320	$3,135
2 BR Dlx Cottage	1328	$263,305	$228,260	$368,650	$473,995	$3,472
2 BR Cottage with garage	932	$199,880	$165,840	$279,670	$359,560	$3,227
Patio Home A&B	1436-1466	$287,850	$252,800	$420,890	$518,030	$3,081
Patio Home C	1412	$272,395	$237,350	$381,475	$490,455	$2,927
Patio Home A&B Dlx	3109	$348,550	$313,500	$487,830	$627,210	$3,331

***Entry Fee for second person standard contract, 50%, 90% (add)**	**$33,915**
***Entry Fee for second person 30 day Health Care Contract (add)**	**$5,400**
****Monthly Fee for second person (add)**	**$819**
Monthly Fee for second person / patio home (add)	**$417**

Monthly fees on this exhibit include property taxes. Property taxes are billed separately and are subject to a mid-year revaluation and/or mil-rate adjustment by the Town of Cromwell. Those increases or decreases will be reflected on the monthly statement and will be retroactive to February 1, 2017.

State assessment is $2

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

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

Assisted Living and Skilled Nursing Rates and Fees
Effective February 1, 2016

Pineview Assisted Living Rates	**Monthly Care Fee**	**Monthly Service Level Fee**	**Monthly State Assessment**	**Monthly Property Taxes**	**Total Monthly Charges**
Alcove - base fee	$5,874		$2	$126	$6,002
Service Level 2 - ancillary fee	$5,874	$380	$2	$126	$6,382
Service Level 3 - ancillary fee	$5,874	$759	$2	$126	$6,761
Service Level 4 - ancillary fee	$5,874	$1,519	$2	$126	$7,521
Service Level 5 - ancillary fee	$5,874	$2,278	$2	$126	$8,280
Alcove Deluxe - base fee	$6,395		$2	$188	$6,585
Service Level 2 - ancillary fee	$6,395	$380	$2	$188	$6,965
Service Level 3 - ancillary fee	$6,395	$759	$2	$188	$7,344
Service Level 4 - ancillary fee	$6,395	$1,519	$2	$188	$8,104
Service Level 5 - ancillary fee	$6,395	$2,278	$2	$188	$8,863
One Bedroom - base fee	$6,852		$2	$246	$7,100
Service Level 2 - ancillary fee	$6,852	$380	$2	$246	$7,480
Service Level 3 - ancillary fee	$6,852	$759	$2	$246	$7,859
Service Level 4 - ancillary fee	$6,852	$1,519	$2	$246	$8,619
Service Level 5 - ancillary fee	$6,852	$2,278	$2	$246	$9,378
Two Bedroom - base fee	$7,240		$2	$366	$7,608
Service Level 2 - ancillary fee	$7,240	$380	$2	$366	$7,988
Service Level 3 - ancillary fee	$7,240	$759	$2	$366	$8,367
Service Level 4 - ancillary fee	$7,240	$1,519	$2	$366	$9,127
Service Level 5 - ancillary fee	$7,240	$2,278	$2	$366	$9,886
Second person fee - base fee	$3,489				$3,489
Second person fee - Service Level 2	$3,489	$380			$3,869
Second person fee - Service Level 3	$3,489	$759			$4,248
Second person fee - Service Level 4	$3,489	$1,519			$5,008
Second person fee - Service Level 5	$3,489	$2,278			$5,767
Well Spouse Fee	$819				$819
Pineview Memory Support Rates	**Monthly Care Fee**	**Monthly Service Level Fee**	**Monthly State Assessment**	**Monthly Property Taxes**	**Total Monthly Charges**
Alcove - base fee	$7,619		$2	$178	$7,799
Service Level 2 - ancillary fee	$7,619	$756	$2	$178	$8,555
One Bedroom - base fee	$8,590		$2	$178	$8,770
	$8,590	$756	$2	$178	$9,526

Pilgrim Manor Care Center Fees	**Daily Room Charge**	**Daily Property Tax**	**Total Daily Charges**
Private	$567	$0.75	$567.75
Semi-Private	$485	$1.15	$486.15

***Additional clinical services may be provided for residents in assisted living. Costs for those services are listed on the "optional services" price sheet.**

***The optional services rate sheet for Pilgrim Manor Care Center is available from the health care administrator or the nursing office. The optional services rate sheet for Pineview assisted living is available from the Pineview receptionist or health care administrator.**

***Property taxes are billed separately and are subject to a mid-year revaluation and/or mil-rate adjustment by the town of Cromwell. Those increases or decreases will be reflected on the monthly statement and will be retroactive to February 1st, the start of our fiscal year.**

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

ENTRANCE FEES/PERIODIC CHARGES

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

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

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

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

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

[See Schedules on Following Page]

Schedule of Entrance Fees - Standard Residency Agreement

Year	Apartment			Cottage			2nd Person Entrance
2012	$101,300	to	$210,400	$150,400	to	$340,500	$30,100
2013	$70,000	to	$226,980	$104,530	to	$325,130	$31,350
2014	$71,400	to	$265,800	$106,600	to	$250,600	$32,600
2015	$72,800	to	$271,116	$108,800	to	$256,600	$32,600
2016	$74,900	to	$276,600	$111,000	to	$226,000	$33,250

Schedule of Monthly Fees - Standard Residency Agreement

Year	Apartment			Cottage			2nd Person Monthly Fee		
2012	$ 1,672	to	$ 2,687	$ 2,290	to	$ 2,955	$ 351	to	$ 689
2013	$ 1,728	to	$ 2,775	$ 2,365	to	$ 2,936	$ 363	to	$ 712
2014	$ 1,782	to	$ 2,858	$ 2,437	to	$ 3,143	$ 375	to	$ 736
2015	$ 1,852	to	$ 3,116	$ 2,532	to	$ 3,265	$ 390	to	$ 736
2016	$ 1,923	to	$ 3,377	$ 2,621	to	$ 3,376	$ 405	to	$ 795

DEPARTMENT OF SOCIAL SERVICES - FILINGS
ELDERLY SERVICES DIVISION

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

Answer: Covenant Village of Cromwell submitted a Disclosure Statement for the year ending December 31, 1986 to the Department of Social Services prior to the promulgation of regulations. As of May 9, 1988, an updated Disclosure Statement for Covenant Village of Cromwell was accepted for filing by the Department of Social Services. The required financial and actuarial data has been filed for the fiscal years ending January 1987 through January 2016.

These materials may be reviewed at:

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

EXHIBIT "A"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

RESIDENCY AGREEMENT

COVENANT VILLAGE OF CROMWELL

STANDARD RESIDENCY AGREEMENT

COVENANT
VILLAGE OF CROMWELL
A Covenant Retirement Community

RESIDENCY AGREEMENT
COVENANT VILLAGE OF CROMWELL
Cromwell, Connecticut

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

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

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

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

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

I. ***STATEMENT OF PURPOSE:***

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

II. ***APPLICATION PROCESS AND DISCLOSURES:***

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

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

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

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

III. ***DESIGNATION OF RESIDENTIAL UNIT:***

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

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

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

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

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

IV. A. ***Entrance Fee:***

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

IV. A. 1. In the event the Residential Unit is not a newly constructed unit:

IV. A. 1. (a) Application deposit of $1,350.00. This application deposit includes a $350.00 filing fee which is non-refundable after the Rescission Period as defined in Subsection A of Section VII of this Residency Agreement; and

IV. A. 1. (b) An additional sum of $3,650.00 at the time of reservation of the Residential Unit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the event Resident's finances are not sufficient to pay the Monthly Service Fee or other monthly charges, Resident hereby agrees to make every effort to meet these costs and to take the necessary steps to obtain Social Security, Supplemental Income, Medicaid or other available benefits from any source. The Corporation, at the expense of Resident is granted the right to initiate necessary proceedings on Resident's behalf to obtain all sources of income. The Corporation shall not be obligated to furnish subsidies which are available from any kind of public assistance and subsidies furnished by the Corporation will be limited to the cost of care not covered by public assistance. Resident shall spend down any refund of the Entrance Fee prior to receiving a deferral of fees or applying for Medicaid benefits.

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

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

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

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

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

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

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

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

IV. K. ***Marriage:***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

V. C. ***Health Insurance:***

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

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

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

V. E. ***Guests:***

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

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

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

V. G. ***Community Guidelines:***

The Community is a place for people to live in peace, contentment, cooperative good will, and Christian neighborliness. Resident and Corporation agree to strive conscientiously to promote these objectives. Activities that infringe on the rights and comfort of others are prohibited. Smoking is not permitted in common areas or other areas where the safety, health and personal consideration of others is affected as determined by the Corporation in its sole discretion.

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

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

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

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

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

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

VI. ***OTHER FACILITIES:***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. D. 1. The determination that Resident's remaining at the Residential Unit, Other Campus Facility or at the Community would be harmful to either Resident or other residents at the Community;

VI. D. 2. The determination that Resident is no longer able to function at the Residential Unit in an independent manner;

VI. D. 3. The determination that Resident requires additional assistance in activities of daily living or nursing care; or that Resident is unable to remain ambulatory. The term "ambulatory" is used to describe a person who is capable of demonstrating the mental competence and physical ability to leave a building without assistance or supervision in case of emergency; or

VI. D. 4. The determination that applicable law, including but not limited to all State statutes and regulations, prevents Resident from continuing to occupy a specific Residential Unit or any residential unit.

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

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

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

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

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

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

VII. ***TERMINATION OF AGREEMENT:***

VII. A. ***Rescission Period:***

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

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

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

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

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

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

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

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

VII. C. ***Adjustment Period:***

The first ninety (90) day period of residency beginning as of the Date of Occupancy, shall be considered an adjustment period (referred to in this Agreement as "Adjustment Period"). At any time during this period either Resident or the Corporation may terminate this Agreement by giving two weeks prior written notice to the other party. If termination is initiated by either Resident or Corporation the refund of Resident's entrance fee is determined according to Subsection D-3 of this Section VII.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VII. F. ***Refund Procedures:***

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

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

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

Except as otherwise stated in this Agreement, in the event of termination of this Agreement or death of Resident, the applicable refund of the Entrance Fee shall be paid to Resident by the earlier of the following to occur, (a) one hundred twenty (120) days of Resident's vacating of and release of the Residential Unit to the Corporation; or (b) upon the re-occupancy of the Residential Unit by another resident.

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

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

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

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

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

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

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

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

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

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

VII. J. ***Burial Plans:***

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

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

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

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

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

VIII. ***MISCELLANEOUS PROVISIONS:***

VIII. A. ***Subordination:***

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

VIII. B. ***Liability:***

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

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

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

The Corporation shall not be liable for damages to Resident or Resident's heirs, executors or administrators for any personal injuries which Resident may sustain unless such injuries are the direct result of negligence on the part of the Corporation or its employees or agents.

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

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

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

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

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

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

VIII. C. ***Reserves:***

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

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

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

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

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

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

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

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

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

VIII. H. ***Complete Agreement:***

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

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

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

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

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

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

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

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

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

VIII. M. ***Effective Date:***

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

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

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

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

By:________________________________
for Corporation (   )

Date:______________________________

____
Resident (   )

Date:______________________________

____
Resident (   )

Date:______________________________

Exhibits to Residency Agreement

Exhibit A Applicant's Application for Residency and Financial Status.

Exhibit B Schedule of Payment of Fees Before Occupancy, Escrow Agreement and Reservation Agreement, If Applicable.

Exhibit E Care and Services Included in Monthly Service Fee.

Exhibit F Optional Services List.

Exhibit G Special Requirements of Resident Installed in Residential Unit. This Exhibit Has Been Separately Executed by Resident and Corporation.

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

EXHIBIT A
COVENANT VILLAGE OF CROMWELL
APPLICATION

EXHIBIT B

COVENANT VILLAGE OF CROMWELL

Schedule of Payment of Fees Prior to Occupancy

Residential Unit Number:

Entrance Fee	$__________		
Second Person Entrance Fee	$__________		
Discounts: (delete field if N/A)			
Total Entrance Fee (*Same as entrance fee recorded in section IV A.)*		$_____	

* * * * * * * * * * * *

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

* * * * * * * * * * * *

PROMISSORY NOTE (subject to limited availability)

Date Initiated	____________
Amount Owed	$__________
Due Date	____________

______________________________ Resident Name	__________________ Date
______________________________ Resident Name	__________________ Date

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

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

1. Meals: The Corporation offers various meal plans at the Community as described in the Community's policies and procedures. The specific meal plan selected by Resident will affect the amount of the Monthly Service Fee paid by Resident. Resident may change the meal plan chosen by Resident from time to time, subject, however to the rules and procedures implemented from time to time by the Corporation relating to the selection of the meal plan. Any change in the selected meal plan may increase or decrease the Monthly Service Fee. Regardless of the selected meal plan, additional meals are available for an additional charge. Meals will be served in the campus dining venues designated by the Corporation, subject to exceptions that may be made.

2. Utilities: The Corporation provides water, electricity, heating, air conditioning, and refuse disposal for the Residential Unit. Resident shall be responsible for all telephone expenses.

3. Social, Recreational, Cultural and Religious Activities: The Corporation provides an activity program including regularly scheduled and planned social, recreational, cultural and religious activities. There may be an additional charge for certain activities such as off campus activities.

4. Parking: Limited Free outdoor parking for residents, as well as residents' guests, is available on the campus according to the Corporation's policies. A limited number of covered parking areas/garages are also available as space permits at additional cost to Resident.

5. Health Care: Limited health services are available on campus during scheduled business hours. A Licensed Nurse is on staff and is available for consultation, health monitoring (e.g. blood pressure and weight checks and clinical observation) and visiting the individual residential units when residents are ill on a temporary basis. There may be an additional charge for some of these services.

6. Housekeeping: The Corporation shall provide bi-weekly housekeeping service for the residential units (except for residents of the Patio Homes which receive monthly housekeeping service). The Corporation will periodically furnish such heavier housecleaning services, such as cleaning of carpets and draperies, as in its discretion are deemed to be necessary, and will clean corridors and common areas on a regular basis. The Corporation shall also provide fresh towels, sheets and pillowcases on a weekly basis (except for residents of the Patio Homes).

7. Miscellaneous: The Corporation may provide, as part of the Monthly Service Fees, such other care and services as it deems appropriate.

EXHIBIT F
COVENANT VILLAGE OF CROMWELL
OPTIONAL SERVICES

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

EXHIBIT G
COVENANT VILLAGE OF CROMWELL
SPECIAL REQUIREMENTS OF RESIDENT

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

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

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

____
Signature of Resident (   )

____
Signature of Resident (   )

Date:__________________________

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

EXHIBIT "B"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

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

Covenant Retirement Communities, Inc.

Consolidated Financial Statements as of and for the Years Ended January 31, 2017 and 2016, with Additional Consolidating Information as of and for the Year Ended January 31, 2017, and Independent Auditor's Reports

Contents

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Covenant Retirement Communities, Inc. (an affiliate of The Evangelical Covenant Church (see Note 2)) which comprise the consolidated statements of financial position as of January 31, 2017 and 2016, and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Retirement Communities, Inc. as of January 31, 2017 and 2016, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

May 26, 2017

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF JANUARY 31, 2017 AND 2016 (In thousands)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 21,178	$ 14,435
Restricted cash (Note 5)	2,952	1,669
Assets whose use is limited, including beneficial interest in investment pool (Notes 3, 6, 9, and 11):		
Board designated	53,708	46,736
Restricted under debt agreements	3,683	3,816
Accounts receivable — net	29,602	30,470
Prepaid expenses and other assets	5,153	5,211
Total current assets	116,276	102,337
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL (Notes 3, 6, 9, and 11):		
Board designated	154,782	149,229
Restricted under state and debt agreements	37,967	44,537
Endowment	7,461	6,729
Total assets whose use is limited, including beneficial interest in investment pool	200,210	200,495
OTHER ASSETS (Notes 7 and 14)	31,812	32,144
INTEREST IN IRREVOCABLE TRUSTS (Notes 3 and 17)	4,180	4,825
PROPERTY AND EQUIPMENT — Net (Notes 8, 11, and 13)	579,981	577,604
TOTAL	$ 932,459	$ 917,405

	2017	2016
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable — trade	$ 13,353	$ 13,462
Accounts payable — contractors (Note 13)	780	2,340
Accrued salaries and wages	10,817	9,966
Accrued interest	2,654	2,728
Advance deposits	1,068	1,177
Current maturities of long-term debt (Notes 3 and 11)	11,860	11,590
Deferred revenue subject to refund (Note 2)	94,836	96,771
Refundable contract liabilities (Note 2)	83,276	72,299
Other current liabilities	14,844	12,852
Total current liabilities	233,488	223,185
LONG-TERM DEBT — Less current maturities (Notes 3 and 11)	359,233	381,221
PAYABLE TO COVENANT INSTITUTIONS (Notes 10 and 14)	18,150	18,200
OTHER LIABILITIES (Notes 2, 11, and 12)	54,530	58,286
DEFERRED REVENUE FROM ENTRANCE FEES (Note 2)	200,886	189,396
Total liabilities	866,287	870,288
NET ASSETS:		
Unrestricted	53,437	36,052
Temporarily restricted (Note 17)	5,274	4,336
Permanently restricted — endowment (Note 17)	7,461	6,729
Total net assets	66,172	47,117
TOTAL	$ 932,459	$917,405

See notes to consolidated financial statements.

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016
(In thousands)

	2017	2016
OPERATING REVENUES:		
Routine resident services	$ 208,059	$ 203,038
Ancillary services	45,874	45,661
Amortization of deferred entrance fees	39,843	37,630
Net assets released from restriction for operations	2,115	1,974
Other	5,611	5,904
Total operating revenues	301,502	294,207
EXPENSES:		
Routine nursing services	61,456	58,733
Ancillary services	17,556	17,651
Resident benefits	13,582	12,999
Dining services	37,074	35,549
Laundry	1,666	1,568
Housekeeping	7,933	7,357
Maintenance	18,574	18,715
Utilities	11,339	11,083
Administrative and general	54,943	51,467
Interest (Note 11)	16,386	15,743
Property taxes	2,979	2,784
Insurance	5,536	6,263
Marketing and promotion	11,950	13,195
Depreciation	44,653	40,926
Amortization	596	619
Other	406	436
Total expenses (Note 19)	306,629	295,088
OPERATING LOSS	(5,127)	(881)
NONOPERATING (EXPENSE) REVENUE:		
Contributions:		
Gifts and bequests — net of related expenses	(237)	732
Net assets released from restriction — distributions from trusts	361	327
Total contributions	124	1,059
Loss on extinguishment of debt (Note 11)	-	(5,692)
Other nonoperating (expense) revenue — net	(1,051)	2,537
Investment return, including beneficial interest in investment pool:		
Interest and dividend income	4,143	3,832
Realized (losses) gains on fixed income and equity securities — net	(2,001)	3,935
Unrealized gains (losses) on fixed income and equity securities — net (Note 2)	13,780	(12,654)
Alternative investment income (loss) — including net realized gains of $1,686 and $2,664 in 2017 and 2016, respectively	6,418	(1,533)
Total investment return (loss), including beneficial interest in investment pool	22,340	(6,420)
Unrealized gains on derivative instruments (Note 12)	5,201	1,885
Interest expense on interest rate swaps (Note 12)	(3,778)	(4,252)
Loss on swap termination	(23)	(23)
Total nonoperating revenue (expense)	22,813	(10,906)
INCOME (LOSS)	17,686	(11,787)
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Net assets released from restriction for capital purchases	199	897
Net asset transfer-related organization (Note 14)	(500)	(700)
Total other changes in unrestricted net assets	(301)	197
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 17,385	$ (11,590)

See notes to consolidated financial statements.

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016
(In thousands)

	2017	2016
UNRESTRICTED NET ASSETS:		
Income (Loss)	$ 17,686	$ (11,787)
Other changes in unrestricted net assets:		
Net assets released from restriction for capital purchases	199	897
Net asset transfer-related organization	(500)	(700)
Increase (Decrease) in unrestricted net assets	17,385	(11,590)
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	2,884	2,796
Net assets released from restriction for capital purchases	(199)	(897)
Net assets released from restriction for operations	(2,115)	(1,974)
Irrevocable trusts:		
Net additions — present value of new trusts received (Note 17)	70	46
Net assets released from restriction — distributions from trusts — net	(361)	(327)
Transfer to permanently restricted net assets	-	(179)
Transfer from unrestricted net assets	431	-
Change in present value discount	228	(326)
Increase (Decrease) in temporarily restricted net assets	938	(861)
PERMANENTLY RESTRICTED ENDOWMENTS		
Transfer from temporarily restricted net assets	-	179
Income (Loss) restricted for reinvestment	732	(490)
Increase (Decrease) in permanently restricted net assets	732	(311)
INCREASE (DECREASE) IN NET ASSETS	19,055	(12,762)
NET ASSETS — Beginning of year	47,117	59,879
NET ASSETS — End of year	$ 66,172	$ 47,117

See notes to consolidated financial statements.

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016
(In thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from residents:		
Resident care fees	$ 259,600	$ 252,147
Nonrefundable entrance fees collected	48,747	64,512
Nonrefundable entrance fees refunded due to early termination	(4,883)	(5,767)
Cash paid to:		
Suppliers	(100,552)	(99,102)
Employees	(141,214)	(137,045)
Interest paid, including interest on derivatives	(20,237)	(20,136)
Contributions received (excluding endowment and capital contributions)	4,836	3,881
Investment income received	354	147
Net cash provided by operating activities (Note 18)	46,651	58,637
CASH FLOWS FROM INVESTING ACTIVITIES:		
Major capital project expenditures	(9,771)	(18,129)
Routine property and equipment expenditures	(38,464)	(41,186)
Withdrawals from bond project funds	6,738	9,391
Net change in assets whose use is limited, including beneficial interest in pooled investments	8,500	(18,500)
Proceeds from sale of real estate	29	253
Net asset transfer to related party	(500)	(700)
Net change in other assets	(226)	(1,271)
Net cash used in investing activities	(33,694)	(70,142)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings, including original issue premium and discount	-	152,579
Early termination of debt	-	(149,689)
Payment of debt issuance costs	(463)	(2,182)
Net additions to funds restricted by debt agreements	-	9,260
Payment of debt	(22,008)	(9,085)
Refundable entrance fees collected	25,857	16,709
Refundable entrance fees refunded	(9,451)	(9,143)
Changes in advances to Covenant Institutions	(149)	222
Net cash (used in) provided by financing activities	(6,214)	8,671
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,743	(2,834)
CASH AND CASH EQUIVALENTS — Beginning of year	14,435	17,269
CASH AND CASH EQUIVALENTS — End of year	$ 21,178	$ 14,435
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Capitalized interest — net of interest earned: 2017 — $33; 2016 — $176	$ 958	$ 1,577
Capital expenditures incurred but not paid	$ 780	$ 2,340

See notes to consolidated financial statements.

Note 1 - Mission Statement

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidation

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

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

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

In October 2015, the Retirement Communities sold their shares of Symbria, Inc. to the Symbria, Inc. Employee Stock Ownership Trust. The Retirement Communities had accounted for the investment in Symbria, Inc. using the equity method. As a result of the sale, the following consideration was received: $1,581 in cash proceeds, $3,169 in an interest-bearing note, and 32,051 of unexercised warrant shares. As a result of the sale, $3.6 million has been recorded in other nonoperating revenue in the consolidated statement of operations for the year ended January 31, 2016. As of January 31, 2017 and January 31, 2016, the subordinated note plus accrued interest totaling $3,317 and $3,214, respectively, is recorded in other assets in the consolidated statement of financial position. The Retirement Communities have not recorded any amounts related to the warrant shares as the value is not material at January 31, 2017 and 2016.

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

The Retirement Communities recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing consolidated financial statements. The Retirement Communities do not record transactions related to subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date, but before consolidated financial statements are issued; however, such events may be required to be recognized as a disclosure. For these purposes, the Retirement Communities have evaluated events occurring subsequent to the statement of financial position date through May 26, 2017, the date the consolidated financial statements were issued. The Retirement Communities have not evaluated events occurring after May 26, 2017 in these consolidated financial statements.

Industry

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Management believes that the Retirement Communities are in substantial compliance with current laws and regulations. Revenue from the Medicare and Medicaid programs accounted for approximately 29 percent and 30 percent of the Retirement Communities' routine resident and ancillary services revenue for the years ended January 31, 2017 and 2016, respectively.

Use of Estimates

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

Cash and Cash Equivalents

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

Assets Whose Use is Limited, Including Interest in Investment Pool

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Accounts Receivable

Accounts receivable from residents, insurance companies, and governmental agencies are based on net charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Retirement Communities' ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. The allowance for doubtful accounts totaled $2,275 and $1,435 at January 31, 2017 and 2016, respectively.

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

The Retirement Communities provide services without collateral to its residents, most of whom are local residents and are insured under third-party agreements. The mix of receivables from residents and third-party payors for the year ended January 31, 2017 was 37 percent from private payors, 32 percent from Medicare, and 31 percent from Medicaid. The mix of receivables from residents and third-party payors for the year ended January 31, 2016 was 32 percent from private payors, 30 percent from Medicare, and 38 percent from Medicaid.

Derivative Instruments

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

Benevolent Care Fund

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

(all amounts in thousands unless otherwise noted)

Note 2 - Summary of Significant Accounting Policies (Continued)

Unamortized Debt Expense

Underwriting fees and expenses related to the procurement of debt are deferred and amortized on the bonds outstanding method. During 2016, net unamortized debt expense totaling $1,477 was written off and $2,005 was paid related to the 2015 bond issuance (see Note 11). These costs are recorded as a reduction in the recorded balance of outstanding long-term debt. Unamortized debt expense is shown net of accumulated amortization of $1,979 and $1,484 at January 31, 2017 and 2016, respectively.

Property and Equipment

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

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

Certain apartment refurbishing costs are expensed as incurred whereas significant renewals and betterments are capitalized. Maintenance expense includes refurbishing costs of $1,133 and $1,045 in 2017 and 2016, respectively.

Interest costs are capitalized during periods of active construction for qualified expenditures based upon interest rates in place during the construction period until construction is substantially complete. Capitalized interest costs are amortized over the lives consistent with the constructed assets. Capitalized interest costs were $958 and $1,577 for the years ended January 31, 2017 and 2016, respectively.

Long-lived Assets

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

Advance Deposits

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

Routine Resident and Ancillary Service Revenue

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

Entrance Fees

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

Note 2 - Summary of Significant Accounting Policies (Continued)

The Retirement Communities also offer 90 percent, 75 percent, and, on a limited basis, 50 percent refundable contracts (approximately 8 percent contract residents have chosen these three options). Included in refundable contract liabilities, other current liabilities, and other long-term liabilities on the consolidated statement of financial position are $96,369 and $82,506 at January 31, 2017 and 2016, respectively, for refundable entrance fees.

Under the terms of most residents' agreements, a pro-rata refund of a resident's entrance fee will be made in the event the resident leaves a retirement community within the first 50 or 60 months of residency. The Retirement Communities also have an early death refund policy, for contracts entered into as of March 31, 2013, which provides for a pro-rata refund of the entrance fee should a resident expire within the first 25 months of residency. For contracts entered into subsequent to March 31, 2013, there is no difference in the refund provisions for an early death. Included in deferred revenue at January 31, 2017 and 2016 are $94,836 and $96,771, respectively, of deferred entrance fees subject to the above refund provisions.

Certain of Windsor Park's current resident agreements are life care agreements that include a 55 percent refund of the entrance fee (payable at the date of resale of the apartment) to the resident's estate. Windsor Park recognizes the 45 percent resident-based amount as income ratably over the estimated remaining life expectancy of each resident, which is evaluated annually. The 55 percent refundable portion is not amortized. Included in other liabilities are $2,689 and $3,060 at January 31, 2017 and 2016, respectively, for refunds due to residents' estates. The 55 percent refundable life care agreement is not currently being offered to new residents.

Entrance fee refunds under all programs were $14,334 and $14,910 in 2017 and 2016, respectively. Although a portion of refundable contract liabilities and deferred revenue is classified as current liabilities, the actual payment of these total liabilities within one year is remote based on the Retirement Communities' experience.

Obligation to Provide Future Services

Annually, the Retirement Communities calculate the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount to the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities were to exceed the deferred revenue from entrance fees, a liability (obligation to provide future services) would be recorded with the corresponding charge to income. No such obligation was required to be recorded at January 31, 2017 and 2016.

Charity Care

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

Income (Loss) Performance Indicator

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Temporarily and Permanently Restricted Endowment Net Assets

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

Tax Status

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

Upcoming Accounting Changes

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

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

Note 3 - Fair Value Measurements

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

Note 3 - Fair Value Measurements (Continued)

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

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

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

Level 2 - Valuations are not based on quoted prices for identical assets or liabilities, but rather are based on significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Fair values are primarily obtained from third-party pricing services for comparable assets or liabilities.

Level 3 - Valuations are derived from other valuation methodologies and incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

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

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

Fair Value of Financial Instruments Carried at Fair Value

The following are categories of assets measured at fair value on a recurring basis during the years ended January 31, 2017 and 2016, using unadjusted quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

The Retirement Communities' interest in the investment pool is valued on a recurring basis and is a direct interest in the investment pool, valued using Level 3 inputs of the valuation hierarchy for both 2017 and 2016. There were total withdrawals of $17,500 and $5,000 in 2017 and 2016, respectively, and total deposits of $9,000 and $23,500 in 2017 and 2016, respectively. The total allocation of pooled earnings (losses) was $21,545 and ($6,257) in 2017 and 2016, respectively.

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

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

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

	Fair Value as of Reporting Date			
	January 31, 2016	Quoted Prices in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description				
Beneficial interest in investment pool	$ 198,536	$ -	$ -	$ 198,536
Other - Cash and short-term investments	1,832	1,825	7	-
Covenant trust endowment - Equity investment funds	2,326	-	2,326	-
Restricted under state and debt agreements:				
Cash and money market securities	9,422	9,422	-	-
Fixed-income securities	38,931	-	38,931	-
Total restricted under state and debt agreements	48,353	9,422	38,931	-
Total	$ 251,047	$ 11,247	$ 41,264	$ 198,536
Investments held for insurance obligations:				
International equity	$ 3,016	$ -	$ 3,016	$ -
Fixed-income securities	13,106	-	13,106	-
Alternative investment funds (held within beneficial interest in investment pool)	131	-	-	131
Total	16,253	-	16,122	131
Interest in irrevocable trusts	4,825	-	-	4,825
Derivatives - Interest rate swaps (Note 12)	$ 18,404	$ -	$ 18,404	$ -

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

A reconciliation of the beginning and ending balances for the other assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended January 31, 2017 and 2016 is as follows:

(all amounts in thousands unless otherwise noted)

Note 3 - Fair Value Measurements (Continued)

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

	Assets Measured on a Recurring Basis Using Significant Unobservable Inputs (Level 3)		
	Interest in Irrevocable Trusts	Held for Insurance Obligations	Total
Activity			
Beginning balance - February 1, 2015	$ 4,777	$ 134	$ 4,911
Assets whose use is limited:			
Net deposits	441	-	441
Unrealized losses	(393)	(3)	(396)
Ending balance - January 31, 2016	$ 4,825	$ 131	$ 4,956

Note 4 - Charity and Other Unreimbursed Care

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

Records are maintained to identify and monitor the level of charity care provided. Unreimbursed costs foregone for charity care were $4,769 and $4,888 in 2017 and 2016, respectively. Charitable gifts received to offset costs were $3,998 and $3,475 in 2017 and 2016, respectively. The Retirement Communities use a cost per resident day amount to determine unreimbursed costs.

In addition to charity care, the Retirement Communities provide care to residents under governmental programs which reimburse the Retirement Communities at rates less than their cost. The Retirement Communities provided partially reimbursed care in 2017 and 2016 as follows:

	2017	2016
Estimated cost of Medicaid services provided	$ 33,599	$ 33,037
Less government reimbursement	(21,788)	(21,187)
Unreimbursed care - Based on estimated cost	$ 11,811	$ 11,850

(all amounts in thousands unless otherwise noted)

Note 5 - Restricted Cash

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

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

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

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

Restricted Under State and Debt Agreements - Assets held by trustees under the terms of the Master Indenture agreement, various bond trust indentures and state laws for debt service reserves, certain construction projects, and operating expense escrow accounts.

Endowment - Assets permanently restricted by the donor as an endowment fund.

Assets whose use is limited, including interest in investment pool at January 31, 2017 and 2016, consisted of the following funds:

	2017	2016
Beneficial interest in investment pool:		
Board designated:		
Benevolent care fund	$ 56,626	$ 50,239
Capital reserve fund	23,171	29,725
Property replacement fund	44,577	36,906
Reserve for refundable contracts	63,361	59,672
Other	19,191	17,591
Total board designated	206,926	194,133
Endowment - Brandel Fund	4,923	4,403
Total beneficial interest in investment pool	211,849	198,536
Endowment - Covenant Trust	2,538	2,326
Board-designated investments - Other	1,564	1,832
Restricted under state and debt agreements:		
Bond interest and sinking fund	3,683	3,816
Bond project fund	-	6,772
Debt service reserve fund	29,559	29,413
State-required reserves	8,408	8,352
Total restricted under state and debt agreements	41,650	48,353
Total	$ 257,601	$ 251,047

(all amounts in thousands unless otherwise noted)

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

	2017	2016
Equity securities:		
Board designated	$ 64,115	$ 60,537
Brandel endowment	1,110	995
Covenant trust endowment	2,538	2,326
Total equity securities	67,763	63,858
Fixed-income securities:		
Board designated	76,595	74,888
Restricted under state and debt agreements	37,411	38,931
Endowment	1,475	1,267
Total fixed-income securities	115,481	115,086
Alternative investments:		
Board designated:		
International equity	18,412	12,732
Hedge funds	18,960	19,728
Private equity	7,356	7,756
Mortgages	452	1,030
Domestic equity	18,895	16,377
Puts and calls	2,141	1,085
Endowment:		
International equity	650	464
Hedge funds	669	719
Private equity	260	283
Mortgages	16	38
Domestic equity	667	597
Puts and calls	76	40
Total alternative investments	68,554	60,849
Cash and short-term investments:		
Board designated	1,564	1,832
Restricted under state and debt agreements	4,239	9,422
Total cash and short-term investments	5,803	11,254
Total	$ 257,601	$ 251,047

Note 7 - Other Assets

Other assets at January 31, 2017 and 2016 consisted of the following:

	2017	2016
Unamortized deferred marketing costs - Net	$ 770	$ 842
Investment in real estate - Net	8,517	8,935
Investment held for insurance obligation by CIIC	16,235	16,253
Other	6,290	6,114
Total	$ 31,812	$ 32,144

(all amounts in thousands unless otherwise noted)

Note 7 - Other Assets (Continued)

Included in other assets is $16,235 and $16,253 of investments held by CIIC primarily for the purpose of funding insurance obligations as of January 31, 2017 and 2016, respectively (see Note 3).

Included in other assets of the consolidated statements of financial position is $3,317 and $3,214 related to the subordinated note receivable received as consideration for the sale of shares in Symbria, Inc. as of January 31, 2017 and 2016, respectively.

Note 8 - Property and Equipment

Property and equipment at January 31, 2017 and 2016 consisted of the following:

	2017	2016
Land and land improvements	$ 51,327	$ 50,006
Buildings and improvements	779,355	755,513
Furniture and equipment	189,164	172,113
Construction in progress (Note 13)	13,161	23,510
Property and equipment - At cost	1,033,007	1,001,142
Less accumulated depreciation	453,026	423,538
Property and equipment - Net	$ 579,981	$ 577,604

Note 9 - Continuing Care Requirements

Under the provisions of various state regulations, the Retirement Communities are required to maintain escrow accounts to cover defined portions of debt service and annual operating expenses. Management believes the Retirement Communities were in compliance with all such state regulations at January 31, 2017.

Note 10 - Line of Credit

Covenant Retirement Communities, Inc. have a secured bank line of credit for a maximum of $8,000, reduced by certain outstanding letters of credit which total $5,888 at January 31, 2017. Borrowings under the line bear interest at the prime rate. The line has no compensating balance arrangement, but requires a commitment fee equal to 1/4 of 1 percent per annum on the average daily unused portion, payable quarterly. There were no draws on the line during the years 2017 or 2016 and no balance outstanding at January 31, 2017 or 2016. The line expires March 1, 2018.

(all amounts in thousands unless otherwise noted)

Note 11 - Long-term Debt and Other Obligations

Long-term debt at January 31, 2017 and 2016 as follows:

	2017	2016
Master indenture obligations:		
Illinois Finance Authority revenue refunding direct placement bonds, series 2011A, due 2030, interest rate adjusted weekly, 2.27 percent at January 31, 2017	$ 15,830	$ 15,830
Illinois Finance Authority revenue refunding direct placement bonds, series 2011B, due 2030, interest rate adjusted weekly, 2.42 percent at January 31, 2017	36,240	37,965
Colorado Health Facilities Authority revenue bonds, series 2012A, due 2034, interest at 4.500 percent - 5.000 percent	104,205	104,205
Colorado Health Facilities Authority revenue bonds, series 2012B, due 2027, interest at 4.000 percent - 5.000 percent	22,905	22,905
Colorado Health Facilities Authority revenue bonds, series 2012C, due 2023, interest at 2.000 percent - 5.000 percent	11,455	14,250
Colorado Health Facilities Authority revenue bonds, series 2013A, due 2036, interest at 4.250 percent - 5.750 percent	21,995	21,995
Colorado Health Facilities Authority revenue bonds, series 2013B (TEMPS), due 2018, interest at 3.150 percent	7,550	17,550
California Statewide Communities Development Authority revenue bonds, series 2013C due 2036, interest at 5.625 percent	20,450	20,450
Colorado Health Facilities Authority revenue refunding bonds, series 2015A due 2036, interest at 1.000 percent - 5.000 percent	106,305	110,760
Colorado Health Facilities Authority revenue refunding bonds, series 2015B due 2025, interest adjusted weekly, 1.44 percent at January 31, 2017	17,900	20,515
Total long-term debt	364,835	386,425
Less current maturities	(11,860)	(11,590)
Less unamortized debt issuance costs - Net of accumulated amortization	(5,329)	(5,665)
Plus unamortized original issue discount - Net of unamortized original issue premium	11,587	12,051
Total long-term debt - Less current maturities	$ 359,233	$ 381,221

Master Indenture Obligations

The Retirement Communities, excluding Covenant Retirement Services and its affiliates, are members of the Obligated Group, as defined, under the Master Indenture. As members, each community is jointly and severally liable for the repayment of the Master Indenture Bonds. The Master Indenture obligations, totaling $364,835 at January 31, 2017, are secured by mortgages on substantially all real estate, personal property (equipment and fixtures), and accounts receivable of the Obligated Group. Members of the Obligated Group make monthly interest and principal deposits into bond interest and sinking funds controlled by the bond trustees. The Master Indenture and related agreements require the maintenance of minimum debt service coverage and days cash on hand ratios, as defined; require the maintenance of minimum debt service reserve funds; and place restrictions on the incurrence of additional debt and disposal of assets. Management believes the Obligated Group was in compliance with these requirements at January 31, 2017.

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

(all amounts in thousands unless otherwise noted)

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

In April 2015, the Retirement Communities issued $112,805 of tax-exempt revenue refunding bonds, "Series 2015A" and $22,340 of tax-exempt revenue refunding direct placement bonds, "Series 2015B", through the Colorado Health Facilities Authority. Proceeds from the Series 2015A bonds, along with funds available from the retired bond trustee held funds, were used to pay the Colorado Health Facilities Authority 2005 bonds with a balance of $118,110. The remaining proceeds were used to fund a debt service reserve, principal and interest funds, and pay the costs of issuance. Proceeds from the Series 2015B direct placement bonds, along with funds available from the retired bond trustee held funds, were used to pay the California Statewide Communities Development Authority 1992 and 1995 bonds with a combined balance of $22,200 and to pay the City of Plantation Health Facilities Authority 1998 bonds with a balance of $5,380. The remaining proceeds were used to pay the costs of issuance. The Retirement Communities recognized a loss on extinguishment of debt of $5,692, representing advance funded interest, the write-off of deferred costs, original issued discount, and premium payments to early extinguish the aforementioned bonds, which is recorded as a loss on extinguishment of debt in the consolidated statement of operations at January 31, 2016.

On February 1, 2017, the Retirement Communities issued $52,070 of tax-exempt revenue refunding direct placement bonds with the Illinois Finance Authority (Series 2017). Proceeds from the Series 2017 bonds were used to pay the Illinois Finance Authority Series 2011 A and B direct placement bonds. Debt issuance costs of $463 were paid by the Retirement Communities as of January 31, 2017 related to this transaction.

The weighted-average interest rate on all outstanding borrowings was approximately 4.2 percent at January 31, 2017.

Total Long-term Debt

Contractual maturities of long-term debt, excluding original issue discount and premium, for years subsequent to January 31, 2017 are as follows:

Years Ending January 31	Amount
2018	$ 11,860
2019	19,730
2020	12,560
2021	12,940
2022	13,385
2023 and thereafter	294,360
Total	$ 364,835

The tax-exempt revenue bond indentures require certain funds to be held in accounts controlled by the bond trustees. The funds are primarily invested in fixed-income securities and cash and short-term investments. The total trustee-held funds, which are included in assets whose use is limited, including interest in investment pool as "restricted under state and debt agreements," at January 31, 2017 and 2016, are as follows:

(all amounts in thousands unless otherwise noted)

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

	2017	2016
Fund:		
Bond Interest and Sinking Fund	$ 3,683	$ 3,816
Debt Service Reserve Fund	29,559	29,413
Bond Project Fund	-	6,772
Subtotal	33,242	40,001
Less amounts classified as current	(3,683)	(3,816)
Trustee-held funds - Noncurrent	$ 29,559	$ 36,185

Other Obligations

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

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

Lenexa is required to comply with certain covenants under the construction loan agreement with Huntington Bank, N.A. Lenexa was not in compliance with respect to the fixed charge ratio and occupancy ratio at January 31, 2017. Lenexa obtained a waiver from Huntington Bank, N.A., which waived the covenant violations at January 31, 2017.

In 2015, Tulsa secured a construction loan with Huntington Bank, N.A. (the Priority Tulsa Loan) for construction and development of a rental continuing care retirement community. The Priority Tulsa Loan is cross-collateralized and cross-defaulted with the Priority Lenexa Loan. The loan allows for maximum borrowing of $12,570 and bears interest at LIBOR plus the bank spread. Interest-only payments are due for the first two years and monthly principal and interest payments thereafter amortize over 25 years. The loan matures in July 2021. The balance of the loan is $12,570 as of January 31, 2017, of which $203 is payable in 2018 and is included in other liabilities on the consolidated statement of financial position. The remainder of the balance, $12,367, is included in other liabilities on the consolidated statement of financial position.

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

Tulsa also secured an additional $4,200 loan from National Covenant Properties (the Junior Tulsa Loan) for the Tulsa campus construction, which loan is payable on the earlier (i) demand of National Covenant Properties, or (ii) five years from the date of first disbursement of loan funds, and is secured by a mortgage and other related loan documents that were subordinated to the Priority Tulsa Loan. National Covenant Properties have represented to the Retirement Communities that they will not demand payment on this loan prior to February 1, 2018.

Unamortized debt expense of $303 related to the obligations with Huntington Bank, N.A. are included in other liabilities.

Guarantees of Debt

In December 2000, Covenant Village of Portland, Limited Partnership (Portland), an affiliate of Covenant Ministries of Benevolence, issued $8,200 State of Oregon Housing and Community Service Department Housing Development Revenue Bonds 2000 Series A (Series 2000A). The Retirement Communities had previously guaranteed payment of the bonds by Portland until Portland exercised the option to call and redeem all of the outstanding bonds in May 2015.

In May 2015, Portland entered into a credit agreement with U.S. Bank for borrowings up to $6,000, which was used to redeem the Series 2000A discussed above. The balance outstanding on the credit agreement amounted to $5,571 at January 31, 2017. The Retirement Communities guarantee payments of the obligation by Portland. Portland continues to service its debt as it comes due and therefore, the Retirement Communities do not expect to make payments under this guarantee.

The Retirement Communities have guaranteed repayment of the Priority Lenexa Loan, which payment guaranty is subject to certain rights of the Retirement Communities to limit their liability under such guaranty, the Junior Loan, and completion of construction. The Retirement Communities have also guaranteed repayment of the Junior Lenexa Loan. During the fiscal year ended January 31, 2016, as construction was completed and certain covenants were met, the Retirement Communities' guarantee became 50 percent of the Priority Lenexa Loan.

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

Note 12 - Derivative Instruments

The Retirement Communities entered into interest rate swap agreements to manage their debt structure and lessen interest rate risk. The fair values aggregate to $13,204 and $18,404 at January 31, 2017 and 2016, respectively, and are recorded in other liabilities. The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are contracts to exchange variable rate for fixed rate payments over the terms of the swap agreements without the exchange of the underlying notional amount. The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. During the years ended January 31, 2017 and 2016, the Retirement Communities had the following interest rate swaps in effect:

(all amounts in thousands unless otherwise noted)

Derivative Instruments (Continued)

Counterparty	Maturity Date	Rate Paid	Rate Received	Notional Amount 2017	Market Value as of January 31 2017	Market Value as of January 31 2016
Wells Fargo Bank, N.A.	12/1/2034	3.59%	67% of 1M LIBOR	$ 13,955	$ (2,554)	$ (3,248)
Wells Fargo Bank, N.A.	12/1/2025	3.49%	67% of 1M LIBOR	10,700	(1,126)	(1,566)
Wells Fargo Bank, N.A.	2/1/2019	5.18%	SIFMA Index	60,615	(9,524)	(13,590)

The Wells Fargo Bank, N.A. ISDA (International Swaps and Dealers Association, Inc.) contains an Additional Termination Event. If the long-term unsecured, unenhanced senior debt rating falls below certain thresholds, it triggers an Additional Termination Event. The Retirement Communities have three remedies available in lieu of termination, including collateral posting. No collateral was required to be posted at either January 31, 2017 or January 31, 2016.

The net amount paid in 2017 and 2016 to Wells Fargo Bank, N.A. under the interest rate swap agreements is $3,778 and $4,252, respectively. The expense is recorded as interest expense on interest rate swaps in 2017 and 2016.

The change in the fair market value of the swaps of $5,201 and $1,885 is recorded as a component of nonoperating revenue in the consolidated statements of operations for the years ended January 31, 2017 and 2016, respectively.

Note 13 - Construction in Progress

The construction in progress balance of $13,161 and $23,510 at January 31, 2017 and 2016, respectively, relates to various projects across the communities. All of the projects are for the purpose of improving or expanding resident facilities and are in accordance with the Covenant Retirement Communities' not-for-profit tax status. Sufficient funds to complete all projects are available from bond project funds and board-designated reserves. Covenant Retirement Communities have construction contracts at various properties with total project costs of approximately $14,875. As of January 31, 2017, the remaining commitments on the projects approximate $831.

Note 14 - Related Party Transactions

(a.) Included in assets whose use is limited, including interest in investment pool classified as noncurrent at January 31, 2017 and 2016, are $1,082 and $1,059, respectively, of National Covenant Properties certificates of deposit. Interest income earned on the National Covenant Properties certificates of deposit was $32 and $34 in 2017 and 2016, respectively.

(b.) On July 31, 2014, CMB sold its ownership in Emanuel Medical Center (EMC) to a third-party provider. On August 1, 2014, ownership of Brandel Manor-Cypress, a 145-bed skilled nursing facility and Cypress, a 29-bed assisted living facility, transferred to CMB. While ownership of the facilities belongs to CMB, CRC signed a lease agreement to lease the operations and management for both facilities. The initial lease term is 10 years with two optional five-year extension periods and a $300,000 annual base rent.

(c.) In September 2016, CMB contributed $550 to Brandel Manor-Cypress for capital improvements and $50 to CovenantCare at Home. As of January 31, 2017, $550 of the contribution is recorded as a temporarily restricted net asset on the consolidated statement of financial position as the funds were not spent during the year. The remaining amount of $50 is recorded as a net asset released from restriction for capital purchases within the consolidated statements of changes in net assets. In September 2015, CMB contributed $600 to Brandel Manor-Cypress for capital improvements. The contribution is recorded as a net asset released from restriction for capital purchases within the consolidated statements of changes in net assets.

Note 14 - Related Party Transactions (Continued)

(d.) In 2017 and 2016, the Retirement Communities transferred $500 and $700, respectively to CMB. The transfer is recorded as a net asset transfer to a related organization in the consolidated statements of operations and changes in unrestricted net assets.

(e.) Included in other assets is $335 and $223 of amounts due from Covenant Ministries of Benevolence as of January 31, 2017 and 2016, respectively.

(f.) Included in administrative and general expense are management fees paid to Covenant Ministries of Benevolence of $2,702 and $2,500 in 2017 and 2016, respectively.

(g.) Certain costs, which relate to trust contributions, are incurred by the Retirement Communities in connection with the Covenant Estate Planning Services of The Evangelical Covenant Church, which assists certain residents and nonresidents in managing assets, establishing trusts, and other related activities. Amounts paid to the Covenant Estate Planning Services were $727 and $947 in 2017 and 2016, respectively.

(h.) During the year ended January 31, 2009, CRC Holdings Two acquired Geneva Place, a 53-unit senior residential building in Geneva, Illinois. This acquisition was primarily financed through a $5,000 note payable to an affiliate, National Covenant Properties. As of January 31, 2017 and 2016, the outstanding balance on the note is $4,950 and $5,000, respectively. The note payable bears interest at a rate equal to the prime rate plus five basis points and the amount is due no later than 20 years from the date of first disbursement of loan funds, which was May 1, 2008.

(i.) On September 27, 2010, CRC Holdings One entered into a revolving line of credit with National Covenant Properties with an available credit line of $4,000. During the year ended January 31, 2011, CRC Holdings One borrowed $4,000 on the line of credit. As of January 31, 2017 and 2016, the outstanding balance on the line is $4,000. The line of credit line bears interest at the prime rate or a minimum of 4 percent, due monthly. The principal amount borrowed is due no later than 20 years from the date of first disbursement of loan funds, which was November 1, 2010.

(j.) In February 2012, Lenexa entered into a revolving line of credit with National Covenant Properties with an available credit of $5,000. As of January 31, 2017 and 2016, the outstanding balance on the line is $5,000. The line of credit bears interest at the prime rate or a minimum of 4 percent, due monthly. The Retirement Communities guarantee payment of the balance as described in Note 11.

(k.) In April 2014, Tulsa entered into a revolving line of credit with National Covenant Properties with an available credit of $4,200. As of January 31, 2017 and 2016, the outstanding balance on the line is $4,200. The line of credit bears interest at the prime rate or a minimum of 4 percent, due monthly. The Retirement Communities guarantee payment of the balance as described in Note 11.

Note 15 - Pension Plan

Certain employees participate in The Evangelical Covenant Church Retirement Plan (the Plan). This multiemployer plan, administered by the Board of Benevolence, is noncontributory and provides defined benefits based on years of service and remuneration near retirement. Effective December 31, 2012, the Plan was frozen. Pension benefits will no longer accrue to employees for years of service subsequent to December 31, 2012. Beginning January 1, 2013, the Retirement Communities began to match contributions to a defined contribution plan, based on eligibility, made by employees up to 3 percent of each employee's salary. The Retirement Communities recorded expense of $1,392 and $1,320 for the match in 2017 and 2016, respectively.

(all amounts in thousands unless otherwise noted)

Note 15 - Pension Plan (Continued)

Pension expense, representing the Retirement Communities' required contribution to the Plan, was $1,500 and $1,380 in 2017 and 2016, respectively. The contributions made by the Retirement Communities represented more than 5 percent of the total contributions made to the plan in 2017 and 2016. To the extent the Plan is underfunded, future contributions to the Plan may increase.

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

Contributions from all employers to the Plan for December 31, 2016 and 2015 are as follows:

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

		Total Contributions to the Plan for the Year Ended December 31	
Pension Fund	FEIN	2016	2015
Evangelical Covenant Church Retirement Plan	36-2167730	$6,909	$8,322

As of December 31, 2015, net assets of the Plan were $302,648 and the actuarial present value of accumulated plan benefits was $364,808. This information is not yet available for the year ended December 31, 2016.

The fair value of the Plan assets as of December 31, 2016 and 2015 was $311,487 and $303,812, respectively.

Note 16 - Employee Medical Benefit Plan

The Retirement Communities sponsor a medical benefit plan which is available to full-time and eligible part-time employees and their dependents. The medical benefit expense is based on actual medical, dental, and prescription claims paid, administration fees, and the provision for unpaid and unreported claims at year end. At January 31, 2017 and 2016, the liability recorded for unpaid and unreported claims was $1,691 and $1,045, respectively, and is reported in other current liabilities. The medical benefit expense was $10,433 and $8,762 for the years ended January 31, 2017 and 2016, respectively.

Note 17 - Beneficial Interest in Gift Instruments

A source of funds to the Retirement Communities is in the form of bequests from The Evangelical Covenant Church members, residents of the Retirement Communities, and other parties. The Office of Covenant Estate Planning Services (CEPS) of The Evangelical Covenant Church maintains information as to the estimated values of certain of the Retirement Communities' share of trusts and other estate-planning mechanisms used by donors. Estimates of value as to the underlying assets of the trusts or other arrangements rely on quoted market prices in the case of stocks and other equity and traded debt securities, appraisal values (where available) for real property, and other reasonable estimates made by the trustees for specific assets. The Retirement Communities have recorded their interest in irrevocable trusts as of 2017 and 2016 at fair value.

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

(all amounts in thousands unless otherwise noted)

Note 17 - Beneficial Interest in Gift Instruments (Continued)

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

The Retirement Communities have recorded their interest in three endowment accounts funded by distributions from irrevocable trusts. The endowment accounts are managed by CEPS and are to be held in perpetuity. Income on the endowment funds is paid to the Retirement Communities quarterly and increases temporarily restricted net assets until the funds are spent for the designated purpose. The value of the endowment accounts at January 31, 2017 and 2016 is $2,538 and $2,326, respectively, and is recorded in assets whose use is limited and permanently restricted net assets in the consolidated statements of financial position.

Note 18 - Supplemental Information to Consolidated Statements of Cash Flows

This schedule represents the reconciliation for the years ended January 31, 2017 and 2016 of the change in net assets to net cash flows provided by operating activities:

	2017	2016
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 19,055	$ (12,762)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Amortization of deferred entrance fees	(39,843)	(37,630)
Depreciation	44,788	41,057
Amortization	596	619
Net accretion of original issue discount and premiums	465	465
Provision for uncollectible amounts, including related party notes receivable	2,570	1,532
Net realized and unrealized (gain) loss on investments	(21,986)	6,808
Net change in temporarily restricted net assets	604	(80)
Loss on extinguishment of debt	-	5,692
Endowment (income) loss restricted for reinvestment	(732)	490
Realized loss on derivative instruments	23	23
Loss on disposal of fixed assets	1,066	875
Net unrealized gain on derivative instruments	(5,201)	(1,885)
Nonrefundable entrance fees collected	48,747	64,512
Nonrefundable entrance fees refunded	(4,883)	(5,767)
Changes in assets and liabilities:		
Accounts receivable	(3)	(2,519)
Other assets	57	(3,351)
Accounts payable	(109)	(413)
Accrued interest	(73)	(141)
Accrued salaries	851	626
Other liabilities	659	486
Total	$ 46,651	$ 58,637

(all amounts in thousands unless otherwise noted)

Note 19 - Functional Expenses

Expenses by function for the years ended January 31, 2017 and 2016 consisted of the following:

	2017	2016
Retirement community services	$ 287,098	$ 277,328
Management and general	19,531	17,760
Total	$ 306,629	$ 295,088

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

Note 20 - Change in Accounting Principle

As of February 1, 2016, the Retirement Communities adopted new guidance related to the presentation of unamortized debt issuance costs in their statements of financial position. Under the new guidance, unamortized debt issuance costs are reported as a direct deduction from the carrying amount of the related debt. Previously, debt issuance costs were presented as an asset. The new presentation requirements have been applied retrospectively and amounts reported in the 2016 statements of financial position have been restated as follows:

Statements of Financial Position

	2016		
	As Computed Under Old Method	As Reported Under New Method	Effect of Change
Assets - Other assets	$ 37,809	$ 32,144	$ (5,665)
Liabilities - Long-term debt	$ 386,886	$ 381,221	$ (5,665)

The new guidance does not affect how the unamortized debt issuance costs are accounted for after initial recognition, and these amounts continue to be amortized over the term of the related debt.

Additional Consolidating Information

Independent Auditor's Report on Additional Consolidating Information

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

We have audited the consolidated financial statements of Covenant Retirement Communities, Inc. as of and for the years ended January 31, 2017 and 2016, and have issued our report thereon dated May 26, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

May 26, 2017

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2017
(In thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ 21,178	$ -	$ 3,785	$ 17,393	$ -	$ 16,928	$ 465
Restricted cash	2,952	-	221	2,731	-	813	1,918
Assets whose use is limited, including beneficial interest in investment pool:							
Board designated	53,708	-	16	53,692	-	433	53,259
Restricted under debt agreements	3,683	-	-	3,683	-	369	3,314
Accounts receivable - net	29,602	-	3,842	25,760	-	811	24,949
Prepaid expenses and other assets	5,153	-	62	5,091	-	3,898	1,193
Total current assets	$ 116,276	$ -	$ 7,926	$ 108,350	$ -	$ 23,252	$ 85,098
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:							
Board designated	$ 154,782	$ -	$ -	$ 154,782	$ -	$ 17,611	$ 137,171
Restricted under state and debt agreements	37,967	-	-	37,967	-	1,733	36,234
Endowment	7,461	-	-	7,461	-	4,923	2,538
Total assets whose use is limited, including beneficial interest in investment pool	200,210	-	-	200,210	-	24,267	175,943
OTHER ASSETS	$ 31,812	$ (22,062)	$ 1,545	$ 52,329	$ (707)	$ 46,808	$ 6,228
INTEREST IN IRREVOCABLE TRUSTS	4,180		-	4,180	-	149	4,031
PROPERTY AND EQUIPMENT							
Property and Equipment- at Cost	$ 1,033,007		$ 46,119	$ 986,888		$ 50,904	$ 935,984
Less Accumulated Depreciation	(453,026)		(5,673)	(447,353)		(20,149)	(427,204)
Property and Equipment- Net	$ 579,981	$ -	$ 40,446	$ 539,535		$ 30,755	$ 508,780
TOTAL	$ 932,459	$ (22,062)	$ 49,917	$ 904,604	$ (707)	$ 125,231	$ 780,080

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2017
(In thousands)

LIABILITIES AND NET ASSETS (DEFICITS)	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
CURRENT LIABILITIES:							
Accounts payable - trade	$ 13,353	$ -	$ 643	$ 12,710	$ (1)	$ 11,633	$ 1,078
Accounts payable - contractors	780	-	-	780	-	-	780
Accrued salaries and wages	10,817	-	999	9,818	-	1,263	8,555
Accrued interest	2,654	-	122	2,532	-	129	2,403
Advance deposits	1,068	-	-	1,068	-	15	1,053
Current maturities of long-term debt	11,860	-	-	11,860	-	705	11,155
Deferred revenue subject to refund	94,836		-	94,836	-	-	94,836
Refundable contract liabilities	83,276	-	-	83,276	-	-	83,276
Other current liabilities	14,844	-	1,985	12,859	-	5,200	7,659
Total current liabilities	$ 233,488	$ -	$ 3,749	$ 229,739	$ (1)	$ 18,945	$ 210,795
LONG-TERM DEBT - Less current maturities	$ 359,233	$ -	$ -	$ 359,233	$ -	$ 15,175	$ 344,058
PAYABLE TO (FROM) COVENANT INSTITUTIONS:							
Covenant Retirement Communities - Notes and advances	-	(22,062)	22,062	-	(707)	21,160	(20,453)
Other Benevolent institutions- Notes and advances	18,150	-	18,150	-	-	-	-
Total payable to (from) Covenant institutions	$ 18,150	$ (22,062)	$ 40,212	$ -	$ (707)	$ 21,160	$ (20,453)
OTHER LIABILITIES	54,530	-	24,569	29,961	(470)	19,318	11,113
DEFERRED REVENUE FROM ENTRANCE FEES	200,886	-	-	200,886	-	10,638	190,248
Total liabilities	$ 866,287	$ (22,062)	$ 68,530	$ 819,819	$ (1,178)	$ 85,236	$ 735,761
NET ASSETS (DEFICITS):							
Unrestricted	$ 53,437	$ -	$ (18,614)	$ 72,051	$ 471	$ 34,515	$ 37,065
Temporarily restricted	5,274	-	1	5,273	-	557	4,716
Permanently restricted - endowment	7,461	-	-	7,461	-	4,923	2,538
Total net assets (deficits)	$ 66,172	$ -	$ (18,613)	$ 84,785	$ 471	$ 39,995	$ 44,319
TOTAL	932,459	(22,062)	49,917	904,604	(707)	125,231	780,080

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
OPERATING REVENUES:							
Routine resident services	$ 208,059	$ -	$ 7,886	$ 200,173	$ -	$ 2,277	$ 197,896
Ancillary services	45,874	(82)	18,897	27,059	-	5	27,054
Amortization of deferred entrance fees	39,842	-	-	39,842	-	903	38,939
Net assets released from restriction for operations	2,115	-	-	2,115	-	(56)	2,171
Other	5,612	(725)	1,524	4,813	(240)	513	4,540
Total operating revenues	$ 301,502	$ (807)	$ 28,307	$ 274,002	$ (240)	$ 3,642	$ 270,600
EXPENSES:							
Routine nursing services	$ 61,456	$ (894)	$ 10,092	$ 52,258	$ (298)	$ 43	$ 52,513
Ancillary services	17,556	(8)	2,015	15,549	(165)	-	15,714
Resident benefits	13,582	(4)	941	12,645	(54)	57	12,642
Dietary	37,074	-	1,097	35,977	(150)	46	36,081
Laundry	1,666	-	-	1,666	(7)	1	1,672
Housekeeping	7,933	-	246	7,687	(53)	35	7,705
Maintenance	18,574	-	646	17,928	(46)	765	17,209
Utilities	11,339	-	458	10,881	-	229	10,652
Administrative and general	54,943	102	10,123	44,718	560	(3,692)	47,850
Interest	16,386	-	1,553	14,833	(6,394)	(1,726)	22,953
Property taxes	2,979	-	361	2,618	-	460	2,158
Insurance	5,536	-	332	5,204	-	402	4,802
Marketing and promotion	11,950	(3)	1,175	10,778	(25)	13	10,790
Depreciation	44,653	-	1,476	43,177	-	2,085	41,092
Amortization	596	-	51	545	-	25	520
Other	406	-	72	334	-	(691)	1,025
Total expenses	$ 306,629	$ (807)	$ 30,638	$ 276,798	$ (6,632)	$ (1,948)	$ 285,378
OPERATING (LOSS) INCOME	$ (5,127)	$ -	$ (2,331)	$ (2,796)	$ 6,392	$ 5,590	$ (14,778)

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	Eliminations	Covenant Retirement Services	Obligated Group	Eliminations	Covenant Retirement Communities	All Campuses
OPERATING (LOSS) INCOME	$ (5,127)	$ -	$ (2,331)	$ (2,796)	$ 6,392	$ 5,590	$ (14,778)
NONOPERATING REVENUE (EXPENSE):							
Contributions:							
Gifts and bequests — net	(237)	-	159	(396)	-	(84)	(312)
Net assets released from restriction — distributions from trusts	361	-	-	361	-	12	349
Total contributions	$ 124	$ -	$ 159	$ (35)	$ -	$ (72)	$ 37
Other nonoperating revenue - net	(1,051)	-	(25)	(1,026)	-	110	(1,136)
Investment return, including beneficial interest in investment pool:							
Interest and dividend income	4,143	-	(2)	4,145	(6,394)	77	10,462
Realized gains (losses) on fixed income and equity securities — net	(2,001)	-	-	(2,001)	-	(3,671)	1,670
Unrealized gains (losses) on fixed income and equity securities — net	13,780	-	-	13,780	-	8,116	5,664
Alternative investment income (loss)	6,418	-	-	6,418	-	6,418	-
Total investment return (loss), including beneficial interest in investment pool	$ 22,340	$ -	$ (2)	$ 22,342	$ (6,394)	$ 10,940	$ 17,796
Unrealized gains (losses) on derivative instruments	5,201	-	-	5,201	(743)	5,944	-
Interest expense on interest rate swaps	(3,778)	-	-	(3,778)		(3,778)	-
Loss on swap termination	(23)	-	-	(23)	-	(23)	-
Total nonoperating revenue (expense)	$ 22,813	$ -	$ 132	$ 22,681	$ (7,137)	$ 13,121	$ 16,697
(LOSS) INCOME	$ 17,686	$ -	$ (2,199)	$ 19,885	$ (745)	$ 18,711	$ 1,919
OTHER CHANGES IN UNRESTRICTED NET ASSETS:							
Net assets released from restriction for capital purchases	199	-	50	149	-		149
Net asset transfer from (to) related organization	(500)	-	-	(500)		(500)	
Total other changes in unrestricted net assets	$ (301)	$ -	$ 50	$ (351)	$ -	$ (500)	$ 149
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	17,385	-	(2,149)	19,534	(745)	18,211	2,068

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2017
(In thousands)

ASSETS	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor-Cypress
CURRENT ASSETS:								
Cash and cash equivalents	$ 379	$ 7	$ 119	$ 229	$ 6	$ 10	$ 7	$ 1
Restricted cash	1,512	516	15	676	81	147	76	1
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	15,747	5,997	-	1,142	2,797	3,977	1,834	-
Restricted under debt agreements	1,190	531	-	118	254	287	-	-
Accounts receivable - net	12,442	1,380	325	2,393	2,297	1,877	1,251	2,919
Prepaid expenses and other assets	684	51	23	36	100	85	320	69
Total current assets	$ 31,954	$ 8,482	$ 482	$ 4,594	$ 5,535	$ 6,383	$ 3,488	$ 2,990
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:								
Board designated	$ 22,063	$ 980	$ 3,692	$ 6,521	$ 4,005	$ 234	$ 6,631	$ -
Restricted under state and debt agreements	18,933	2,984	-	7,661	3,269	3,711	1,308	-
Endowment	-	-	-	-	-	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	$ 40,996	$ 3,964	$ 3,692	$ 14,182	$ 7,274	$ 3,945	$ 7,939	$ -
OTHER ASSETS	1,512	67	-	2	76	272	1,095	-
INTEREST IN IRREVOCABLE TRUSTS	1,698	118	295	437	265	41	542	-
PROPERTY AND EQUIPMENT - Net	183,021	46,325	4,880	33,863	30,288	36,598	30,130	937
TOTAL	$ 259,181	$ 58,956	$ 9,349	$ 53,078	$ 43,438	$ 47,239	$ 43,194	$ 3,927

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2017
(In thousands)

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor-Cypress
LIABILITIES AND NET ASSETS (DEFICITS)								
CURRENT LIABILITIES:								
Accounts payable - trade	$ 435	$ 99	$ 23	$ 81	$ 87	$ 27	$ 50	$ 68
Accounts payable - contractors	-	-	-	-	-	-	-	-
Accrued salaries and wages	3,392	495	55	597	681	407	680	477
Accrued interest	855	175	-	123	254	303	-	-
Advance deposits	354	64	131	8	53	39	59	-
Current maturities of long-term debt	4,699	3,721	-	508	-	470	-	-
Deferred revenue subject to refund	31,929	9,076	-	7,409	4,380	7,026	4,038	-
Refundable contract liabilities	26,384	9,789	-	3,688	4,844	5,422	2,641	-
Other current liabilities	1,945	751	125	422	147	141	153	206
Total current liabilities	$ 69,993	$ 24,170	$ 334	$ 12,836	$ 10,446	$ 13,835	$ 7,621	$ 751
LONG-TERM DEBT - Less current maturities	133,702	38,657	-	19,381	31,729	43,935	-	-
PAYABLE TO (FROM) COVENANT INSTITUTIONS:								
Covenant Retirement Communities - Notes and advances	80,438	815	4,698	23,454	18,931	9,644	20,954	1,942
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-	-	-
Total payable to (from) Covenant institutions	$ 80,438	$ 815	$ 4,698	$ 23,454	$ 18,931	$ 9,644	$ 20,954	$ 1,942
OTHER LIABILITIES	2	-	-	-	2	-	-	-
DEFERRED REVENUE FROM ENTRANCE FEES	52,194	12,950	-	9,890	8,336	9,636	11,382	-
Total liabilities	$ 336,329	$ 76,592	$ 5,032	$ 65,561	$ 69,444	$ 77,050	$ 39,957	$ 2,693
NET ASSETS (DEFICITS):								
Unrestricted	(79,242)	(17,752)	4,137	(12,880)	(26,227)	(29,873)	2,669	684
Temporarily restricted	2,094	116	180	397	221	62	568	550
Permanently restricted - endowment	-	-	-	-	-	-	-	-
Total net assets (deficits)	$ (77,148)	$ (17,636)	$ 4,317	$ (12,483)	$ (26,006)	$ (29,811)	$ 3,237	$ 1,234
TOTAL	$ 259,181	$ 58,956	$ 9,349	$ 53,078	$ 43,438	$ 47,239	$ 43,194	$ 3,927

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor-Cypress
OPERATING REVENUES:								
Routine resident services	$ 77,879	$ 12,392	$ 2,260	$ 13,295	$ 14,321	$ 9,527	$ 14,183	$ 11,901
Ancillary services	11,133	1,209	30	2,327	1,888	1,334	1,296	$ 3,049
Amortization of deferred entrance fees	11,580	2,768	-	2,672	1,741	2,431	1,968	$ -
Net assets released from restriction for operations	559	146	-	48	130	118	117	$ -
Other	2,051	199	26	207	247	451	911	$ 10
Total operating revenues	$ 103,202	$ 16,714	$ 2,316	$ 18,549	$ 18,327	$ 13,861	$ 18,475	$ 14,960
EXPENSES:								
Routine nursing services	22,696	3,198	144	3,014	4,935	2,329	3,629	5,447
Ancillary services	7,037	744	-	1,387	1,030	778	819	2,279
Resident benefits	5,223	826	449	809	1,009	704	1,009	417
Dietary	14,361	2,220	430	2,509	2,610	2,234	2,719	1,639
Laundry	717	72	18	67	133	26	93	308
Housekeeping	2,791	294	21	538	671	281	663	323
Maintenance	6,339	1,078	116	1,329	1,206	891	1,225	494
Utilities	4,278	621	141	825	778	547	1,172	194
Administrative and general	20,065	3,014	791	3,500	3,484	2,689	3,257	3,330
Interest	10,013	2,340	141	1,943	2,269	2,473	792	55
Property taxes	1,371	-	-	273	67	328	703	-
Insurance	1,863	293	104	426	348	256	297	139
Marketing and promotion	4,360	897	1	1,087	921	601	836	17
Depreciation	14,059	2,986	279	3,249	2,790	1,819	2,856	80
Amortization	180	58	-	22	35	65	-	-
Other	485	82	-	53	122	78	119	31
Total expenses	$ 115,838	$ 18,723	$ 2,635	$ 21,031	$ 22,408	$ 16,099	$ 20,189	$ 14,753
OPERATING (LOSS) INCOME	$ (12,636)	$ (2,009)	$ (319)	$ (2,482)	$ (4,081)	$ (2,238)	$ (1,714)	$ 207

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	Covenant Village of Colorado	Covenant Home of Chicago	Covenant Village of Florida	Covenant Village of Golden Valley	Covenant Village of Great Lakes	Covenant Village of Cromwell	Brandel Manor-Cypress
OPERATING (LOSS) INCOME	$ (12,636)	$ (2,009)	$ (319)	$ (2,482)	$ (4,081)	$ (2,238)	$ (1,714)	$ 207
NONOPERATING REVENUE (EXPENSE):								
Contributions:								
Gifts and bequests — net	(129)	53	10	(139)	23	(22)	(54)	-
Net assets released from restriction — distributions from trusts	164	75	-	-	4	-	85	-
Total contributions	35	128	10	(139)	27	(22)	31	-
Other nonoperating (expense) income - net	(585)	(6)	-	(8)	(291)	(142)	(138)	-
Investment return, including beneficial interest in investment pool:								
Interest and dividend income	2,193	411	69	602	484	296	331	-
Realized gains (losses) on fixed income and equity securities — net	224	(48)	67	129	3	(77)	150	-
Unrealized gains (losses) on fixed income and equity securities — net	1,337	540	-	44	247	347	159	-
Total investment return (loss), including beneficial interest in investment pool	$ 3,754	$ 903	$ 136	$ 775	$ 734	$ 566	$ 640	$ -
Total nonoperating revenue (expense)	$ 3,204	$ 1,025	$ 146	$ 628	$ 470	$ 402	$ 533	$ -
(LOSS) INCOME	$ (9,432)	$ (984)	$ (173)	$ (1,854)	$ (3,611)	$ (1,836)	$ (1,181)	$ 207
OTHER CHANGES IN UNRESTRICTED NET ASSETS:								
Net assets released from restriction for capital purchases	51	7	-	44	-	-	-	-
Total other changes in unrestricted net assets	$ 51	$ 7	$ -	$ 44	$ -	$ -	$ -	$ -
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ (9,381)	$ (977)	$ (173)	$ (1,810)	$ (3,611)	$ (1,836)	$ (1,181)	$ 207

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2017
(In thousands)

ASSETS	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
CURRENT ASSETS:								
Cash and cash equivalents	$ 86	$ 9	$ 15	$ 7	$ 13	$ 10	$ 18	$ 14
Restricted cash	406	18	29	2	346	-	1	10
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	37,512	6,994	2,990	12,609	4,724	7,808	2,387	-
Restricted under debt agreements	2,124	1,055	172	480	7	152	191	67
Accounts receivable - net	12,507	2,030	2,344	1,653	2,003	641	661	3,175
Prepaid expenses and other assets	509	50	162	51	34	45	36	131
Total current assets	$ 53,144	$ 10,156	$ 5,712	$ 14,802	$ 7,127	$ 8,656	$ 3,294	$ 3,397
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:								
Board designated	$ 115,108	$ 16,310	$ 6,024	$ 40,442	$ 27,165	$ 879	$ 13,353	$ 10,935
Restricted under state and debt agreements	17,301	6,815	1,181	4,036	51	2,037	2,331	850
Endowment	2,538	709	43	-	-	-	-	1,786
Total assets whose use is limited, including beneficial interest in investment pool	$ 134,947	$ 23,834	$ 7,248	$ 44,478	$ 27,216	$ 2,916	$ 15,684	$ 13,571
OTHER ASSETS	4,716	77	2,256	1,214	880	-	290	(1)
INTEREST IN IRREVOCABLE TRUSTS	2,333	311	436	83	581	116	387	419
PROPERTY AND EQUIPMENT - Net	325,759	54,522	38,611	76,021	42,002	43,299	33,455	37,849
TOTAL	$ 520,899	$ 88,900	$ 54,263	$ 136,598	$ 77,806	$ 54,987	$ 53,110	$ 55,235

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JANUARY 31, 2017
(In thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
LIABILITIES AND NET ASSETS (DEFICITS)								
CURRENT LIABILITIES:								
Accounts payable - trade	$ 643	$ 98	$ 78	$ 50	$ 93	$ 69	$ 110	$ 145
Accounts payable - contractors	780	-	780	-	-	-	-	-
Accrued salaries and wages	5,163	806	728	856	924	624	482	743
Accrued interest	1,548	547	177	365	14	155	195	95
Advance deposits	699	77	77	143	132	211	33	26
Current maturities of long-term debt	6,456	2,700	548	359	707	416	426	1,300
Deferred revenue subject to refund	62,907	8,547	6,760	17,617	13,303	10,268	6,412	-
Refundable contract liabilities	56,892	10,657	5,063	18,658	7,378	12,226	2,910	-
Other current liabilities	5,714	596	178	1,303	549	405	286	2,397
Total current liabilities	$ 140,802	$ 24,028	$ 14,389	$ 39,351	$ 23,100	$ 24,374	$ 10,854	$ 4,706
LONG-TERM DEBT - Less current maturities	210,356	67,667	21,022	46,921	4,869	21,356	27,135	21,386
PAYABLE TO (FROM) COVENANT INSTITUTIONS:								
Covenant Retirement Communities - Notes and advances	(100,891)	7,425	(42,289)	(29,101)	(37,461)	(14,974)	(8,837)	24,346
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-	-	-
Total payable to (from) Covenant institutions	$ (100,891)	$ 7,425	$ (42,289)	$ (29,101)	$ (37,461)	$ (14,974)	$ (8,837)	$ 24,346
OTHER LIABILITIES	11,111	-	-	-	56	-	-	11,055
DEFERRED REVENUE FROM ENTRANCE FEES	138,054	15,619	17,593	26,020	20,445	19,605	10,968	27,804
Total liabilities	$ 399,432	$ 114,739	$ 10,715	$ 83,191	$ 11,009	$ 50,361	$ 40,120	$ 89,297
NET ASSETS (DEFICITS):								
Unrestricted	$ 116,307	$ (26,686)	$ 43,397	$ 53,301	$ 65,093	$ 4,467	$ 12,644	$ (35,909)
Temporarily restricted	2,622	138	108	106	1,704	159	346	61
Permanently restricted - endowment	2,538	709	43	-	-	-	-	1,786
Total net assets (deficits)	$ 121,467	$ (25,839)	$ 43,548	$ 53,407	$ 66,797	$ 4,626	$ 12,990	$ (34,062)
TOTAL	$ 520,899	$ 88,900	$ 54,263	$ 136,598	$ 77,806	$ 54,987	$ 53,110	$ 55,235

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
OPERATING REVENUES:								
Routine resident services	$ 120,017	$ 19,838	$ 16,564	$ 20,292	$ 19,195	$ 14,914	$ 12,177	$ 17,037
Ancillary services	15,921	2,800	2,546	2,934	2,089	1,672	1,231	2,649
Amortization of deferred entrance fees	27,359	4,209	2,935	5,599	4,132	3,816	2,729	3,939
Net assets released from restriction for operations	1,612	123	222	449	200	162	145	311
Other	2,489	276	295	320	487	737	207	167
Total operating revenues	$ 167,398	$ 27,246	$ 22,562	$ 29,594	$ 26,103	$ 21,301	$ 16,489	$ 24,103
EXPENSES:								
Routine nursing services	29,817	5,234	4,448	4,968	4,479	3,457	2,639	4,592
Ancillary services	8,677	1,411	1,521	1,422	1,384	821	749	1,369
Resident benefits	7,419	1,438	999	1,108	1,233	780	821	1,040
Dietary	21,720	3,363	2,902	3,666	3,616	2,611	2,456	3,106
Laundry	955	171	147	177	144	86	121	109
Housekeeping	4,914	767	679	689	1,054	555	625	545
Maintenance	10,870	1,893	1,175	1,800	1,740	1,287	1,359	1,616
Utilities	6,374	1,212	1,092	849	957	838	644	782
Administrative and general	27,785	3,893	4,132	4,688	4,506	3,630	3,003	3,933
Interest	12,940	4,389	282	2,371	772	1,089	1,422	2,615
Property taxes	787	225	-	-	2	212	-	348
Insurance	2,939	412	425	427	502	409	371	393
Marketing and promotion	6,430	1,141	692	753	981	502	980	1,381
Depreciation	27,033	4,384	2,827	5,970	3,861	2,984	2,504	4,503
Amortization	340	77	25	144	9	21	31	33
Other	540	63	89	113	83	48	76	68
Total expenses	169,540	30,073	21,435	29,145	25,323	19,330	17,801	26,433
OPERATING (LOSS) INCOME	$ (2,142)	$ (2,827)	$ 1,127	$ 449	$ 780	$ 1,971	$ (1,312)	$ (2,330)

COVENANT RETIREMENT COMMUNITIES, INC.

CAMPUS CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	The Holmstad	Mount Miguel Covenant Village	Covenant Village of Northbrook	The Samarkand	Covenant Shores	Covenant Village of Turlock	Windsor Park
OPERATING (LOSS) INCOME	$ (2,142)	$ (2,827)	$ 1,127	$ 449	$ 780	$ 1,971	$ (1,312)	$ (2,330)
NONOPERATING REVENUE (EXPENSE):								
Contributions:								
Gifts and bequests — net	(183)	(213)	420	(13)	(279)	(2)	27	(123)
Net assets released from restriction — distributions from trusts	185	36	-	5	19	15	105	5
Total contributions	2	(177)	420	(8)	(260)	13	132	(118)
Loss on extinguishment of debt	-	-	-	-	-	-	-	-
Other nonoperating (expense) income - net	(551)	(17)	(321)	(45)	(124)	(15)	(17)	(12)
Investment return, including beneficial interest in investment pool:								
Interest and dividend income	8,269	1,611	999	1,825	1,795	549	638	852
Realized gains (losses) on fixed income and equity securities — net	1,446	166	114	625	486	(92)	235	(88)
Unrealized gains (losses) on fixed income and equity securities — net	4,327	595	255	1,133	371	739	180	1,054
Total investment return (loss), including beneficial interest in investment pool	$ 14,042	$ 2,372	$ 1,368	$ 3,583	$ 2,652	$ 1,196	$ 1,053	$ 1,818
Total nonoperating revenue (expense)	13,493	2,178	1,467	3,530	2,268	1,194	1,168	1,688
(LOSS) INCOME	$ 11,351	$ (649)	$ 2,594	$ 3,979	$ 3,048	$ 3,165	$ (144)	$ (642)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:								
Net assets released from restriction for capital purchases	98	-	3	32	63	-	-	-
Total other changes in unrestricted net assets	$ 98	$ -	$ 3	$ 32	$ 63	$ -	$ -	$ -
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ 11,449	$ (649)	$ 2,597	$ 4,011	$ 3,111	$ 3,165	$ (144)	$ (642)

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION - COVENANT RETIREMENT SERVICES
AS OF JANUARY 31, 2017
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development and Support	CRC Holdings One, LLC	CRC Holdings Two, LLC	Covenant Place of Lenexa	Covenant Place of Tulsa	CovenantCare at Home	Ontrac Management Services	Covenant Retirement Services
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	$ 3,785	$ -	$ 157	$ 485	$ 61	$ 1,424	$ 162	$ 1,420	$ -	$ 76
Restricted cash	221	-	-	-	-	15	206	-	-	-
Assets whose use is limited, including beneficial interest in investment pool:										
Board designated	16	-	16	-	-	-	-	-	-	-
Restricted under debt agreements	-	-	-	-	-	-	-	-	-	-
Accounts receivable - net	3,842	(28)	85	-	1	374	5	3,386	-	19
Prepaid expenses and other assets	62	-	6	-	-	31	10	15	-	-
Total current assets	$ 7,926	$ (28)	$ 264	$ 485	$ 62	$ 1,844	$ 383	$ 4,821	$ -	$ 95
ASSETS WHOSE USE IS LIMITED, INCLUDING BENEFICIAL INTEREST IN INVESTMENT POOL:										
Board designated	-	-	-	-	-	-	-	-	-	-
Restricted under state and debt agreements	-	-	-	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	-	-	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OTHER ASSETS	1,545	-	-	117	111	-	(158)	816	(221)	880
INTEREST IN IRREVOCABLE TRUSTS	-	-	-	-	-	-	-	-	-	-
PROPERTY AND EQUIPMENT - Net	40,446	-	-	3,465	6,077	15,291	15,377	236	-	-
TOTAL	$ 49,917	$ (28)	$ 264	$ 4,067	$ 6,250	$ 17,135	$ 15,602	$ 5,873	$ (221)	$ 975

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION - COVENANT RETIREMENT SERVICES
AS OF JANUARY 31, 2017
(In thousands)

LIABILITIES AND NET ASSETS (DEFICITS)	Consolidated	Eliminations	Covenant Solutions Business Development and Support	CRC Holdings One, LLC	CRC Holdings Two, LLC	Covenant Place of Lenexa	Covenant Place of Tulsa	CovenantCare at Home	Ontrac Management Services	Covenant Retirement Services
CURRENT LIABILITIES:										
Accounts payable - trade	$ 643	$ (28)	$ 43	$ 11	$ -	$ 216	$ 50	$ 349	$ -	$ 2
Accounts payable - contractors	-	-	-	-	-	-	-	-	-	-
Accrued salaries and wages	999	-	-	-	5	135	47	812	-	-
Accrued interest	122	-	-	14	-	58	50	-	-	-
Advance deposits	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	-	-	-	-	-	-	-	-	-	-
Deferred revenue subject to refund	-	-	-	-	-	-	-	-	-	-
Refundable contract liabilities	-	-	-	-	-	-	-	-	-	-
Other current liabilities	1,985	-	-	10	317	350	486	822	-	-
Total current liabilities	$ 3,749	$ (28)	$ 43	$ 35	$ 322	$ 759	$ 633	$ 1,983	$ -	$ 2
LONG-TERM DEBT - Less current maturities	-	-	-	-	-	-	-	-	-	-
PAYABLE TO (FROM) COVENANT INSTITUTIONS:										
Covenant Retirement Communities - Notes and advances	22,062	-	1,881	(194)	3,913	-	-	14,837	(151)	1,776
Other Benevolent institutions- Notes and advances	18,150	-	-	4,000	4,950	5,000	4,200	-	-	-
Total payable to (from) Covenant institutions	$ 40,212	$ -	$ 1,881	$ 3,806	$ 8,863	$ 5,000	$ 4,200	$ 14,837	$ (151)	$ 1,776
OTHER LIABILITIES	24,569	-	-	-	-	12,368	12,201	-	-	-
Total liabilities	$ 68,530	$ (28)	$ 1,924	$ 3,841	$ 9,185	$ 18,127	$ 17,034	$ 16,820	$ (151)	$ 1,778
NET ASSETS (DEFICITS):										
Unrestricted	(18,614)	-	(1,660)	226	(2,935)	(992)	(1,432)	(10,948)	(70)	(803)
Temporarily restricted	1	-	-	-	-	-	-	1	-	-
Permanently restricted - endowment	-	-	-	-	-	-	-	-	-	-
Total net assets (deficits)	$ (18,613)	$ -	$ (1,660)	$ 226	$ (2,935)	$ (992)	$ (1,432)	$ (10,947)	$ (70)	$ (803)
TOTAL	$ 49,917	$ (28)	$ 264	$ 4,067	$ 6,250	$ 17,135	$ 15,602	$ 5,873	$ (221)	$ 975

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
COVENANT RETIREMENT SERVICES
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development and Support	CRC Holdings One, LLC	CRC Holdings Two, LLC	Covenant Place of Lenea	Covenant Place of Tulsa	Covenant Care at Home	Ontrac Management Services	Covenant Retirement Services
OPERATING REVENUES:										
Routine resident services	$ 7,886	$ -	$ -	$ -	$ 1,189	$ 4,818	$ 1,879	$ -	$ -	$ -
Ancillary services	18,897	-	-	-	-	640	17	18,240	-	-
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction for operations	-	-	-	-	-	-	-	-	-	-
Other	1,524	-	803	574	17	70	60	-	-	-
Total operating revenues	$ 28,307	$ -	$ 803	$ 574	$ 1,206	$ 5,528	$ 1,956	$ 18,240	$ -	$ -
EXPENSES:										
Routine nursing services	10,092	-	-	-	-	1,635	142	8,315	-	-
Ancillary services	2,015	-	-	-	-	165	-	1,850	-	-
Resident benefits	941	-	-	-	27	278	56	580	-	-
Dietary	1,097	-	-	-	27	692	378	-	-	-
Laundry	-	-	-	-	-	-	-	-	-	-
Housekeeping	246	-	-	-	56	141	49	-	-	-
Maintenance	646	-	-	183	101	252	110	-	-	-
Utilities	458	-	-	-	115	200	110	33	-	-
Administrative and general	10,123	-	670	40	198	1,292	507	7,132	70	214
Interest	1,553	-	-	160	177	662	554	-	-	-
Property taxes	361	-	-	106	118	10	124	3	-	-
Insurance	332	-	23	5	33	88	66	117	-	-
Marketing and promotion	1,175	-	-	-	67	141	97	870	-	-
Depreciation	1,476	-	1	125	179	615	493	63	-	-
Amortization	51	-	-	-	-	13	10	28	-	-
Other	72	-	4	-	-	-	1	67	-	-
Total expenses	$ 30,638	$ -	$ 698	$ 619	$ 1,098	$ 6,184	$ 2,697	$ 19,058	$ 70	$ 214
OPERATING (LOSS) INCOME	$ (2,331)	$ -	$ 105	$ (45)	$ 108	$ (656)	$ (741)	$ (818)	$ (70)	$ (214)

COVENANT RETIREMENT COMMUNITIES, INC.

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION
COVENANT RETIREMENT SERVICES
FOR THE YEAR ENDED JANUARY 31, 2017
(In thousands)

	Consolidated	Eliminations	Covenant Solutions Business Development & Support	CRC Holdings One, LLC	CRC Holdings Two, LLC	Covenant Place of Lenea	Covenant Place of Tulsa	CovenantCare at Home	Ontrac Management Services	Covenant Retirement Services
OPERATING (LOSS) INCOME	(2,331)	-	105	(45)	108	(656)	(741)	(818)	(70)	(214)
NONOPERATING REVENUE (EXPENSE):										
Contributions:										
Gifts and bequests — net	159	-	-	-	-	1	-	158	-	-
Net assets released from restriction — distributions from trusts	-	-	-	-	-	-	-	-	-	-
Total contributions	159	-	-	-	-	1	-	158	-	-
Other nonoperating (expense) income - net	(25)	-	-	-	-	-	-	(25)	-	-
Total investment return (loss), including beneficial interest in investment pool										
Interest and dividend income	(2)	-	-	-	-	-	-	-	-	(2)
Total nonoperating revenue (expense)	$ 132	$ -	$ -	$ -	$ -	$ 1	$ -	$ 133	$ -	$ (2)
(LOSS) INCOME	$ (2,199)	$ -	$ 105	$ (45)	$ 108	$ (655)	$ (741)	$ (685)	$ (70)	$ (216)
OTHER CHANGES IN UNRESTRICTED NET ASSETS:										
Net assets released from restriction for capital purchases	50	-	-	-	-	-	-	50	-	-
Total other changes in unrestricted net assets	$ 50	$ -	$ -	$ -	$ -	$ -	$ -	$ 50	$ -	$ (0)
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	$ (2,149)	$ -	$ 105	$ (45)	$ 108	$ (655)	$ (741)	$ (635)	$ (70)	$ (216)

COVENANT RETIREMENT COMMUNITIES, INC.

NOTE TO CONSOLIDATING STATEMENT OF FINANCIAL POSITION AND CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS INFORMATION AS OF AND FOR THE YEAR ENDED JANUARY 31, 2017 (In thousands)

1. BASIS OF REPORTING

In accordance with financial statement presentation under the bond agreements, the consolidating statement of financial position and consolidating statement of operations and changes in unrestricted net asset information as of and for the year ended January 31, 2017 for the Obligated Group exclude the effects of consolidating entities controlled by members of the Obligated Group but which themselves are not members of the Obligated Group. Those entities which are not members of the Obligated Group are included in Covenant Retirement Services. The balances for Covenant Retirement Communities and the Obligated Group do not include interests in controlled entities.

EXHIBIT "C"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

3 YEAR PRO FORMA CASH FLOW STATEMENTS, INCLUDING SUMMARY OF PROJECTIONS USED IN THE PRO FORMA STATEMENTS. (NOTE: THE CALCULATIONS FOR THE PRO FORMA CASH FLOW STATEMENTS ARE NOT BASED ON THE AVERAGE AGE OF RESIDENTS OR THE ANTICIPATED NUMBER OF PERMANENT TRANSFERS)

Covenant Village of Cromwell
STATEMENT OF CASH FLOWS - CAMPUS
YEAR TO DATE THROUGH January 31, 2017

	CURRENT MONTH	CURRENT YEAR TO DATE	LAST YEAR TO DATE	YEAR TO YEAR NET CHANGE
CF FROM OPERATING ACTIVITIES:				
RECEIVED - RESIDENT CARE	$1,446,509.32	$16,072,608.77	$15,887,105.93	$185,502.84
RECEIVED - APT REOCCUPANCIES	$194,162.31	$2,562,802.33	$1,327,558.51	$1,235,243.82
PAID TO EMPLOYEES	(581,253.70)	(7,060,488.64)	(7,091,351.77)	30,863.13
PAID TO SUPPLIERS	(1,277,113.91)	(9,474,193.28)	(9,099,799.16)	(374,394.12)
CONTRIBUTIONS RECEIVED	8,373.07	194,173.52	110,819.57	83,353.95
INTEREST RECEIVED	42,774.85	480,004.54	512,326.56	(32,322.02)
INTEREST PAID	(54,125.64)	(767,346.99)	(721,603.83)	(45,743.16)
OTHER OPERATING ACTIVITIES	6,760.56	96,986.62	110,398.54	(13,411.92)
TOTAL OPERATING ACTIVITIES	$(213,913.14)	$2,104,546.87	$1,035,454.35	$1,069,092.52
CF FROM INVESTING ACTIVITIES:				
EXPEND FOR PROPERTY & EQUIP:				
NEW CONSTRUCTION	$(100,822.12)	$(665,194.14)	$(51,697.13)	$(613,497.01)
APARTMENT FURNISHINGS	(335,254.11)	(724,973.56)	(750,019.20)	25,045.64
ROUTINE CAPITAL	(227,392.37)	(2,078,020.82)	(2,406,549.71)	328,528.89
TOTAL CAPITAL EXPENDITURES	$(663,468.60)	$(3,468,188.52)	$(3,208,266.04)	$(259,922.48)
ADDITIONS-RESERVES & INVEST	$66,207.71	$(269,854.43)	$93,310.23	$(363,164.66)
WITHDRAWALS-PROJECT FUNDS	0.00	0.00	0.00	0.00
DESIGNATED CONTRIBUTION ACT	40.29	486.29	11,962.95	(11,476.66)
OTHER INVESTING ACTIVITES	42,127.30	198,786.27	(75,506.63)	274,292.90
TOTAL INVESTING ACTIVITIES	$(555,093.30)	$(3,538,770.39)	$(3,178,499.49)	$(360,270.90)
CF FROM FINANCING ACTIVITIES:				
NEW ENTRANCE FEES	$0.00	$0.00	$0.00	$0.00
ADDITIONS TO LONG TERM DEBT	$0.00	$0.00	$0.00	$0.00
PAYMENTS OF LONG TERM DEBT	$0.00	$0.00	$0.00	$0.00
ACT INTEREST & SINKING FUNDS	$0.00	$0.00	$0.00	$0.00
LINES OF CREDIT ACTIVITY	0.00	0.00	0.00	0.00
ACTIVITY IN ADVANCES FRM AFF	0.00	0.00	0.00	0.00
INTERCOMPANY ACCOUNTS ACT	766,017.74	1,433,415.82	2,139,433.88	(706,018.06)
OTHER FINANCING ACTIVITIES	0.00	0.00	0.00	0.00
LOSS EARLY EXTINGUISHMT DEBT	0.00	0.00	0.00	0.00
TOTAL FINANCING ACTIVITIES	$766,017.74	$1,433,415.82	$2,139,433.88	$(706,018.06)
TOTAL CASH FLOWS	$(2,988.70)	$(807.70)	$(3,611.26)	$2,803.56
CASH - BEGINNING OF YEAR	$0.00	$8,069.99	$11,681.25	$(3,611.26)
CASH - BEGINNING OF MONTH	$10,250.99	$0.00	$0.00	$0.00
CASH & EQUIVALENTS END OF PER	$7,262.29	$7,262.29	$8,069.99	$(807.70)

COVENANT Retirement Communities

SELECTION CRITERIA

46 - Covenant Village of Cromwell | All Levels of Care | Forecast 2018 Revised Base + V10

Statement of Cash Flow

CONSOLIDATED

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Flows from Operating Activies:										
Excess/(Deficit) from Operations	478,414	610,241	350,620	66,296	(209,336)	(1,559,727)	(1,829,860)	(2,160,530)	(2,450,267)	(3,080,839)
Add back Depreciation and Amortization	3,071,199	3,175,637	3,277,637	3,375,219	3,459,061	3,554,336	3,660,966	3,770,795	3,883,919	4,000,436
Net Changes in Working Capital	0	0	0	0	(0)	0	0	0	0	0
Total From Operating Activities	3,549,613	3,785,879	3,628,257	3,441,515	3,249,725	1,994,608	1,831,106	1,610,265	1,433,652	919,597
Cash Flows from Investing Activities:										
Capital Expenditures										
Capital Expenditures	(3,636,500)	(3,653,000)	(3,495,500)	(3,595,000)	(3,595,000)	(3,595,000)	(3,595,000)	(3,595,000)	(3,595,000)	(3,595,000)
Inc/(Dec) in Contractor Payable	0	0	0	0	0	0	0	0	0	0
(Inc)/Dec in Investments	0	0	0	0	0	0	0	0	0	0
(Inc)/Dec in Reserves										
Benevolent Care Fund	0	0	0	0	0	0	0	0	0	0
Property Replacement Fund	(218,574)	(232,825)	(247,782)	(263,476)	(279,942)	(299,712)	(319,174)	(338,817)	(359,654)	(519,302)
Capital Reserve Fund	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Operating Reserve Fund	0	0	0	0	0	0	0	0	0	0
Future Health Care Fund	0	0	0	0	0	0	0	0	0	0
State Required Reserves	(54,453)	(56,631)	(58,896)	(61,252)	(63,702)	(66,250)	(68,900)	(71,656)	(74,522)	(77,503)
Bond Project Fund	0	0	0	0	0	0	0	0	0	0
Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0
Board Designated	(75,299)	(78,311)	(81,443)	(84,701)	(88,089)	(91,612)	(95,277)	(99,088)	(103,052)	(107,174)
Other Reserves	(510)	(530)	(552)	(574)	(597)	(621)	(645)	(671)	(698)	(726)
(Inc)/Dec in Other Restricted Cash	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in All Other	0	0	0	0	0	0	0	0	0	0
Total from Investing Activities	(3,985,336)	(4,021,297)	(3,884,173)	(4,005,003)	(4,027,329)	(4,053,195)	(4,078,996)	(4,105,233)	(4,132,926)	(4,299,705)
Cash Flows from Financing Activities:										
Net New Entrance Fees Received	0	0	0	0	0	0	0	0	0	0
Additions to Long-Term Debt	0	0	0	0	0	0	0	0	0	0
Repayments of Long-Term Debt	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in Short-Term Debt	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in Intercompany Debt	0	0	0	0	0	0	0	0	0	0
Inc/(Dec) in All Other	0	0	0	0	0	0	0	0	0	0
Total From Financing Activities	0	0	0	0	0	0	0	0	0	0
Net Cash Generated	(435,723)	(235,418)	(255,916)	(563,488)	(777,604)	(2,058,587)	(2,247,890)	(2,494,968)	(2,699,274)	(3,380,108)

COVENANT Retirement Communities

46 - Covenant Village of Cromwell

SELECTION CRITERIA

Forecast 2018 Revised Base + V10

Statement of Cash Flow

CONSOLIDATED

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
OCCUPANCY STATISTICS										
Res										
Capacity	216	216	216	216	216	216	216	216	216	216
Units Occupied	193	193	193	193	193	193	193	193	193	193
Percent Occupied	89.2%	89.2%	89.2%	89.2%	89.2%	89.2%	89.2%	89.2%	89.2%	89.2%
Density	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31
Number of Units Reoccupied	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
Number of New Units Move Ins	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of Units Vacated	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
Reoccupancy Ratio	12.04%	12.04%	12.04%	12.04%	12.04%	12.04%	12.04%	12.04%	12.04%	12.04%
Resident Days	92,414	92,414	92,414	92,668	92,414	92,414	92,414	92,668	92,414	92,414
1st Person Resident Days	70,336	70,336	70,336	70,528	70,336	70,336	70,336	70,528	70,336	70,336
2nd Person Resident Days	22,079	22,079	22,079	22,139	22,079	22,079	22,079	22,139	22,079	22,079
AL										
Capacity	50	50	50	50	50	50	50	50	50	50
Units Occupied	42	42	42	42	42	42	42	42	42	42
Percent Occupied	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%
Resident Days	16,051	16,051	16,051	16,095	16,051	16,051	16,051	16,095	16,051	16,051
SNF										
Capacity	60	60	60	60	60	60	60	60	60	60
Units Occupied	53	53	53	53	53	53	53	53	53	53
Percent Occupied	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%
Resident Days	19,305	19,305	19,305	19,358	19,305	19,305	19,305	19,358	19,305	19,305
LABOR										
Total Labor Hours	352,762	353,656	353,386	354,376	353,864	353,864	353,864	354,813	353,864	353,864
Total Labor Dollars	$ 7,900,537	$ 8,238,880	$ 8,544,926	$ 8,910,099	$ 9,249,711	$ 9,608,669	$ 9,944,972	$ 10,320,812	$ 10,653,303	$ 11,026,168
Benefits/Payroll Tax Accounts	$ 1,886,475	$ 1,930,822	$ 2,002,834	$ 2,089,518	$ 2,170,366	$ 2,255,638	$ 2,334,585	$ 2,422,810	$ 2,500,866	$ 2,588,396
Total FTE	170	170	170	170	170	170	170	171	170	170
FTE's per Resident	0.48	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49
Nursing FTE's per day	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
SNF direct nursing hours per day	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Labor Dollar per FTE	$ 46,584	$ 48,456	$ 50,295	$ 52,298	$ 54,369	$ 56,479	$ 58,456	$ 60,503	$ 62,620	$ 64,811
Benefit Dollar per FTE	$ 11,123	$ 11,356	$ 11,789	$ 12,264	$ 12,757	$ 13,259	$ 13,723	$ 14,203	$ 14,700	$ 15,214
THERAPY MARGIN - SNF										
Therapy Revenue	$ 884,574	$ 898,855	$ 913,411	$ 930,332	$ 943,371	$ 958,786	$ 974,498	$ 992,765	$ 1,006,840	$ 1,023,481
Therapy Expense	$ 462,622	$ 522,170	$ 523,676	$ 549,109	$ 588,088	$ 608,283	$ 629,178	$ 652,573	$ 673,170	$ 696,318
Net Therapy	$ 421,952	$ 376,685	$ 389,735	$ 381,223	$ 355,283	$ 350,503	$ 345,320	$ 340,192	$ 333,670	$ 327,163
Therapy Margin %	47.70%	41.91%	42.67%	40.98%	37.66%	36.56%	35.44%	34.27%	33.14%	31.97%
INTERNAL OPERATING MARGIN (IOM)										
All Levels of Care										
Operating Revenue	$ 18,770,650	$ 19,408,461	$ 20,004,743	$ 20,426,840	$ 20,820,265	$ 20,608,619	$ 21,040,679	$ 21,505,320	$ 21,936,135	$ 22,400,080
Operating Expense	16,198,113	16,773,931	17,432,561	18,103,702	18,757,718	19,917,212	20,605,484	21,367,052	22,064,014	22,836,887
Internal Operating Margin (IOM)	$ 2,572,536	$ 2,634,530	$ 2,572,182	$ 2,323,137	$ 2,062,547	$ 691,408	$ 435,195	$ 138,269	$ (127,879)	$ (436,807)
NET OPERATING MARGIN RATIO (NOM)										
All Levels of Care										
Net Operating Margin	$ 298,900	$ 297,500	$ 199,017	$ (110,015)	$ (428,709)	$ (1,869,223)	$ (2,192,693)	$ (2,561,091)	$ (2,895,738)	$ (3,278,421)
Net Operating Revenue	17,543,852	18,152,197	18,705,685	19,089,757	19,444,935	19,193,580	19,584,842	20,007,121	20,395,317	20,815,016
Net Operating Margin Ratio	1.70%	1.64%	1.06%	-0.58%	-2.20%	-9.74%	-11.20%	-12.80%	-14.20%	-15.75%
NET INCOME AVAILABLE FOR DEBT SERVICE (NIADS)										
All Levels of Care										
Net Excess / (Deficit) - Internal	$ 478,414	$ 610,241	$ 350,620	$ 66,296	$ (209,336)	$ (1,559,727)	$ (1,829,860)	$ (2,160,530)	$ (2,450,267)	$ (3,080,839)
Add										
Refundable Portion	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	3,071,199	3,175,637	3,277,637	3,375,219	3,459,061	3,554,336	3,660,966	3,770,795	3,883,919	4,000,436
Internal Expense - External	-	-	-	-	-	-	-	-	-	-
Less										
Payout of refundable contracts	-	-	-	-	-	-	-	-	-	-
Net Income Available for Debt Service	$ 3,549,613	$ 3,785,879	$ 3,628,257	$ 3,441,515	$ 3,249,725	$ 1,994,608	$ 1,831,106	$ 1,610,265	$ 1,433,652	$ 919,597

EXHIBIT "D"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

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

RESIDENTIAL A LA CARTE SERVICES

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

COVENANT VILLAGE OF CROMWELL
A Covenant Retirement Community

BEAUTY & BARBER

Color rinse……………………………………$5.00
Foil……………………………………………$70.00
Haircut, men…………………………………$17.00
Beard Trim……………………………………$8.00
Haircut, women………………………………$22.00
Hair treatment…………………………………$10.00
Highlights, lowlights (cap)……………………$65.00
Manicure full…………………………………$17.00
Mini-Pedicure…………………………………$30.00
Nail trimming & polish………………………$15.00
Pedicure………………………………………$39.00
Permanent……………………………………$75.00
Permanent color………………………………$35.00
Re-comb………………………………………$8.00
Shampoo only…………………………………$8.00
Shampoo & style………………………………$20.00
Shampoo cut & set……………………………$42.00
Waxing (per area)……………………………$10.00

BUSINESS

Fax, send or receive……………………$.50/page
Financial facilitator…………………$7.50 per 15 min.
Financial facilitator-CTC Participant……no charge
Photocopy-letter size…………………$.10 each
Photocopy-legal size…………………$.15 each

DINING

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

All non medical delivered trays……………$5.00
Take out meals have an add'l surcharge of $1.75

FITNESS

Programs & Supplies-See Recreation Coordinator For detailed charges.

GUEST ROOMS

Guest rooms 1-3 (three person limit)...$85 /night
Cot With Linens……………………$20 /night
Effective Date 2/1/2017

HOUSEKEEPING

Housekeeping……………………$20/ hr. ½ hr. min
Dusting ……………………………$5/ ¼ hr.
Make a bed…………………………$5/bed

MAINTENANCE

Replacement key…………………………$7 each
Key FOB replacement……………………$25 each
Replacement Home Free Pendants…………$125 each
Electrician ………$50 first ½ hr., $25.00/ add'l ¼ hr.
Maintenance repairs……$20 first ½ hr., $10/add'l ¼ hr.
Resident upgrades As quoted by Facilities Management
Grounds Service… As quoted by Facilities Management
Cable TV……………………………$31/month
IT Services……………………$55 per hour, 15 min. min.

TRANSPORTATION

Pricing available at Village Desk

PARKING

Garage……………………………………$70/month

HEALTH OFFICE

Monday-Friday

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

ASSISTED LIVING A LA CARTE SERVICES

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

COVENANT VILLAGE OF CROMWELL
A Covenant Retirement Community

ASSISTED LIVING SERVICE

Level 2……………………………$380 month
Level 3……………………………$760 month
Level 4……………………………$1,520 month
Level 5……………………………$2,279 month

Service level fees are determined by the resident's customized service plan in which the value of service is determined by type of service, frequency and provider. Total value of all services required determines service level. Depending on service needs, the customized service plan may be supplemented with an ancillary support package.

BEAUTY & BARBER

Color rinse……………………………$5.00
Foil……………………………$70.00
Haircut, men……………………………$17.00
Beard Trim……………………………$8.00
Haircut, women……………………………$22.00
Hair treatment……………………………$10.00
Highlights, lowlights (cap)……………………………$65.00
Manicure full……………………………$17.00
Mini-Pedicure……………………………$30.00
Nail trimming & polish……………………………$15.00
Pedicure……………………………$39.00
Permanent……………………………$75.00
Permanent color……………………………$35.00
Re-comb……………………………$8.00
Shampoo only……………………………$8.00
Shampoo & style……………………………$20.00
Shampoo cut & set……………………………$42.00
Waxing (per area)……………………………$10.00

BUSINESS

Fax, send or received……………………………$.50/page
Financial facilitator……………$7.50 each 15 mins.
Financial facilitator CTC Participant….no charge
Photocopy-letter size……………………………$.10 each
Photocopy-legal size……………………………$.15 each

DINING

Guest meal – Breakfast……………………………$6.00 /meal
Guest meal – Lunch (noon)……………………………$12.00 /meal
Guest meal – Dinner……………………………$8.00 /meal

All holiday and special events meals for adults and children will be priced according to the menu and staffing needs.
All non medical delivered trays……………………………$5.00

FITNESS

Programs & Supplies-See recreation coordinator For detailed charges.

GUEST ROOMS

Through Village Reception Desk… 860-635-2690
Guest rooms-3 (three person limit)……$85 /night
Cot With Linens……………………………$20 /night

LAUNDRY

Wash, dry & fold……………………………$7.50 /load

MAINTENANCE

Replacement key……………………………$7 each
Key FOB replacement……………………………$25 each
Replacement Home Free Pendants……………$125 each
Cable TV……………………………$31/month
Telephone-Basic Rate……………………………$16/month
Electrician ……………$50 first ½ hr., $25/ add'l ¼ hr.
Maintenance requests…$20 1st ½ hr.,$10/add'l ¼ hr.
Upgrades/Special Requests….As quoted by Facilities

MEDICAL & PERSONAL SUPPLIES

Transp. chaperone……$25.00, 1st hr./ $12. add'l ½ hr.
Nutritional supplements……………ask for price list
Wheelchair cleaning……………………………$22/month

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

TRANSPORTATION

Pricing available at Pineview Desk

ASSISTED LIVING A LA CARTE ACCOMPANIMENTS

The unique nature of each Covenant Retirement Community demands that our services reflect local preferences. If you don't find the uniquely Covenant of Cromwell service you're looking for below, please check with the appropriate department.

COVENANT VILLAGE OF CROMWELL
A Covenant Retirement Community

NURSING SERVICES

Blood glucose check..........$10.00/occurrence
Consultative nursing..............$20.00/ 1/2 hr.
Escort Off Campus........................$25.00/hr.
Eye and Ear drops.....................$4.00-$12.00
Injections..........................$10.00/occurrence
Medication re-order.............$6.00/occurrence
Medication set-up..............$21.00/occurrence
Patch placement.....................$8.00/service
Wound & skin care.............$16.00/occurrence

ASSISTED LIVING PACKAGES (MONTHLY)

Bathing assistance package..........................$185
Blood Glucose Monitoring........................$297
Continence management package...........$741
Dressing/grooming/hygiene package...........$361
Eating Assistance Package.....................$222
Extra housekeeping service package........$247
Indoor escort package...........................$759
Linen changes package.........................$455
Medication delivery.............................$185
Status Check package............................$503
Transfer Assistance package...................$494

Effective Date 2/1/2017

ASSISTED LIVING MEMORY SUPPORT A LA CARTE SERVICES

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

COVENANT VILLAGE OF CROMWELL
A Covenant Retirement Community

SERVICE LEVEL PRICING

Level 2……………………………………$760 month

Service level fees above are incremental to Service Level 1.

BEAUTY & BARBER

Color rinse……………………………………$5.00
Foil……………………………………………$70.00
Haircut, men…………………………………$17.00
Beard Trim……………………………………$8.00
Haircut, women………………………………$22.00
Hair treatment…………………………………$10.00
Highlights, lowlights (cap)…………………$65.00
Manicure full…………………………………$17.00
Mini-Pedicure…………………………………$30.00
Nail trimming & polish………………………$15.00
Pedicure………………………………………$39.00
Permanent……………………………………$75.00
Permanent color………………………………$35.00
Re-comb………………………………………$8.00
Shampoo only…………………………………$8.00
Shampoo & style………………………………$20.00
Shampoo cut & set……………………………$42.00
Waxing (per area)……………………………$10.00

BUSINESS

Fax, send or received…………………$.50/page
Financial facilitator……………$7.50 each 15 mins.
Financial facilitator CTC Participant….no charge
Photocopy-letter size……………………$.10 each
Photocopy-legal size……………………$.15 each

Effective Date 2/1/2017

DINING

Guest meal – Breakfast…………………$6.00 /meal
Guest meal – Lunch (noon)……………$12.00 /meal
Guest meal – Dinner……………………$8.00 /meal

All holiday and special events meals for adults and children will be priced according to the menu and staffing needs.
All non medical delivered trays……………$5.00

FITNESS

Programs & Supplies-See recreation coordinator For detailed charges.

GUEST ROOMS

Through Village Reception Desk… 860-635-2690
Guest rooms-3 (three person limit)……$85 /night
Cot With Linens……………………………$20 /night

LAUNDRY

Wash, dry & fold…………………………$7.50 /load

MAINTENANCE

Replacement key…………………………………$7 each
Replacement Home Free Pendants…………$125 each
Cable TV…………………………………………$31/month
Electrician ……………$50 first ½ hr., $25/ add'l ¼ hr.
Maintenance requests…$20 1st ½ hr.,$10/add'l ¼ hr.
Upgrades/Special Requests….As quoted by Facilities

MEDICAL & PERSONAL SUPPLIES

Transp. chaperone……$25.00, 1st hr./ $12. add'l ½ hr.
Nutritional supplements……………ask for price list
Wheelchair cleaning……………………………$22/month

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

TRANSPORTATION

Pricing available at Pineview Desk

ASSISTED LIVING MEMORY SUPPORT A LA CARTE

The unique nature of each Covenant Retirement Community demands that our services reflect local preferences. If you don't find the uniquely Covenant of Cromwell service you're looking for below, please check with the appropriate department.

COVENANT
VILLAGE OF CROMWELL
A Covenant Retirement Community

NURSING SERVICES

Consultative nursing……........….$20.00/ 1/2 hr.
Escort Off Campus……………………$25.00/hr.
Injections……………………..$10.00/occurrence
Wound & skin care……..……$16.00/occurrence

ADDITIONAL SERVICES

Continence management package……..….$741
Dressing/grooming/hygiene package…….….$361
Indoor escort package………………………$759

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SKILLED NURSING A LA CARTE SERVICES

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

COVENANT VILLAGE OF CROMWELL
A Covenant Retirement Community

BEAUTY & BARBER

Color rinse....................$5.00
Foil....................$70.00
Haircut, men....................$17.00
Beard Trim....................$8.00
Haircut, women....................$22.00
Hair treatment....................$10.00
Highlights, lowlights (cap)....................$65.00
Manicure full....................$17.00
Mini-Pedicure....................$30.00
Nail trimming & polish....................$15.00
Pedicure....................$39.00
Permanent....................$75.00
Permanent color....................$35.00
Re-comb....................$8.00
Shampoo only....................$8.00
Shampoo & style....................$20.00
Shampoo cut & set....................$42.00
Waxing (per area)....................$10.00

BUSINESS

Fax, send or receive....................$.50/ page
Financial facilitator..........$7.50 each 15 mins.
Financial facilitator-CTC Participant...no charge
Photocopy-letter size....................$.10 each
Photocopy-legal size....................$.15 each

DINING

Guest meal – Breakfast....................$6.00 /meal
Guest meal – Lunch (noon)............$12.00 /meal
Guest meal – Dinner....................$8.00 /meal

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

GUEST ROOMS

Through Village Reception Desk... 860-635-2690
Guest rooms 1-3 (three person limit)...$85 /night
Cot with Linens....................$20 /night

MAINTENANCE

Cable TV....................$31/month
Electrician ....$50 first ½ hr., $25/ add'l ¼ hr.
Landscaping (personal areas)....................as quoted
Maintenance requests...$20 1st ½ hr.,$10/add'l ¼ hr.
Upgrades/Special Requests....As quoted by Facilities

MEDICAL & PERSONAL SUPPLIES

Nursing supplies & treatments ....Available upon request from nursing secretary
Transp. Chaperone.....$25.00, 1st hr./ $12. add'l ½ hr.
Therapies.............Available from Therapy Director

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

The facility will not charge the resident for any service included in Medicare if the resident qualifies for Medicare, and the facility will not charge the resident for any service included in Medicaid if the resident qualifies for Medicaid.

TRANSPORTATION

Pricing available at Pineview Desk

EXHIBIT "E"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

DESCRIPTION OF PROPOSED CONSTRUCTION PROJECTS

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

EXHIBIT "F"

TO

DISCLOSURE STATEMENT

OF

COVENANT VILLAGE OF CROMWELL,

A DIVISION OF COVENANT HOME, INC.

SWORN STATEMENTS OF ESCROW AGENT.

SWORN STATEMENT
OF THE
ESCROW AGENT

STATE OF CONNECTICUT)
) SS: EAST HARTFORD
COUNTY OF MIDDLESEX)

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

BANK OF AMERICA,
ESCROW AGENT

BY: Josephine Garofalo

Subscribed and sworn
before me this 5 day of
JUNE, 2017.

Patrick Staffaroni
Notary Public

PATRICK J. STAFFARONI
Notary Public, State of Connecticut
My Commission Expires Nov. 30, 2017

ACKNOWLEDGMENT

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

RESIDENT/APPLICANT:

____
(Signature)

____
(Printed Name)

RESIDENT/APPLICANT:

____
(Signature)

____
(Printed Name)

Address:______________________________

____

____