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VIA ELECTRONIC MAIL

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April 1, 2021

Richard Wysocki
Waveny Care Center
3 Farm Road
New Canaan, CT 06840

Re: Oenoke Ridge 2021 Disclosure Statement

Dear Rich:

Oenoke Ridge, which is owned by Waveny Care Center Health Services, Inc., submits its revised Disclosure Statement. Oenoke Ridge remains in the development stage. We will continue to keep you posted on the project.

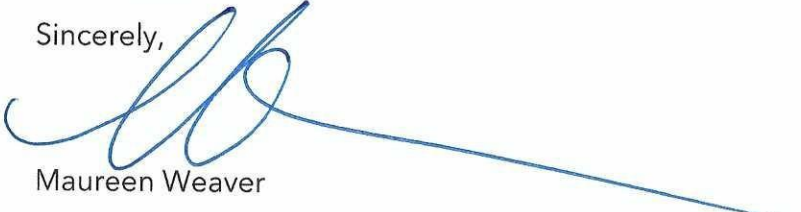
Outlined in this letter are the 2021 revisions that were made in comparison to last year's Disclosure Statement. The changes are as follows:

- Page 1- Officers and Directors/Ownership Information: Updated Chairman of the Board of Directors.
- Page 2-Business Experience: Acquisition of Visiting Nurse & Hospice of Fairfield County to be merged into Waveny Home Healthcare.
- Page 7- Construction Plan and Time Frame: Updated amount held in endowment and investment accounts
- Exhibit B-1: Updated Organizational Chart
- Exhibit B-2: Updated Officers and Board Members of Waveny Care Center Services, Inc.
- Exhibit C: Inclusion of Visiting Nurse & Hospice of Fairfield County
- Exhibit D: Consolidated Financial Statements for 2019 and 2020

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Please let me know if you have any questions. Once you are ready to send the acknowledgement, we would appreciate it if you would e-mail us a copy at mweaver@wigginc.com.

Sincerely,



Maureen Weaver

cc: Russel Barksdale, CEO

DISCLOSURE STATEMENT

Oenoke Ridge
65 Oenoke Ridge Road
New Canaan, CT 06840



Owner: Waveny Care Center Health Services, Inc.

Address of Owner: 3 Farm Rd., New Canaan, CT 06840

Effective: April 2021

NOTICE

ALL CONTINUING CARE RETIREMENT COMMUNITIES IN CONNECTICUT MUST REGISTER WITH THE CONNECTICUT DEPARTMENT OF SOCIAL SERVICES PURSUANT TO CONNECTICUT GENERAL STATUTES §17b-521.

REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT OF THE FACILITY BY THE DEPARTMENT OF SOCIAL SERVICES OR STATE OF CONNECTICUT, NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT IN THE DISCLOSURE STATEMENT.

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Exhibit A	Continuing Care Contract
Exhibit B-1	Ownership Structure for Waveny Care Center Health Services, Inc./Waveny LifeCare Network, Inc.
Exhibit B-2	Officers and Board Members of Waveny Care Center Health Services, Inc.
Exhibit C	List of Senior Living Communities Operated by Waveny LifeCare Network, Inc.
Exhibit D	Audited Financial Statements
Exhibit E	Pro Forma Income Statements
Exhibit F	Entrance Fees/Periodic Charges
Exhibit G	Sworn Statement of Escrow Agent
Exhibit H	Statement of Anticipated Source and Application of Funds

I. NAME AND ADDRESS OF OWNER

Waveny Care Center Health Services, Inc. (the “Owner”), a Connecticut non-stock, non-profit corporation, will own and operate the continuing care retirement community known as “Oenoke Ridge” located at 65 Oenoke Ridge, New Canaan, Connecticut 06840.

II. OFFICERS AND DIRECTORS/OWNERSHIP INFORMATION

Waveny Care Center Health Services, Inc.’s sole member is Waveny LifeCare Network, Inc., a Connecticut non-stock, non-profit corporation. An organizational chart listing the entities and services provided within Waveny LifeCare Network, Inc. is attached as Exhibit B-1. Kathleen Corbet is the Chairman of the Board of Directors and Russell Barksdale, Jr. is President and CEO of both Waveny Care Center Health Services, Inc. and Waveny LifeCare Network, Inc.

The Officers and Directors of Waveny LifeCare Network, Inc. also serve as the Officers and Directors of Waveny Care Center Health Services, Inc. A list of the Officers and Directors is attached as Exhibit B-2.

III. BUSINESS EXPERIENCE

Waveny Care Center Health Services Inc. and the other facilities and programs provided within Waveny LifeCare Network have extensive experience operating senior living communities for more than forty years.

Waveny LifeCare Network, Inc. was founded more than 40 years ago by local community volunteers and has grown in services and programs. Waveny LifeCare Network includes Waveny Care Center, a 76-bed skilled nursing facility that wears with pride a national four-star rating and is listed in US News and World Report as one of Connecticut’s finest. Also included in Waveny LifeCare Network are The Village at Waveny, a 53-unit assisted living facility, The Inn, an independent living community, Waveny Home Healthcare and various other services, including Visiting Nurse & Hospice of Fairfield County, which Waveny LifeCare Network recently acquired to be merged eventually into Waveny Home Healthcare. Waveny serves over 1,100 seniors annually across its diverse inpatient, outpatient, and home-based services.

Attached as Exhibit C is a listing of the senior living facilities and services operated by Waveny LifeCare Network. Waveny LifeCare Network's senior management and staff have significant experience in long term care at all levels, including the operation of an assisted living community, independent living community, nursing home, certified and licensed home care, outpatient therapy, and adult day care programs.

For more information regarding Waveny LifeCare Network please visit <https://www.waveny.org>.

IV. JUDICIAL PROCEEDINGS

Neither Waveny Care Center Health Services, Inc. nor any of its officers or directors has ever 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 which involved fraud, embezzlement, fraudulent conversion or misappropriation of property or has otherwise been subject to any action described in Section 17b-522(b)(4) of the Connecticut General Statutes. To our knowledge, none of the persons/entities listed in Exhibit B-1 and B-2 have been subject to any action described in Section 17b-522(b)(4) of the Connecticut General Statutes.

V. AFFILIATION

Neither Waveny Care Center Health Services, Inc. nor its sole member, Waveny LifeCare Network, Inc., is affiliated with any religious organization; however, both entities are charitable nonprofit organizations exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code. No individual or corporate or private for-profit entity has ownership interests in Waveny Care Center Health Services, Inc. nor in any of the operating entities for the communities listed in Exhibit C.

Neither Waveny LifeCare Network Inc. nor any other affiliate of Waveny Care Center Health Services, Inc. will be responsible for the financial or contractual obligations of Waveny Care Center Health Services, Inc.

VI. DESCRIPTION OF PROPERTY

Oenoke Ridge will be located on a 3.5-acre site near the town center of New Canaan, Connecticut.

Travel access to the site from all parts of Fairfield County is accomplished via several major routes within proximity, including I-95, Routes 124, 106, 123, 124, 7,

1, and the Merritt Parkway. Shopping, professional offices including physicians, dentists, optometrists, regional and local banks, law offices, Town Hall, restaurants, places of worship, and other amenities are within easy walking distance of the site.

The site is residential in nature and is surrounded by a great lawn, the town's Historical Society and many of its antique buildings, museum and historically significant art, five churches, quaint restaurants and light businesses.

The Oenoke Ridge campus will consist of 70-one bedroom and two-bedroom apartments surrounding common areas, restaurant options, and activities. The health center for the Oenoke Ridge (assisted living facility and nursing home) are located nearby on 3 Farm Road in New Canaan, Connecticut.

Independent Living - The 70 independent living apartments will be located on three floors of the building. Residents will have their choice of many different floor plans. Sizes for one-bedroom apartments range from approximately 800-1,100 gross square feet and two-bedroom apartments range from approximately 1,400-1,500 gross square feet. For purposes of this Disclosure, "gross square feet" is calculated from the outside of the exterior walls and apportionment of the exterior hallway entrance and exterior balcony to the unit (see Exhibit F, which lists all of the different independent living apartments by Entrance Fee and Monthly Fee). All apartments include balconies or ground floor patios. Surface parking facilities are provided and underground garage parking is available for an additional charge.

Each independent living apartment will include:

- Emergency call system.
- Window treatments, linen and clothing closets.
- Individually controlled heating and air conditioning.
- Fully equipped kitchen, including a refrigerator, stove range, microwave, self-cleaning oven, dishwasher and microwave.
- Washer and dryer unit.
- Pre-wired for telephone, television, and telehealth use.

Community Center - The Community Center will be located on the first floor and will serve as the hub for all social, dining, and recreational activities. Provided below is a list of the specialized areas located within the Community Center.

- Lobby/Reception
- Administrative Offices
- Kitchen
- Main Dining Room
- Activities Room
- Library
- Women’s & Men’s Locker Rooms
- Pub
- Fitness Center
- Indoor Pool
- Private Dining Room
- Beauty/Barber Shop
- Lounges
- Convenience Store
- Grille/Café
- Multi-Purpose Room
- Card Rooms
- Massage Therapy
- Doctor’s Office

Health Center - – The Health Center for Oenoke Ridge residents is located at 3 Farm Road and will include Waveny Care Center, Waveny’s skilled nursing facility, and The Village at Waveny—its assisted living facility. Oenoke Ridge residents will have access to all services provided in that location, including assisted living services, a memory care unit, the skilled nursing facility, and a Wellness Center. The skilled nursing facility also includes space for physical and occupational therapy for The Oenoke Ridge residents as well as outpatient rehabilitation services for the greater community.

Assisted Living – Assisted living services are provided in 26 residential units or “apartments,” located at the Village on the first floor at Farm Road. Each apartment has its own bathroom, emergency call system, closet space, mini-refrigerator and a built-in storage area for microwave or small kitchenette. The apartments are equipped with individually controlled heating and air conditioning and are wired for telephone use and cable television. Services provided include basic assistance with activities of daily living such as bathing, dressing, grooming, toileting, etc., and assistance with medications. Assisted living services will not be available in Oenoke Ridge’s independent living apartments, but home health and homemaker companion services will be available through Waveny LifeCare Network’s separately owned home health aide or home healthcare programs. Oenoke Ridge residents will be given priority, based on availability, for admission to the Village’s assisted living unit should they require a transfer to the assisted living level of care.

Memory Care Assisted Living Services – Waveny’s Memory Care Program is provided in 26 residential “studio” apartments located on the second floor of the Farm Road site. Each apartment has its own bathroom with a shower, emergency call system, and closet space. The apartments are equipped with individually controlled heating and air conditioning and are wired for telephone and cable television. The common areas were designed with visual cues and themes to stimulate memory and help residents find their way, contrasting colors to help residents identify their surroundings, special lighting to reduce shadows, electronic door security inside and out for safety, wandering gardens, and comfortable, familiar furniture designed for the unique needs of seniors.

Services provided include personal care plans based on individual needs, assistance with activities of daily living such as bathing, dressing, grooming, toileting, etc., specialized programming activities led by a certified dementia practitioner, specialized dining program and medication assistance. The Memory Care Program is led by a dementia care specialist who provides the programming services and support to help residents feel secure, comfortable, and successful every day.

Skilled Nursing - The skilled nursing facility is located on the first and second floor of the Health Center at Farm Road. There are 76 beds within private and semi-private rooms. All rooms are furnished. The skilled nursing facility includes a central bathing area, a dining room, therapy room, activities room, and lounges, as well as inpatient and outpatient rehabilitation services (i.e. physical therapy, occupational therapy, and speech therapy).

VII. CONSTRUCTION PLAN AND TIME FRAME

Waveny Care Center Health Services, Inc. has registered Oenoke Ridge with the Connecticut Department of Social Services as a continuing care facility and has begun marketing the project to prospective residents. Waveny Care Center Health Services, Inc. must enter into continuing care contracts for at least seventy percent (70%) of the Oenoke Ridge units before Waveny Care Center Services, Inc. will be able to close on bank financing. Waveny Care Center Health Services, Inc. must also obtain all required approvals from the Town of New Canaan to develop Oenoke Ridge and is currently pursuing the necessary Town approvals.

All entrance fee deposits received from prospective residents resulting from their continuing care contracts will be held in escrow at Bankwell Bank. If the project does not proceed to construction, all deposits will be refunded less an

administrative fee of two percent (2%). Once construction begins, entrance fee deposits will remain refundable less an administrative fee (2%) and will be released to Oenoque Ridge only when permitted in accordance with applicable law. Please see the Continuing Care Contract attached at Exhibit A for specific provisions related to refunds.

The sources of funds includes but is not limited to cash contributions from Waveny LifeCare Network, entrance fees, and construction loan proceeds which total approximately \$45.5 million. The uses of funds assume the following: \$27.8 million in construction, \$2.6 million for architectural/engineering/design, \$1.0 million for marketing, pre-development costs, loan costs and legal services, \$2.8 million for equipment (fixed and moveable) and a contingency fee for unforeseeable costs, \$3.8 million for land purchase, land improvements, and land related costs, and \$2.6 million in bank reserves and construction period interest.

To assure the builder's successful completion of the construction of the CCRC, the builder has agreed to put \$3 million in an escrow to be held by the mortgagee. This amount will be returned to the builder upon successful completion of construction. It is also worth noting that Waveny LifeCare Network is contributing long held land to the project which the potential lender has agreed to value at \$2.7 million for collateral calculation purposes. This land contribution is in addition to the \$45.5 million of cash sources of funds sited above.

Waveny Care Center Health Services, Inc. will finance the majority of these costs through a mortgage loan with a bank. Waveny Care Center Health Services, Inc. has not yet finalized negotiations with a bank for project financing. Once a final financing commitment is received, Waveny Care Center Health Services, Inc. will disclose the name of the bank and provide a description of the terms and costs of the financing arrangement. Waveny Care Center Health Services, Inc. anticipates that the financing will be structured as a construction loan that will convert to a permanent loan once construction is completed, and that the bank will assume the first mortgage on the building.

The remaining portion of the project costs will be funded through an equity contribution from Waveny LifeCare Network. It is anticipated that the equity contribution will consist of at least \$4.2 million in cash and reserves that will cover pre-development expenses such as Planning and Zoning submissions, legal, design and other related costs, with the balance of the equity contribution based on land purchase and land related costs related to the project.

Please refer to the Statement of Anticipated Source and Application of Funds at

Exhibit H.

When Oenoke Ridge's operations commence, Waveny Care Center Health Services, Inc. will maintain escrow accounts with a bank in an amount sufficient to cover one month of Oenoke Ridge's operating expenses (excluding debt service), and six month's principal payments on first mortgage financing. Waveny Care Center Health Services, Inc. may fund these initial reserve deposits if needed from Waveny's unrestricted investment funds. Please refer to Waveny's LifeCare Network's Audited Financial Statement which reflects endowment and investment accounts of approximately \$11 million.

Based upon the level of interest received thus far, Waveny Care Center Health Services, Inc. anticipates that Oenoke Ridge will be at 90+% occupancy within the first 180 days of opening. At 70% occupancy the total entrance fees received shall approximate \$39.2 million.

VIII. BENEFITS INCLUDED

All prospective residents will enter into a Continuing Care Contract, which will specify the particular apartment to be occupied, the Entrance Fee, and the Monthly Fee to be paid. The Continuing Care Contract, which is attached as Exhibit A, provides details on the financial terms and fees involved. The following amenities and services are provided at no additional charge:

- Meals: Dinner in the Community Dining Room subject to a total monthly meal cap per person. Breakfast or lunch or brunch may be made available at an additional charge. Meals in the Health Center, Memory Care Unit, and Assisted Living Facility each have a separate meal plan and cost structure.
- Weekly housekeeping.
- Weekly laundering of bed linens and towels.
- Routine maintenance and repairs of Community property and equipment.
- 24-hour emergency call system and smoke alarms within each residence.
- Maintenance of all common areas and grounds.
- All utilities except telephone.

- Basic television programming.
- The apartment will include a fully equipped kitchen, washer/dryer, window coverings, individually controlled thermostats, and balcony or ground floor patio.
- Storage facilities.
- Outdoor parking.
- Landscaped grounds and courtyard areas.
- Scheduled transportation to local doctors, shopping, etc. (additional fees may apply).
- Diverse activities/social programs.
- Basic assisted living services in the Village site, primarily cuing and reminders, basic administration of medications, and only limited physical assistance with activities of daily living.*
- Basic dementia care services in the Memory Care area of the Village site, which consist primarily of cuing and reminders, and only limited physical assistance with activities of daily living*.
- Skilled nursing care in the Health Center*.

***NOTE:** Please review the Continuing Care Contract attached as Exhibit A, regarding payment for assisted living services above the basic services (described above), assisted living memory care services above the basic services (described above), and services not included as part of the Continuing Care Contract but which may be offered in the skilled nursing facility at the Health Center.

The Community reserves the right to make changes in the nature and extent of services provided. Residents will be provided advance notice of any such changes in services.

IX. ENTRANCE FEE DEPOSITS AND INTEREST ON DEPOSITS

Prospective residents wishing to commit to an apartment at Oenoke Ridge before construction starts must pay two percent (2%) of the Entrance Fee for the apartment

and sign the Continuing Care Contract. The prospective resident must then pay an additional eight percent (8%) of the Entrance Fee within thirty days of notification from Oenoke Ridge that construction has begun. Entrance Fees and Monthly Fees for each apartment type are on listed page Exhibit F. The Entrance Fee deposits will be placed in an escrow account at Bankwell Bank and funds from that account will be released to Waveny Care Center Health Services, Inc. at such time and in such manner as permitted by law.

Once construction has been completed and the apartment is ready for occupancy, the resident will pay the balance of the Entrance Fee and any Second Person Entrance Fee, if applicable.

Interest and returns earned on Entrance Fees or any other deposits held in escrow are retained by the Waveny Care Center Health Services, Inc.

X. TERMINATION OF CONTRACT AND ENTRANCE FEE REFUNDS

Conditions under which the contract may be terminated and procedures for termination are described in Article VI of the Continuing Care Contract (Exhibit A).

The entrance fee refund to which a resident is entitled and the terms under which it will be paid are set forth in the Continuing Care Bond, attached to the Continuing Care Contract. In the event that an Oenoke Ridge resident permanently relocates to The Village or Waveny Care Center and the resident's apartment is resold, Waveny Care Center Health Services, Inc. will draw down on the entrance fee refund to pay the monthly fee and other charges for residency and services at The Village or Waveny Care Center.

XI. RIGHTS OF A SURVIVING SPOUSE

A surviving spouse, who is a party to the Continuing Care Contract, maintains all of his or her rights under the terms of the Contract.

A surviving spouse who is not a party to the Continuing Care Contract, has any rights he or she may have under applicable law.

XII. MARRIAGE OF A RESIDENT

If a resident of the Community marries a non-resident who meets entrance requirements, the spouse may become a resident of the Community, and may become a party to the contract. In that event, the resident spouse will pay the then prevailing Second Person Entrance Fee and then prevailing Second Person Monthly Fee. If the spouse does not or cannot become a party to the contract, he or she may occupy the resident's apartment on a non-resident basis. The resident spouse would pay the prevailing Second Person Monthly Fee.

If two residents marry, either resident may terminate his or her continuing care contract and release his or her apartment. The terminating resident may then become a party to his/her spouse's Continuing Care Contract and become a second occupant in the occupied apartment. The Monthly Fee will be adjusted so as to equal the Monthly Fee that applies to double occupancy of the occupied apartment.

XIII. DISPOSITION OF PERSONAL PROPERTY

Personal property shall be removed from the resident's apartment within thirty (30) days after termination of the Continuing Care Contract.

If a resident's personal property is not removed as provided above, the Owner has the right to remove and store it at the resident's expense for up to six (6) months, after which time it may be sold and the proceeds (less expenses) will be credited to the resident's account.

Payment of the Monthly Fee shall continue to be required on a prorated basis until all property is removed from the apartment or the Health Center.

XIV. TAX CONSEQUENCES

The Oenoke Ridge is a Continuing Care Retirement Community. Payment of an entrance fee pursuant to a Continuing Care Contract may have significant tax consequences. Any person considering such a payment may wish to consult a qualified advisor.

XV. RESERVE FUNDING & ESCROWS

As required by law, Waveny Care Center Health Services, Inc. will maintain escrow accounts with a bank when its obligation to do so begins, in an amount sufficient to cover one month of The Oenoke Ridge's operating expenses (excluding debt service), and six month's principal and interest payments on first mortgage

financing. Deposits received from prospective residents will also be held in escrow until they are permitted to be released in accordance with applicable law.

XVI. FINANCIAL STATEMENTS

Audited and certified financial statements of Waveny Care Center, Inc. and Waveny LifeCare Network, Inc. for the last two fiscal years are provided in Exhibit D.

XVII. PRO FORMA INCOME STATEMENTS

The proforma income statements projected for The Oenoke Ridge for the first three years of operations are attached as Exhibit E. They were completed by Waveny LifeCare Network, Inc. in consultation with their financial auditors – Marcum LLP out of New Haven, Connecticut. Exhibit E includes a summary of the projections used in the assumptions for the proforma income statements.

XVIII. ENTRANCE FEES & PERIODIC CHARGES

See Exhibit F for a listing of the current Entrance Fees, monthly charges, fees for ancillary services.

As an ongoing concern, management is expecting two distinct categories of Monthly Fee adjustments each year: an “internal” increase that applies to the original residents of Oenoke Ridge and an “external” increase for all other individuals and future residents of Oenoke Ridge.

XIX. DEPARTMENT OF SOCIAL SERVICES FILINGS

All materials required to be filed with the Department of Social Services under state statutes for the Management of Continuing Care Facilities including this Disclosure Statement and its exhibits, will be filed. These materials are publicly available and can be viewed at the Department of Social Services, 55 Farmington Avenue, Hartford, Connecticut 06105 or on the Department of Social Services web site at <https://portal.ct.gov/DSS/Health-And-Home-Care/Continuing-Care-Facility-Reimbursement/Continuing-Care-Facility---Reimbursement/Disclosure-Statements>.

RESIDENT ACKNOWLEDGMENT

Pursuant to Connecticut General Statutes §17b-522(a) The Oenoke Ridge hereby advises you that:

- (1) A CONTINUING-CARE CONTRACT IS A FINANCIAL INVESTMENT AND YOUR INVESTMENT MAY BE AT RISK;
- (2) THE OWNER’S ABILITY TO MEET ITS CONTRACTUAL OBLIGATIONS UNDER SUCH CONTRACT DEPENDS ON ITS FINANCIAL PERFORMANCE;
- (3) YOU ARE ADVISED TO CONSULT AN ATTORNEY OR OTHER PROFESSIONAL EXPERIENCED IN MATTERS RELATING TO INVESTMENTS IN CONTINUING-CARE FACILITIES BEFORE YOU SIGN A CONTRACT FOR CONTINUING CARE; AND
- (4) THE CONNECTICUT DEPARTMENT OF SOCIAL SERVICES DOES NOT GUARANTEE THE SECURITY OF YOUR INVESTMENT.

I acknowledge that I have read the above statement and have received a copy of the Disclosure Statement.

_____	_____
Date	Resident
_____	_____
Date	Resident
_____	_____
Date	Legal Representative (If applicable)

EXHIBIT A

**CONTINUING CARE
CONTRACT**

**CONTINUING CARE
CONTRACT FOR**

**Oenoke Ridge
Waveny's LifePlan Community**

NEW CANAAN, CONNECTICUT



**EQUAL HOUSING
OPPORTUNITY**

CONTINUING CARE CONTRACT

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CONTINUING CARE CONTRACT

Waveny Care Center Health Services, Inc. (“We” or “Us”), a Connecticut non-profit corporation which operates the retirement community known as Oenoke Ridge (the “Community”), located in New Canaan, Connecticut, and _____ (“You”) have entered into this Continuing Care Contract (the “Contract”), effective on the ___ day of _____, 20____ (“Effective Date”).

YOU AND WE AGREE AS FOLLOWS:

ARTICLE I GENERALLY

This Contract describes the accommodations and other benefits you will receive from us, and the payments you will be required to make.

ARTICLE II ACCOMMODATIONS AND FACILITIES

A. Your Apartment – You have selected Apartment _____ (“your Apartment”). You understand that construction has not yet begun at this time and will not begin until seventy percent (70%) of the units have been presold and deposits have been received for each of those units. Once construction is complete and you move into the Apartment, you shall have a personal and non-assignable right to reside in your Apartment, subject to the terms of this Contract and Community rules. The “Occupancy Date” is the date we make the keys available to you and when you are authorized to take possession of the Apartment, even if you do not move into the Apartment on such date. Your Apartment will include a complete kitchen including self-cleaning oven, microwave, range, refrigerator and dishwasher; fully equipped bathroom; washer and dryer; window coverings; an emergency call system; smoke alarms and individually controlled heating and air conditioning units. You may provide additional furnishings and small appliances as long as their placement and use comply with the Community’s safety standards. You agree, at our request, to remove any furnishings or appliances from your Apartment that do not meet the safety standards of the Community.

B. Utilities – Electricity, including heat and air conditioning, water, sewer, garbage collection, real estate taxes, and basic cable television programming, are provided as part of your Monthly Fee benefits. Telephone service to your

Apartment will be available; however, installation of telephones and service costs will be your responsibility.

C. Parking – Uncovered parking spaces will be available on a first come, first serve basis at no additional charge for a single motor vehicle. No RV, boat with trailer, motorhome, trailer, or unlicensed off-road vehicle will be allowed on premises. A parking garage also will be available and may require an additional charge. The parking garage, likewise, will have specific limitations placed upon it. Those limitations shall be included in the parking garage agreement.

D. Modifications to your Apartment – You will not make any structural or physical changes to your Apartment without the prior written consent of Oenoke Ridge’s Executive Director. You will be responsible for the cost of materials and labor required to make such changes. All such changes must be in compliance with applicable governmental codes and regulations. You or your estate will also be responsible for restoring the Apartment to its original configuration and condition when the Apartment is vacated, unless we specifically grant you an exemption from this requirement in writing.

E. Community Facilities – You are entitled to use the Community’s common grounds and facilities in accordance with Community rules. Community rules in effect at the time of execution of this Agreement are set forth in the Resident Handbook, a copy of which is provided to you when you sign this Agreement. The Resident Handbook may be amended by us from time to time.

F. Property Protection – You agree to keep your Apartment clean and orderly and agree not to permit misuse of or damage to your Apartment.

ARTICLE III SERVICES

A. Meals – We will provide dinner in the Community dining room subject to a total monthly meal cap per person. Breakfast, lunch, or brunch may be available for an additional fee. There shall be no credit for unused meals. However, if you are to be absent from your apartment for more than fourteen (14) consecutive days, you will receive a credit against your Monthly Fee for meals after the fourteenth day of absence, in an amount set from time to time by the Executive Director, provided you first give written notice to the Executive Director at least five (5) days prior to your absence.

B. Housekeeping – On a weekly basis, we will perform light cleaning services in your Apartment, including vacuuming; dusting; replacing bed

linens and making the bed, and cleaning the kitchen and bathroom(s). We will perform inside window washing; oven cleaning; carpet shampooing, and other similar heavy cleaning once a year, or more frequently if necessary, as determined by the Executive Director.

C. **Laundry** – We will launder your bed linens once a week.

D. **Maintenance and Repair** – We will perform necessary repairs, maintenance, and replacement of Community property and equipment located in your Apartment. Except in an emergency, such services will be provided during normal working hours, Monday through Friday. We will have the right to charge you for any repairs, maintenance or replacement required as a result of the negligence or intentional acts of you or your guests or visitors. You are responsible for maintaining, repairing and replacing your personal property.

E. **Emergency Call Service** – Your Apartment is equipped with an emergency call system by which you can contact Community personnel 24 hours a day, seven days a week.

F. **Buildings and Grounds** – We will maintain all Community buildings, common areas and grounds, including lawns, walkways, and driveways. Landscaping and decorative plantings will be provided and maintained by us as we deem appropriate.

G. **Transportation** – We will provide scheduled local transportation; additional fees may apply.

H. **Additional Services** – The services listed above are included as benefits, with no additional charge except as noted under this Contract. We may, in our sole discretion, provide or make available other services requested by you in the future. Additional services (“Additional Services”) for which there will be an additional fee (“Additional Fee”) are set forth in the Ancillary Charge Sheet attached as Exhibit D. Such Additional Fees may be increased and the nature and scope of any services may be adjusted from time to time by us.

ARTICLE IV HEALTH CARE SERVICES

A. **Health Care Services** – The Community Health Center (“Health Center”), located at 3 Farm Road, will be staffed twenty-four (24) hours a day, seven (7) days a week. The Health Center will provide traditional and memory care assisted living services (at The Village), as well as skilled nursing care (at Waveny Care

Center) (collectively “Health Care Services”). Health Care Services shall be provided, as the case may be, in traditional assisted living apartments; assisted living apartments on the memory care unit or in a semi-private nursing room within our skilled nursing facility. Priority consideration will be given to you for a private room in the skilled nursing facility. All traditional assisted living and memory care apartments are private. Health Care Services will include board, traditional or memory care assisted living or skilled nursing services (as the case may be), routine personal hygiene items, bedding, linen, and an emergency call system. Please note that Additional Health Center Fees may apply, depending on the level of assisted living and memory care assisted living and the additional items specified in Section V.C. of this Contract.

Physician Services. Physician services are not provided by Oenoke Ridge nor by any of Waveny’s entities. In addition, routine assisted living or nursing services will not include one-on-one care or companionship. You agree that any such care shall be provided at your expense and through a previously Waveny LifeCare Network approved licensed and bonded professional care giving provider.

Addendum to Contract. As part of the Health Center admissions process, you agree to sign a separate Assisted Living Addendum to this Contract, covering both traditional assisted living and memory care assisted living, or a Skilled Nursing Facility Addendum to this Contract, as appropriate. The services you will receive in the Health Center and certain additional rights, obligations and charges will be set forth in such Addendum.

Assisted Living Services in Your Apartment. Assisted living services are not available in your Apartment at Oenoke Ridge, but home health and homemaker companion services are available in your Apartment through Waveny LifeCare Network’s home health aide or home healthcare programs.

B. Unavailability of Health Center Bed Space – Residents of Oenoke Ridge will be given priority admission to the Health Center on Farm Road when medically necessary. While we believe it highly unlikely given our historic occupancy trends in both assisted living and skilled nursing, if an assisted living unit or skilled nursing bed in the Health Center is not available for you when needed, we will arrange and pay for comparable health care services for you at another facility. During your stay in the outside facility, you will pay us the same fees and any applicable additional charges as you would have paid if you had been admitted to

the Waveny Care Center or The Village, as applicable. You shall have the right, on a priority basis, to return to the Health Center as soon as appropriate space is available.

C. Moving Within the Community or to an Off-Site Facility Based on Care Needs – You agree that you will move to the appropriate setting within the Community, including to the Health Center, upon 30 days’ written notice (or lesser notice in an emergency), if your continued occupancy of your Apartment or other accommodation within the Community is no longer appropriate for your care needs due to either improvement or declines in your mental or physical condition. Your Apartment may not be appropriate for occupancy by you, for example if you require 24-hour nursing care, assisted living services that include 24-hour assistance, transfers requiring the assistance of two persons or other personal or health care services ordinarily not available at home; if your behavior is disruptive to other residents; if you are confused and attempt to leave the community without supervision; or are otherwise unable to care or have proper care provided for yourself. Sections of each of the Assisted Living, Memory Care Assisted Living and Skilled Nursing Facility Addenda that must be signed upon admission to these levels set forth the conditions for continued residence within each such level of care at the Community. You further agree that you will move, on a temporary or permanent basis, to an appropriate off-site facility that provides treatment for mental disorders if the need for such transfer is certified by one or more physicians in accordance with state law. You will be responsible for all costs associated with your stay at such off-site facility.

The Oenoke Ridge care team, led by the Executive Director, and (except in an emergency) in consultation with you, your family representative or other legal representative, if any, or your physician and in accordance with procedures set forth under applicable law, makes determinations based on its criteria for evaluation and placement about the following: (i) what level of care is most appropriate; (ii) whether such care will be provided in your Apartment, the Assisted Living unit within the Health Center, the Assisted Living Memory Care unit within the Health Center, the Skilled Nursing Facility within the Health Care Center or away from the Community; and (iii) whether any relocation for such care is temporary or permanent. The decision of Oenoke Ridge care team after any such consultation will be final.

You may make arrangements to have home care provided in your Apartment subject to our limitations. The Oenoke Ridge’s Executive Director shall have the final decision on approving agencies or personnel permitted to enter the Community and serve residents of Oenoke Ridge.

You agree that, in an emergency, if your mental or physical condition presents a danger to you or to others, as determined by us in our sole discretion, we will arrange for private duty care in your Apartment through third-party caregivers or Waveny's Home Health or at-Home program at your expense until other appropriate arrangements can be made.

**ARTICLE V
FINANCIAL ARRANGEMENTS**

A. ENTRANCE FEES

1. **Amount of Entrance Fees** – The Primary Entrance Fee for your Apartment is \$_____ (“Primary Entrance Fee”). The Second Person Entrance Fee for your Apartment is \$0 (“Second Person Entrance Fee”), if applicable. Your Total Entrance Fee is \$_____ (“Total Entrance Fee”).

2. **Payment Schedule** - The Total Entrance Fee shall be paid in the following manner:

a) Upon signing this Contract, you paid us a deposit of two percent (2%) of the Total Entrance Fee in the amount of:

\$_____

This deposit will be held in escrow and released to Waveny Care Center Health Services, Inc. in accordance with applicable law.

b) Within thirty days upon notification from Oenoke Ridge that construction has begun on the Community, you agree to pay an additional deposit of eight percent (8%) of the Total Entrance Fee in the amount of:

\$_____

This deposit will be held in escrow and released to Waveny Care Center Health Services, Inc. in accordance with applicable law.

- c) Fourteen days prior to the Occupancy Date (as defined in Section II. A. above) you agree to pay us the remaining 90% of the Total Entrance Fee in the amount of:

\$ _____

3. **Application of Funds** – Except as otherwise specifically provided in this Contract or by law, twenty percent (20%) of the Primary Entrance Fee (\$ _____), and the entire Second Person Entrance Fee shall be NON-REFUNDABLE. We will issue to you a Continuing Care Bond (“Continuing Care Bond”) in the form attached as Exhibit A to this Contract for the refundable portion of your Primary Entrance Fee. The Continuing Care Bond shall be non-interest bearing.

Your Continuing Care Bond shall be issued in the amount of \$ _____.

NOTE: If two persons are parties to this Contract, your right to a partial refund of the Entrance Fee under the Continuing Care Bond occurs only when this Contract is terminated by both of you. If one of you predeceases the other, the partial refund will not be paid at that time. Rather, it will be paid upon the death of the second person and within 60 days of the date that an entrance fee for your Apartment has been paid by a new resident. If the refund is paid after the death of the second person, the refund will be paid to the second person’s Estate or to any person(s) to whom you have assigned your right to a refund under the Bond. You may assign your right to a refund only with the written approval of Waveny Care Center Health Services, Inc., as stated in the Bond. Please take these requirements into account when making your personal financial and estate planning arrangements.

B. MONTHLY FEE

1. **Amount of Monthly Fee** – You will pay us a monthly fee based on single occupancy of your Apartment (“Primary Monthly Fee”) and an additional second person monthly fee if a second person also occupies your Apartment (“Second Person Monthly Fee”).

Your Primary Monthly Fee shall be _____ Dollars (\$).

Your Second Person Monthly Fee shall be _____ Dollars (\$).

Your Total Monthly Fee shall be _____ Dollars (\$).

2. **Payment of Monthly Fee** – Commencing on the Occupancy Date (as defined in Section II.A., above), you will be responsible for payment of the Monthly Fee. You will receive a statement of your Monthly Fee on or before the fifteenth (15th) day of the previous month. The Monthly Fee is an advanced payment for services to be rendered in the following month. It is deemed paid when received by us. Your First and Last Monthly Fee shall be prorated based upon the number of days that you have occupied your apartment. The Monthly Fee is not rent but is consideration for services provided to you hereunder.

3. **Adjustments** – We may adjust your Monthly Fee annually, on a predetermined date. Your Monthly Fee shall not be adjusted without at least thirty days prior written notice to you. You agree that in the event of such an adjustment, you will pay the adjusted Monthly Fee. Any increase in the Monthly Fee from year to year will be limited to an amount necessary, as determined by Waveny Care Center Health Services, Inc. in our sole discretion, to maintain the financial stability and future viability of the Community.

4. **Additional Services** – You will be billed for Additional Services either at the time they are rendered or at the time you are billed for your Monthly Fee. The payment procedure for Additional Fees shall be the same as for your Monthly Fee, including the imposition of late payment charges and interest on late payments.

5. **Penalty and Interest for Late Payment** – We reserve the right to impose a late payment charge and to assess interest at the rate of one and one-half percent (1 ½%) per month for all balances which remain unpaid ten (10) days after the date on which they are due. Any account balances, including late payment charges and interest, that remain unpaid when this Contract is terminated shall be deducted from any refund owed pursuant to the Continuing Care Bond, and you agree that any remaining unpaid amount shall become a lien against your assets or estate.

C. HEALTH CENTER FEES AND CHARGES

The following fees apply for care in the Health Center:

1. **Temporary Stay** – If you move from your Apartment into the Health Center for less than thirty (30) days during any ninety (90) day period (“Temporary Stay”), you will continue to pay your Monthly Fee plus the costs not covered by the Monthly Fee, if applicable, in accordance with the fee schedule, plus any other applicable Additional Health Center Fees. You authorize the Health

Center to bill Medicare, Medicare Advantage, insurance, long-term care insurance plan or any other insurance coverage that may apply to cover all or any portion of the services provided in the Health Center.

“Additional Health Center Fees,” include charges for assisted living services above the basic services described below, charges for Alzheimer’s or other specialized memory care above the basic services described below, meal charges and other incidental fees listed in the Assisted Living or Skilled Nursing Facility Addendum as applicable. Basic assisted living services that are included as part of your Monthly Fee consist primarily of general supervision, cueing and reminders, basic administration of medications and only limited physical assistance with activities of daily living (bathing, dressing, etc.). Basic memory care services that are included as part of your Monthly Fee consist primarily of general supervision, cueing and reminders and only limited physical assistance with activities of daily living. Additional Health Center Fees may be increased at any time, in our sole discretion, upon thirty (30) days prior written notice to you.

2. **Extended Stay** - If you reside in the Health Center for longer than a Temporary Stay (“Extended Stay”), the fees shall be as follows:

a) Single Resident requiring Extended Stay.

If you move to the Health Center on an Extended Stay basis, your monthly charges will depend upon whether you choose to release your Apartment:

- i) If you choose to release your Apartment for occupancy by someone else, you authorize Waveny Care Center Health Services, Inc. to draw down funds on your Continuing Care Bond to pay the Health Center for any Health Center Fees.
- ii) If you choose not to release your Apartment, you will pay two times the Primary Monthly Fee plus any Additional Health Center Fees.
- iii) Whether you release or choose not to release your Apartment, you hereby authorize the Health Center to bill Medicare, Medicare Advantage, insurance, long-term care insurance plan or any other insurance that covers all or any portion of the Extended Stay services provided in the Health

Center.

b) Extended Stays When There are Two Residents.

If there are two persons under this Contract, and one of you moves to the Health Center on an Extended Stay basis, you will pay the Monthly Fees plus any Additional Fees and any Additional Health Center Fees. This requirement also applies if a second person is occupying your Apartment as a non-resident. If both of you under this Contract move to the Health Center on an Extended Stay basis, your monthly charges will depend upon whether you choose to release your Apartment:

- i) If you choose to release your Apartment for occupancy by someone else not under your Contract, you authorize Waveny Care Center Health Services, Inc. to draw down funds on your Continuing Care Bond to pay the Health Center for any Health Center Fees. The second occupant of your apartment will be given thirty (30) days from which to find alternative housing arrangements. All other policies shall apply for vacating the apartment.
- ii) If you choose not to release your Apartment with the second occupant remaining, you will pay your Monthly Fee, plus Additional Health Center Fees as described in (i) above, plus an amount equal to the Monthly Fee for your Apartment.

D. Intentionally Left Blank

E. Medical Insurance/Medicare and Supplemental Coverage –

If you are sixty-five (65) years of age or older, you will obtain and maintain in force at your cost Medicare Part A, Part B and Part D, or equivalent insurance coverage under a public or private insurance plan. In addition, by the Occupancy Date, you will obtain and thereafter maintain a supplemental insurance policy to pay Medicare co-insurance and deductible amounts. If you are less than sixty-five (65) years of age, you will obtain medical insurance coverage equivalent to the coverage described in this Section V.E. satisfactory to us and provide proof of coverage we

may request. Any amounts paid or owing to you or us from Medicare, federal, state, municipal, private, or supplemental insurance plans for services rendered to you by us shall be paid to us. You will seek diligently to obtain all reimbursements, payments, proceeds or other benefits available under such plans or programs and authorize us to take such action as may be required to obtain and recover same.

F. Release of Apartment – In the event you release your Apartment because of a move to the Health Center, we shall have the right to make your Apartment available to another prospective resident of the Community.

G. Resident's Financial Screens and Sufficiency of Assets and Income to Pay Monthly Fee and Additional Fees – You have participated in our financial screening process. As part of that process you provided a list of your total assets, and all sources of income, which is attached to this Contract as Exhibit C. You agree that as a condition of residency in the Community, you will provide on an annual basis an update of all financial information contained in Exhibit C on forms to be provided by us. You further agree not to intentionally transfer or deplete your assets to an extent which will render you unable to pay all amounts due under this Contract.

H. Inability to Pay Fees Due to Financial Difficulty – Your Contract will not be terminated solely by reason of your financial inability to pay the fees required under this Contract, so long as you establish facts to justify deferment of such fees and when deferment of such fees can, in our sole discretion, be granted without impairing our ability to operate the Community on a sound financial basis for the benefit of all residents. In determining whether you establish facts to justify deferment of fees, we will consider factors such as and including, but not limited to, whether you submitted correct financial information upon application to the Community; whether you made gifts of your property after the date of this Contract which impaired your ability to meet your financial obligations and whether you have breached any of your other obligations to us. Any fees that are deferred due to financial difficulty or that are paid on your behalf from the benevolent fund established for this purpose, and any applicable late fees and interest, shall be deducted from any refund owed to you or your estate under the Continuing Care Bond, or otherwise due under this Contract.

I. Temporary Absences – If you are temporarily absent from the Community for any reason, including for medical reasons such as hospitalization, your right to occupy the Apartment will continue, and your payment obligations under this Contract will continue to apply.

**ARTICLE VI
TERMINATION OF CONTRACT**

A. Right of Rescission – You may rescind this Contract prior to the Occupancy Date (as defined in Section II.A. above) by notifying us of your decision to rescind within thirty (30) days of signing this Contract. You shall not be required to move into the Community before the expiration of the thirty (30) day period. In the event of such rescission any money transferred to us shall be refunded, less:

- i) additional costs incurred by us due to modifications in the structure or furnishings of your Apartment which you specifically requested as set forth in a separate written addendum to this Contract; and
- ii) an administrative charge of two percent (2%) of the Total Entrance Fee.

Any refund to which you are entitled under this Section VI.A. shall be made within sixty (60) days of our receipt of your written notice of rescission.

B. Automatic Cancellation – If, after the above-mentioned thirty (30) day rescission period, you are precluded from initially occupying your Apartment due to death, illness, injury or incapacity, upon written notice to this effect to us, the Contract shall be canceled automatically and you or your legal representative shall receive a refund of all money transferred to us, less:

- i) additional costs incurred by us due to modifications in the structure or furnishings of your Apartment which you specifically requested as set forth in a separate written addendum to this Contract; and
- ii) an administrative charge of two percent (2%) of the Total Entrance Fee; and
- iii) if we receive such notice after the Occupancy Date (as defined in Section II.A.), a pro-rated amount of the Monthly Fee based on the number of days for a period beginning seven days after the execution of this Contract and ending on the last day of the month during which we receive notice that you will not occupy the Apartment, plus any Additional Fees you incurred.

Any refund to which you are entitled under this Section VI.B shall be made within sixty (60) days of our receipt of your notice of cancellation. We reserve the right to request a statement from your physician if the cancellation is due to illness, injury or incapacity.

C. Other Termination by Resident – If this Contract is not terminated pursuant to Sections VI.A. or B. above, you may cancel this Contract at any time by giving us one-hundred twenty (120) days’ written notice. If you give such notice, you will pay all applicable fees and charges until the expiration of such one hundred twenty (120) day period or you vacate your Apartment, whichever is later. Your Continuing Care Bond will be repaid in accordance with its terms.

D. Termination by Us – We may terminate the Contract for good and sufficient cause. Upon termination by us, your Continuing Care Bond will be repaid in accordance with its terms. Good and sufficient cause shall include, but not be limited to, any of the following:

1. Failure to pay when due, any fees or charges due under this Contract, subject to the provisions of Section V.H. regarding financial hardship.
2. Conduct by you that constitutes a danger to yourself or others.
3. A material breach of the terms and conditions of this Contract.
4. Failure or refusal to move to the Health Center in accordance with Section IV. C. of this Contract.
5. Intentional transfer or depletion of assets to an extent which will render you unable to meet your financial obligations under this Contract.
6. Providing incorrect or misleading information, or failing to provide required information, about your financial or health status, including but not limited to, any statements or information that you, or others on your behalf, provide to the Community.
7. Repeated conduct by you that interferes with the quiet enjoyment of the Community by other residents.

8. Failure or refusal to comply with Community rules.

In the event of termination under D.2 – 8 above, except as provided below, we will give you written notice of the cause of termination and you will have ten (10) days thereafter within which to correct the problem. If the problem is corrected within such time, this Contract shall not then be terminated. If the problem is not corrected within the ten (10) day period, this Contract will be terminated sixty (60) days after the original notice of termination. However, if we determine that either the giving of notice or the lapse of time as above provided might be detrimental to you or other residents or staff of the Community, or if we determine that the problem constituting cause for termination cannot be cured, then any notice and/or waiting period prior to termination shall not be required.

In the event of termination for non-payment, you will be given 30 days' written notice of termination and you will have 10 days from the date of the notice to bring your account current.

E. Termination by Death – The Contract shall terminate upon your death, or, if there are two Residents who are parties to this Contract, upon the death of the surviving Resident. Your Continuing Care Bond will be repaid in accordance with its terms.

F. Removal of Resident's Property Upon Termination – Your personal property shall be removed from your Apartment within thirty (30) days after termination of this Contract. If you are residing in the Health Center at the time of termination, your personal property must be removed within seven (7) days after termination.

If your personal property is not removed as provided above, we have the right to remove and store it at your expense for up to six (6) months, after which time it may be sold and the proceeds (less expenses) credited to your account.

Payment of your Monthly Fee shall continue to be due on a prorated basis until your property is removed from your Apartment or the Health Center.

**ARTICLE VII
PRE-DISPUTE AGREEMENT TO ARBITRATE**

A. Binding Arbitration – Any dispute, controversy or claim arising out of or relating to this Contract, any breach of this Contract, or the activities governed by this Contract, which includes but is not limited to any dispute,

controversy, or claim related to your stay or care at the facility or the amounts owed related to same (“Claim”) shall be settled by binding arbitration. You and we agree that this is a broadly worded arbitration clause and is meant to encompass any and all causes of actions, including but not limited to breach of contract, negligence or other torts, and alleged violations of state or federal statutes or regulations, so long as the cause of action qualifies as a Claim. You and we also agree that neither party will pursue any Claim on behalf of a class and further agree not to consolidate the arbitration with any other proceedings, except for arbitrations in you and we are the sole parties.

B. Administration, Disposition and Costs – The arbitration will be administered by the American Arbitration Association (“AAA”) in accordance with the Commercial Rules of the AAA, or if applicable based on the amount in controversy, the Expedited Procedures of such rules. If the AAA is no longer in business, then you and we will mutually agree on an alternative administrative arbitration agency. If you and we cannot mutually agree, then you and we agree that the obligation to arbitrate will remain, and together we will take the matter to a court of competent jurisdiction, which will select an appropriate arbitration agency. Judgment rendered by the arbitrator may be entered in any court having jurisdiction therefore. The costs of the arbitration shall be borne equally by the parties, except as may otherwise be provided by this Contract.

C. Discovery – No depositions will be conducted in the arbitration, except for the sole purpose of preserving testimony of an individual who is likely to not be available to testify at the hearing due to mental or physical illness, mental or physical infirmity, or death. All documents exchanged in discovery during the arbitration will be returned or destroyed (with proof of destruction) within thirty (30) days of final judgment or dismissal of the arbitration.

D. Responsibility for Violation of Provisions – If you or we commence action in any court in violation of these arbitration provisions before an arbitrator’s final decision (except to compel arbitration under the Federal Arbitration Act), the breaching party will be responsible for the expenses that the other party incurs to enforce these arbitration provisions, including but not limited to filing fees, attorney’s fees, court costs, and travel expenses.

E. Arbitration Site and Limits on Damages – You and we agree that New Canaan, Connecticut will be the site for the arbitration, the arbitration will be conducted in English, and the arbitration shall be before a single arbitrator, not a panel. The parties agree that all statutes of limitations provided for in the governing law that is applied to the arbitration shall have full force and effect. The parties also

agree that the Arbitrator is not empowered to award any incidental, indirect, consequential or punitive damages, except as permitted by statute, and the parties hereby waive the right to recover any such damages. You may only seek damages or remedies under law or equity for any arbitrable claim against us or our successors in interest. You agree our intended beneficiaries of the arbitration clause, including our affiliates, directors, officers, employees, agents and representatives, will be neither liable nor named as a party in any arbitration or litigation proceeding commenced by you where the claims asserted or alleged qualify as a Claim. If you name a party in any arbitration or litigation proceeding in violation of this paragraph, you will reimburse us for reasonable costs incurred, including but not limited to arbitration fees, court costs, attorney's fees, witness fees, and travel expenses incurred by us or the party.

F. Dispute Resolution – Any disputes concerning the enforceability, scope, or validity of the arbitration clause shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq. (“FAA”). You and we agree that the FAA preempts any state law restrictions on the enforcement of the arbitration clause, including on the site of the arbitration. You and we agree to waive any right to disclaim or contest this pre-dispute arbitration agreement.

G. Confidentiality – Except as needed for the sole purpose of seeking to confirm an arbitration award or of making a non-frivolous request to vacate an arbitration award, the conduct of and the results of the arbitration shall be kept strictly confidential.

ARTICLE VIII OTHER CONSIDERATIONS

A. Agreements Concerning Legal Effect of Signature – In the event the person signing this Contract does not have legal authority to bind the Resident to each and every term of the Contract, such signatory agrees that the Resident is a third-party beneficiary to all the terms and conditions of the Contract. Inadvertent and unintentional errors in the execution of the Contract (e.g., a signatory signs on the wrong signature line or did not understand whether their signature was required in an individual and/or representative capacity), shall not serve as a basis to find that the signatory lacked authority to bind the Resident to any term or condition of this Contract either as a party to the Contract or as a third-party beneficiary. Accordingly, in the event of a dispute concerning the legal effect of a signature on this Contract, the parties intend that the finder of fact consider all evidence, including testimony, concerning the intent of the signatories to this Contract at the time the contract was executed.

B. Notices – All notices required by this Contract shall be in writing and mailed, via registered or certified mail return receipt requested, or hand delivered (i) to Us at our address as shown below, and (ii) to you at the address shown below, or after your Occupancy Date, by depositing the notice in your community mail box.

Waveny Care Center Health Services, Inc.:
Attn: President and CEO
3 Farm Road
New Canaan, Connecticut 06840

Resident to:

The address to which notice must be delivered may be changed from time to time by either party by written notice to the other party.

C. Resident’s Covenant of Performance – You agree to pay promptly all fees and charges required by this Contract, and otherwise to comply fully with all of your other obligations set forth in this Contract.

D. Attorney’s Fees – In the event that we take action to collect amounts due under or otherwise enforce the terms of this Contract, you are liable for reasonable attorney’s fees and/or costs of collection incurred in connection with such action.

E. Pets – You may maintain a dog, cat or other small and orderly pet upon the approval of and on terms prescribed by the Executive Director. No such approval shall be necessary for fish or small birds which are kept in appropriate containers. You will be responsible for ensuring that any pet is properly cared for and that your pet does not create any disturbance or otherwise constitute a nuisance. You agree to comply with pet rules established by us as set forth in the Resident Handbook, which may be amended from time to time and pay a Pet Fee.

F. Additional Occupants

1. **Guests** – Any guest staying overnight must first register with the Community. Prior approval must be obtained from the Executive Director if a guest is to stay for more than seven (7) nights in any thirty (30) day period. Guests shall acquire no rights or privileges under this Contract.

2. **Other Parties** – A person who does not or cannot become a party to this Contract shall acquire no rights or privileges under this Contract but may live with you in your Apartment on a non-resident basis with the prior written permission of the Executive Director. If approved, your Monthly Fee shall be adjusted to add a Second Person Monthly Fee. The non-resident second person will not have priority access to the Health Center, but may relocate to the Health Center subject to availability and eligibility. If the non-resident moves to the Health Center, he or she will be charged normal and customary charges of the Health Center.

3. **Live-in Caregiver** – If you have a live-in private duty caregiver, you will pay a daily Live-in Caregiver Fee. Live-in Caregivers shall acquire no rights or privileges under this Contract.

G. Marriage

1. **Marriage of Two Residents** – If two residents marry, either resident may release his or her residence. The terminating resident may then become a party to his/her spouse's Contract and become a second occupant in the occupied residence. The Monthly Fee shall be adjusted so as to equal the Monthly Fee that applies to double occupancy of the occupied residence.

2. **Marriage to Non-Resident** – If you marry a non-resident who meets the Community's entrance requirements, your spouse may become a resident of the Community and may become a party to this Contract. In such event, you will pay the prevailing Second Person Entrance Fee and the prevailing Second Person Monthly Fee. If your spouse does not or cannot become a party to this Contract, he or she may occupy your Apartment with you on a non-resident basis as provided under Section VIII.F.2. of this Agreement. They shall acquire no additional rights or privileges under this Contract.

H. Arrangements for Guardianship or Conservatorship – If your mental condition changes so that you are not able to care properly for yourself or your property, and if you have made no other designation of a person or legal entity to serve as guardian or conservator, we may apply to a court of law to appoint a legal guardian or conservator.

I. Arrangements in Event of Death – Funeral arrangements are the responsibility of your family or estate and we have no obligation to make such arrangements or provide such services except where your family or estate fail to do so. Any expenses advanced by us relating to the funeral or burial shall become a debt of your estate.

J. Property Rights

1. **Right of Entry** – You agree that we and our employees, agents and contractors shall have the right, at all reasonable times, to enter your Apartment for purposes of management, housekeeping, maintenance, enforcement of applicable laws and regulations, emergency purposes or any other reasonable purpose. Advance notice will be given except in an emergency.

2. **Ownership Rights** – This Contract is a continuing care contract governed by Conn. Gen. Stat. § 17b-520 *et seq.* In exchange for your payment of the Entrance Fee and Monthly Fee, we agree to provide accommodations and benefits as set forth in this Contract. You have no ownership interest or proprietary rights in your Apartment or the property, grounds, land, buildings, improvements or other Community facilities. This Contract shall not be construed to be a lease or to confer any rights of tenancy or ownership to you. Your rights under this Contract are subject to all terms and conditions of this Contract and subordinate to any mortgage, financing deed, deed of trust, or other financing on the Community. Upon request, you agree to execute and deliver any instrument requested by us to effect the sale, assignment, or conveyance of the Community, provided that by so doing you shall not be required to prejudice your rights under this Contract. Any refunds to which you are entitled under this Contract shall not be affected by this Section.

3. **Residential Purposes** – Your apartment is to be used for residential purposes only. Use for any other purpose requires approval of the Executive Director.

4. **Responsibility for Damages** – You will be responsible for any loss or damage to our property caused by your negligence or intentional act or that of your guests or invitees. If the negligence or intentional act of a person who is not our employee or agent results in injury, illness or damage to you or your property, or to others or their property, we assume no responsibility therefor and you release and discharge us from all liability and responsibility for same. You agree to provide adequate personal property and liability insurance for you and for your property, with a minimum of \$500,000 liability coverage to cover any incidents that

may occur inside the Living Accommodation. We maintain the right to request proof of coverage from time to time.

K. Rules – We shall have the right to adopt or amend, either alone or with or through a residents’ association, such reasonable rules and regulations as it deems necessary or desirable for the proper management and operation of the Community and for the safety, health and comfort of the residents. The rules and regulations in effect at the time of execution of this Agreement are set forth in the Resident Handbook. You agree to abide by such rules and regulations, as they may be amended from time to time. The Oenoke Ridge Resident Handbook includes procedures for you to address any concerns or complaints you may have during your residency.

Please note that firearms are not permitted anywhere on Oenoke Ridge or Waveny campuses and smoking is not permitted in any of Oenoke Ridge’s or Waveny’s apartments, common areas, or facilities. Certain conditions apply to smoking on the campuses as explained in the Resident Handbook.

L. Private Duty Care – Private duty care is available through the Waveny’s At-Home Program. If you choose to make other arrangements, you will be responsible for arranging for, supervising and compensating any private duty personnel providing care or companionship services to you and agree to comply with the rules governing private duty personnel set forth in Oenoke Ridge’s Resident Handbook, as it may be amended from time to time. The terms “private duty personnel,” “private duty caregivers” and similar terms used in Oenoke Ridge’s Resident Handbook do not include care provided by Waveny’s At-Home Program. A fee is charged for orientation and safety training for all private duty personnel; an additional daily charge also applies if you have live-in private duty caregivers. Any and all private duty personnel not employed by Waveny’s At-Home Program will be required to register with Oenoke Ridge’s Executive Director prior to providing services. Failure to do so may require financial penalties placed upon you and/or non-admittance of the caregiver or private duty personnel.

M. Compliance with Laws – Residents of the Community will be afforded all rights and privileges under Conn. Gen. Stat. § 17b-520 *et seq.* and all other applicable laws. We will comply with all municipal, state and federal laws and regulations regarding consumer protection and protection from financial exploitation.

N. Accuracy of Information – You represent and warrant that all information that has been or will be submitted to us by you as required in making

application to the Community is true and complete. You understand and acknowledge that we are relying on such information.

O. Personal Obligations of Residents – We will not be liable or responsible for any expenses, debts, or obligations incurred by you on your own account, nor shall it be obligated to furnish, supply, or give you any support, maintenance, board or lodging while you are absent from the Community except as may be provided in this Contract.

P. Waiver – Our failure in any one or more instances to insist upon strict compliance by you with any of the terms of this Contract shall not be construed to be a waiver by us of such term(s) or of the right to insist upon strict compliance by you with any of the other terms of this Contract.

Q. Assignment – Your rights under this Contract are personal to you and cannot be transferred or assigned by any act of you, or by any proceeding at law, or otherwise. The Contract shall bind and inure to the benefit of our successors and assigns and shall bind and inure to the benefit of your heirs, executors and administrators in accordance with its terms.

R. Entire Agreement – This Contract, including all exhibits, constitutes the entire agreement between us and you. We are not liable for nor bound in any manner by any statements, representations or promises made by any person representing or proposing to represent us unless such statements, representations, or promises are set forth in the Contract. Any modification of the Contract must be in writing and signed by us and by you.

S. Governing Law and Partial Illegality – This Contract shall be governed by and construed in accordance with the laws of the State of Connecticut. If any portion of this Contract shall be determined to be illegal or not in conformity with applicable laws and regulations, such portion shall be deleted and the validity of the balance of this Contract shall not be affected.

T. Complaints – Any concerns or complaints regarding services or any other matter should be addressed first to the Executive Director.

U. Construction – Words of either gender used in this Contract shall be deemed to include the other gender and words in the singular shall be deemed to include the plural, when the sense requires.

V. Joint and Several Obligations – If two persons execute this Contract as residents, the term “Resident” or “you” as used in the Contract shall

apply to both and the provisions of this Contract shall apply to them jointly and severally.

W. Non-residents – Under certain circumstances, a second person may occupy your Apartment as a non-resident. See Sections VIII. F. 2 and G. 2 of this Contract. Any non-resident is not a party to and has no rights under this Contract and the non-resident will enter into his or her own Contract with the Community. You and the non-resident will agree to pay the Second Person Occupancy Fee for the non-resident and any Health Center charges that may be incurred by him or her.

X. Pre-Construction Requirements – Construction of Oenoke Ridge will not begin until (i) a minimum number of Apartments have been presold, which shall be no less than seventy per cent (70%) or as otherwise required by the bank that will finance the project, (ii) the minimum initial deposit has been received for each presold Apartment and (iii) a bank has provided a financing commitment.

EXHIBIT A
CONTINUING CARE BOND

BOND # _____

\$ _____

New Canaan, Connecticut

_____, **20**_____

FOR VALUE RECEIVED AS MONEY LENT, the undersigned, Waveny Care Center Health Services, Inc. (“Owner”), promises to pay the principal sum of _____ Dollars (\$_____) to _____ (hereinafter referred to collectively and individually as “you”). If two individuals are named in this Bond, you have the rights of joint tenants with right of survivorship. You reside (or will reside), pursuant to a Continuing Care Contract dated _____20__, (“Continuing Care Contract”) in Apartment Unit # ____ (“your Apartment”) at Oenoke Ridge in New Canaan, Connecticut.

The above principal sum shall be due and payable, without interest, and less any offsets and deductions as provided in the Continuing Care Contract, upon the termination of the Continuing Care Contract and no later than sixty (60) days from the date of receipt of payment of the Primary Entrance Fee associated with your Apartment by another resident who is a party to a continuing care contract with the Owner (the “Resale Date”); provided, however, that if the Resale Date has not occurred by the first anniversary of the termination of the Continuing Care Contract, then such amount shall be due and payable on the first anniversary of the termination of the Continuing Care Contract. In the event that you permanently relocate to Waveny Care Center or The Village, you permit the Owner to draw down on the principal sum in order to pay monthly fees and other expenses that you incur while residing in Waveny Care Center or The Village.

If there are two individuals named in this Bond, the interest in this Continuing Care Bond of the first of you to die will pass automatically by operation of law to the survivor (“Survivor”). Owner shall have no obligation to make any payment

which becomes due under this Continuing Care Bond to any person or entity other than to you or your estate, or if applicable to the Survivor, or the estate of the Survivor.

In the event that any one or more of the provisions contained in this Continuing Care Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Continuing Care Bond, and this Continuing Care Bond shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Continuing Care Bond may be modified or amended only by an agreement in writing signed by Owner and you. This Continuing Care Bond may be assigned by you only after you obtain the written approval of Waveny Care Center Health Services, Inc. It may not be pledged or otherwise encumbered.

The loan evidenced by this Continuing Care Bond may be used as security for any amount due or which may become due from you to the Owner under the Continuing Care Contract. Owner shall have the right to offset or deduct any amount due and payable under this Continuing Care Bond by amounts due Owner under the Continuing Care Contract. Offsets under the Continuing Care Contract also include, but are not limited to, any funds paid by the Owner on your behalf from the benevolent fund established to assist qualified residents who would otherwise be unable to meet their obligations under the Contract.

This Continuing Care Bond may be prepaid at any time by Owner without penalty upon thirty (30) or more days written advance notice to you, which notice period may be waived in writing by you.

This Continuing Care Bond shall be governed in all respects by the laws of the State of Connecticut and shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, and personal representatives.

This Continuing Care Bond is unsecured.

IN WITNESS WHEREOF, Owner has executed this Continuing Care Bond under seal on the date first above written.

RESIDENT:

WITNESS:

WAVENY CARE CENTER HEALTH SERVICES, INC.

By: _____
Russell R. Barksdale, Jr.
President and CEO

EXHIBIT B
INTENTIONALLY
LEFT BLANK

EXHIBIT C

**ASSETS AND
INCOME FINANCIAL
APPLICATION**

Oenoke Ridge respects the privacy of your financial circumstances other than to have assurance that the amounts needed under the agreement and for the applicant's personal needs can be met adequately. Oenoke Ridge is not interested in total estate, but rather only in sufficient assets to cover entry costs, monthly charges and personal needs and obligations. This information will be kept confidential.

1. Full Name(s)

A. _____ B. _____

2. Address: _____

3. Date(s) of Birth: A. _____ B. _____

4. I receive Social Security: Yes _____ No _____

S.S. Numbers: A. _____ B. _____

5. I am enrolled in Social Security Medical Insurance Part B: Yes ___ No ___

6. Medicare Number(s): A. _____ B. _____

7. List other medical insurance: Insurance Company, Policy Number and Type of Policy:

8. List those resources from which initial entry costs will be paid, such as the sale of real estate or home, securities, cash, insurance, etc.

RESOURCE	AMOUNT
_____	_____
_____	_____
_____	_____

9. List other resources from which monthly charges and personal needs will be paid. Show income items on an annual basis. Give a detailed description on the next page (Item #16). **Additionally, please provide the last two years completed tax returns.**

Social Security	\$ _____
Retirement fund or Pension	\$ _____
Insurance or Annuities	\$ _____
Dividends	\$ _____
Interest Income	\$ _____
Trust Income	\$ _____
Rentals	\$ _____
Other	\$ _____
Total	\$ _____

10. My spouse has beneficiary rights to annuities, insurance, pensions and/or beneficial interest in the Trust Income:

Yes _____ No _____

11. My resources listed above are restricted (mortgages, liens, assignments, etc.).

Yes _____ No _____

12. I agree to furnish such additional financial information as may be required from time to time.

Yes _____ No _____

13. I will _____ will not _____, during my residence, transfer or reduce my resources needed to carry out my commitments to The Oenoke Ridge.

14. I estimate that I will _____ will not _____ need financial assistance to live at The Oenoke Ridge.

15. The following are my advisors and their firms, with names and addresses, and they may be consulted regarding my admission to The Oenoke Ridge.

Banker _____

Attorney _____

Stockbroker _____

Insurance Agent _____

Other _____

16. Amplification of question #9:

Stocks and Bonds

Number of shares

&

Current Market Value
Derived

Description

Annual Income

_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

*** Please attach verification of all listed assets. Real Estate**

Location	Approximate Valuation	Annual Income Derived	Terms of Lease
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Trust Income

Name of Trust: _____

Name and address of Trustee: _____

If trust principal is required, is it available through the right to revoke or

withdraw from the trust? Yes _____ No _____

If yes, what amount may be made available in this way? \$ per year.

Other Income

17. Amplification of question #11.

18. I affirm that the foregoing is a true statement of facts known to me, and that it is submitted as part of an Application for Residency.

Date

Signature(s)

EXHIBIT D
ANCILLARY CHARGE SHEET

**Independent Living
2019 Ancillary Charge Sheet**

Food & Beverage Services:

Guest Meals-	Continental Breakfast	\$10.00/meal
	Lunch	\$20.00/meal
	Brunch	\$27.00/meal
	Dinner	\$40.00/meal
Additional Resident Meals-	Lunch	\$15.00/meal
	Brunch	\$22.00/meal
	Dinner	\$35.00/meal
Room Service (Dinner Only)		\$10.00/meal
Additional Fees shall apply for all Alcoholic beverages.		Refer to Bar menu

Housekeeping Services:

Additional Housekeeping	\$30.00/hr
Additional Carpet Shampooing	\$40.00/hr
Carpet Spot Cleaning	\$50.00 and up
Pet Clean Up (includes litter boxes)	\$30.00/incident
Rolling Dumpster	\$100.00/use
Bedspread Laundering	\$20.00/piece
Blanket Laundering	\$25.00/load
Personal Laundry	\$25.00/load
Mattress Turning	\$25.00
Upholstery Cleaning (varies depending on soil and size of piece)	\$25.00-\$150.00
Patio Cleaning (to include furniture)	\$40.00/hr

Engineering Services:

Please contact Maintenance at _____ .	
Engineering Service (includes assistance with internal moves, such as apartment to apartment, or apartment to Health Center).	\$100.00/hr, per person

Transportation Services:

Transportation services are provided through your concierge at _____ and may require an additional charge.
--

Beauty Salon and Spa Services:

Please contact the Spa at _____

Security Services:

Safe Combination Changes	\$175/change
Access Card Replacement	\$15/card
Access Tag Replacement	\$25/tag
Key Fob Replacement or Duplicate	\$75/fob
Additional Key	\$25/key
Key/Door Lock Replacement	\$250/key or lock
Pendant Replacement	\$140/pendent

Miscellaneous Services:

Guest Suite	\$150.00 plus tax/night
Underground Parking (as available)	Free
Dog Walking Service as available if you are ill	Free
Plant Watering Service as available if you are ill or away	Free
Photocopy Service Black & White	Free
Fax Service Cover Sheet	Free
Fax Service additional sheets	Free

Registered Dietician Assessment \$100.00/hr

EXHIBIT B-1

**OWNERSHIP STRUCTURE FOR WAVENY CARE
CENTER HEALTH SERVICES, INC. AND WAVENY
LIFECARE NETWORK, INC.**

WAVENY LIFE CARE NETWORK, INC
CT. NONSTOCK 501 (c)(3)
EIN # 06-1558520
(SOLE MEMBER)

WAVENY CARE CENTER, INC.
CT. NONSTOCK 501 (c)(3)
EIN # 06-0859588
OWNER AND OPERATOR NURSING FACILITY,
OWNER OF ADULT DAY CARE,
GERIATRIC CARE MANAGEMENT,
GERIATRIC EVALUATION CLINIC, THE INN
THE VILLAGE AT WAVENY CARE CENTER
(ASSISTED LIVING MANAGED RESIDENTIAL
COMMUNITY), AND WAVENY HOME HEALTHCARE

WAVENY CARE CENTER
CHRONIC AND CONVALESCENT
NURSING HOME
CT LIC # 942-C

**OUTPATIENT REHABILITATION
SERVICES**
(PART OF CCNH LICENSE)

WAVENY CARE CENTER HEALTH SERVICES, INC.
CT. NONSTOCK 501 (c)(3)
EIN # 06-1558523
OPERATOR OF ASSISTED LIVING, MANAGED RESIDENTIAL
COMMUNITY, ADULT DAY CARE, THE INN
GERIATRIC EVALUATION CLINIC, GERIATRIC CARE
MANAGEMENT PROGRAM

ALSA OF NEW CANAAN
D/B/A THE VILLAGE AT WAVENY CARE CENTER
CT LIC # 0071

D/B/A THE VILLAGE AT WAVENY CARE CENTER
MANAGED RESIDENTIAL COMMUNITY
CT REGISTERED

THE INN
INDEPENDENT LIVING COMMUNITY
CT REGISTERED

D/B/A WAVENY CARE CENTER ADULT DAY PROGRAM
ADULT DAY CARE PROGRAM
CT CERTIFIED

D/B/A THE DRs. CHARLOTTE & DAVID BROWN
GERIATRIC EVALUATION CLINIC
OUTPATIENT GERIATRIC EVALUATION CLINIC
CT LIC # 0294

WAVENY HOME HEALTHCARE, INC
CT. NONSTOCK 501 (c)(3)
EIN # 45-3836516
OPERATOR OF WAVENY HOME CARE PROGRAM

WAVENY HOME HEALTHCARE
CT LIC # 9915719

WAVENY AT HOME
REGISTRATION #HCA.0000782

**GERIATRIC CARE MANAGEMENT
PROGRAM**
PRIVATE PRACTICE

**VISITING NURSE & HOSPICE OF FAIRFIELD
COUNTY, INC.**
CT. NONSTOCK 501 (c)(3)
EIN # 06-1062903
CT. LICENSE #9915704



EXHIBIT B-2

OFFICERS AND BOARD MEMBERS OF WAVENY CARE CENTER SERVICES, INC.

Kathleen A. Corbet – Chairman
Leo Karl, III- Vice Chairman
Marian Curtis Blair– Secretary
David L. Hunt – Treasurer
Russell R. Barksdale, Jr. – President and CEO
Richard C. Nankee- CFO
Barb Achenbaum
Ronald Balzano
K. Rone Baldwin
Sharon Bradley
Peter Bridgman
Richard Croarkin
Richard (Dick) J. DePatie
Mary Franco
Douglas Gillespie
Tracey Hamill
First Selectman Kevin Moynihan
Dr. Craig H. Olin
Nancy Perez
Dr. David M. Reed*
Maryne Robin
Jill Sautkulis*
Rev. Peter Walsh*
Deanna Xistris
Penelope L. Young

*members ex officio

EXHIBIT C

LIST OF SENIOR LIVING COMMUNITIES OPERATED BY WAVENY LIFECARE NETWORK, INC.

Waveny Care Center

Waveny Adult Day Program

Waveny Care Center Network

Waveny Home Healthcare

Waveny At Home

The Inn

The Village – assisted living and memory care

* Visiting Nurse & Hospice of Fairfield County (to be merged into
Waveny Home Healthcare)

EXHIBIT D
AUDITED FINANCIAL STATEMENTS

WAVENY LIFECARE NETWORK, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

WAVENY LIFECARE NETWORK, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Waveny LifeCare Network, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Waveny LifeCare Network, Inc. (the Network), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities and 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.

Auditors' 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 auditors' 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 opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Waveny LifeCare Network, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and consolidating schedules of activities and changes in net assets as of and for the years ended September 30, 2020 and 2019 (supplementary information) is presented for purposes of additional analysis and are 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 the 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.

Marcum LLP

Hartford, CT
January 29, 2021

WAVENY LIFECARE NETWORK, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 754,465	\$ 1,629,005
Accounts receivable, net	4,370,582	3,275,796
Current portion of pledges receivable	237,375	200,800
Prepaid expenses and other current assets	<u>162,873</u>	<u>294,407</u>
Total Current Assets	<u>5,525,295</u>	<u>5,400,008</u>
Other Assets		
Investments	9,214,373	8,963,697
Pledges receivable - less current portion	23,501	176,825
Property, plant and equipment:		
Land improvements and building	26,792,153	26,226,366
Fixed equipment	4,519,528	4,265,492
Movable equipment	4,701,196	4,575,302
Automobiles	209,420	209,420
Construction in progress	<u>916,006</u>	<u>547,307</u>
	37,138,303	35,823,887
Less accumulated depreciation	<u>(23,950,939)</u>	<u>(22,901,033)</u>
Net property, plant and equipment	<u>13,187,364</u>	<u>12,922,854</u>
Assets whose use is limited or restricted:		
Donor-restricted investments	3,288,762	3,327,520
Security deposits	417,097	187,388
Intangible asset - provider license	<u>150,000</u>	<u>150,000</u>
Total Other Assets	<u>26,281,097</u>	<u>25,728,284</u>
Total Assets	<u>\$ 31,806,392</u>	<u>\$ 31,128,292</u>

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

WAVENY LIFECARE NETWORK, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 2,000,000	\$ 700,000
Accounts payable	1,472,421	1,528,786
Accrued payroll, compensated absences and other expenses	1,055,966	1,533,216
Current portion of notes payable	345,886	337,347
Deferred revenue	<u>40,666</u>	<u>117,405</u>
Total Current Liabilities	<u>4,914,939</u>	<u>4,216,754</u>
Non-Current Liabilities		
Security deposits	417,097	477,388
Notes payable, net of current portion and deferred financing costs	413,308	730,790
U.S. Small Business Administration Paycheck Protection Program loan	<u>2,578,200</u>	<u>--</u>
Total Non-Current Liabilities	<u>3,408,605</u>	<u>1,208,178</u>
Total Liabilities	<u>8,323,544</u>	<u>5,424,932</u>
Net Assets		
Without donor restrictions	20,194,914	22,375,840
With donor restrictions	<u>3,287,934</u>	<u>3,327,520</u>
Total Net Assets	<u>23,482,848</u>	<u>25,703,360</u>
Total Liabilities and Net Assets	<u>\$ 31,806,392</u>	<u>\$ 31,128,292</u>

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

WAVENY LIFECARE NETWORK, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions		
Operating Revenues:		
Net patient and resident service revenue	\$ 23,684,605	\$ 26,078,438
CARES Act Provider Relief Funds	1,141,190	--
Adult day care	221,139	468,587
Meals on Wheels	88,490	110,372
Other revenues	190,253	163,554
Net assets released from restrictions	<u>482,170</u>	<u>270,630</u>
Total Operating Revenues	<u>25,807,847</u>	<u>27,091,581</u>
Operating Expenses:		
Nursing and client services	9,539,910	8,754,600
Administrative and general	5,238,945	4,995,003
Employee benefits	4,016,475	4,084,010
Dietary services	1,978,830	2,043,963
Therapy services	2,036,266	2,261,894
Resident services	1,414,178	1,418,940
Plant operation and maintenance	1,293,929	1,312,712
Depreciation	1,051,498	1,057,439
Housekeeping/laundry services	761,799	634,132
Marketing	1,064,242	531,827
Adult day care	188,872	303,615
Interest	78,362	98,189
Meals on Wheels	90,785	105,289
Rent	105,502	101,680
Care management	8,160	13,740
Loss on disposal of property, plant and equipment	<u>1,301</u>	<u>--</u>
Total Operating Expenses	<u>28,869,054</u>	<u>27,717,033</u>
Operating Loss	<u>(3,061,207)</u>	<u>(625,452)</u>

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

WAVENY LIFECARE NETWORK, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Nonoperating Revenue (Expense)		
Realized and unrealized gains on investments	\$ 758,628	\$ 121,681
Investment (loss) income	(39,036)	203,551
Contributions	300,843	417,243
Fundraising expenses	<u>(155,154)</u>	<u>(315,564)</u>
Total Nonoperating Revenue	<u>865,281</u>	<u>426,911</u>
Deficiency of Revenues Over Expenses	<u>(2,195,926)</u>	<u>(198,541)</u>
Other Changes in Net Assets Without Donor Restrictions		
Net assets released from restrictions for property, plant and equipment	<u>15,000</u>	<u>102,400</u>
Changes in Net Assets Without Donor Restrictions	<u>(2,180,926)</u>	<u>(96,141)</u>
Changes in Net Assets With Donor Restrictions		
Contributions	263,525	434,957
Net assets released from restrictions	(482,170)	(270,630)
Realized and unrealized gains on investments	194,059	87,668
Net assets released from restrictions for property, plant and equipment	<u>(15,000)</u>	<u>(102,400)</u>
Changes in Net Assets With Donor Restrictions	<u>(39,586)</u>	<u>149,595</u>
Change in Net Assets	(2,220,512)	53,454
Net Assets - Beginning	<u>25,703,360</u>	<u>25,649,906</u>
Net Assets - End	<u>\$ 23,482,848</u>	<u>\$ 25,703,360</u>

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

WAVENY LIFECARE NETWORK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash Flow from Operating Activities		
Changes in net assets	\$ (2,220,512)	\$ 53,454
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gains on investments	(952,687)	(301,189)
Depreciation	1,051,498	1,057,439
Loss on disposal of property, plant and equipment	1,301	--
Amortization of deferred financing costs	28,344	28,344
Contributions with donor restrictions	(263,525)	(434,957)
Provision for doubtful accounts	132,713	165,340
Changes in operating assets and liabilities:		
Accounts receivable	(1,227,499)	(183,282)
Prepaid expenses and other current assets	131,534	(198,560)
Pledges receivable	116,749	167,153
Accounts payable	(56,365)	(37,839)
Accrued payroll, compensated absences and other expenses	(477,250)	249,991
Deferred revenue	(76,739)	7,419
Security deposits	(60,291)	(18,916)
Net Cash (Used in) Provided by Operating Activities	<u>(3,872,729)</u>	<u>554,397</u>
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(1,317,309)	(926,518)
Investment purchases - without donor restrictions	(3,566)	(206,101)
Investment purchases - with donor restrictions	(250,831)	(46,419)
Investment sales - without donor restrictions	10,607,230	970,000
Investment sales - with donor restrictions	2,589,896	180,260
Net Cash Provided by (Used in) Investing Activities	<u>11,625,420</u>	<u>(28,778)</u>

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

WAVENY LIFECARE NETWORK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash Flow from Financing Activities		
Proceeds from Paycheck Protection Program Loan	\$ 2,578,200	\$ --
Borrowings on line of credit	1,300,000	--
Contributions with donor restrictions	263,525	434,957
Principal repayments on notes payable	<u>(337,287)</u>	<u>(329,071)</u>
Net Cash Provided by Financing Activities	<u>3,804,438</u>	<u>105,886</u>
Change in Cash, Cash Equivalents and Restricted Cash	11,557,129	631,505
Cash, Cash Equivalents and Restricted Cash - Beginning	<u>1,841,531</u>	<u>1,210,026</u>
Cash, Cash Equivalents and Restricted Cash - Ending	<u>\$ 13,398,660</u>	<u>\$ 1,841,531</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 50,018</u>	<u>\$ 69,845</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 754,465	\$ 1,629,005
Deposits in transit	12,201,518	--
Certificates of deposit	25,580	25,138
Security deposits	<u>417,097</u>	<u>187,388</u>
Cash, Cash Equivalents and Restricted Cash	<u>\$ 13,398,660</u>	<u>\$ 1,841,531</u>

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

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Waveny LifeCare Network, Inc. (the Network) was formed in 2000 and is the sole member of Waveny Care Center, Inc. (the Center), a 76-bed skilled nursing home and Meals on Wheels program; Waveny Care Center Health Services, Inc. (Health Services), which operates Waveny Care Village (the Village), a 53-unit assisted senior living facility that also provides adult day care services for individuals living at home and offers an extensive multi-disciplinary geriatric evaluation clinic and a care management program for older adults and the New Canaan Inn (the Inn), a 36-unit residence for men and women 62 years of age or older; Waveny Home Healthcare, Inc. (Home Healthcare), which operates a home healthcare agency that provides skilled nursing, rehabilitative care, social service and dietician services; and Waveny at Home, Inc., (at Home), which provides non-clinical home healthcare services. All entities are tax-exempt 501(c)(3) organizations located in New Canaan, Connecticut.

Waveny LifeCare Network, Inc. had no transactions during the years ended September 30, 2020 and 2019, other than the transactions of its subsidiaries.

SIGNIFICANT ACCOUNTING POLICIES

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). The guidance in ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised 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 Network adopted the new guidance for the fiscal year ending September 30, 2020, under the modified retrospective approach applied to certain contracts which were not completed as of September 30, 2019 using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, because it was determined that the effect of applying the guidance to the portfolio of contracts within the scope of ASU 2014-09 on the consolidated financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or the performance obligations within that portfolio.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

This approach will also be used for future contract modifications, if any. The five step model defined in ASU 2014-09 requires the Network to: (1) identify contracts with customers, (2) identify performance obligations under those contracts, (3) determine the transaction process of those contracts, (4) allocate the transaction process to performance obligations under those contracts, and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

A substantial portion of the Network's revenue relates to contracts with residents for housing services that are generally short term in nature and fall under ASC Topic 840, *Leases*, which are specifically excluded from the scope of ASU 2014-09. The Network's contracts with residents and others that are within the scope of ASU 2014-09 are also generally short term in nature. Management has determined that services performed under those contracts are considered one performance obligation in accordance with ASC Topic 606 as such services are regarded a series of distinct events with the same timing and pattern of transfer to the resident or others. Revenue is recognized for those contracts when the performance obligation is satisfied by transferring control of the service provided to the resident or others, which is generally when the services are provided over time.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The Network retrospectively adopted ASU 2016-18 as of October 1, 2018 and security deposits, which are considered restricted cash, are now part of the cash and cash equivalents and restricted cash balance on the statements of cash flows.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides clarification and guidance for contributions received and contributions made to assist entities in (1) evaluating whether a transaction should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958-605, *Not-for-Profit Entities*, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. On October 1, 2019, this standard was adopted by the Network and it did not have a material impact on loss from operations or net assets.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments in ASU 2016-01 require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in nonoperating revenues (expenses). The ASU required the Network to record unrealized gains and losses on investments, which were historically recognized as a component of the Network's other changes in net assets without donor restrictions, in nonoperating revenues (expenses). The ASU was adopted retrospectively by reclassifying the realized and unrealized (gains) losses and investment income for the year ended September 30, 2019.

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying consolidated financial statements include transactions of the Network and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the FASB Accounting Standards Codification (ASC). Revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of cash flows.

NET ASSETS

The Network follows the provisions of FASB ASC 958, *Not-for-Profit Entities*. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics are combined into the following categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions consist of the net assets over which the governing board has control to use in carrying out the operations of the Network in accordance with its charter and by-laws and are not restricted by donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed restrictions which either expire with the passage of time (time restriction) or can be fulfilled and removed by actions of the Network pursuant to the restrictions (purpose restrictions).

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

When donor-imposed restrictions expire, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

OPERATING REVENUES (EXPENSES)

The Network's operating revenues (expenses) includes all changes in net assets except investment income, contributions, net realized and unrealized gains (losses) on investments, net assets released from restriction for capital, fundraising expenses, and investment fees.

(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES

The consolidated statements of activities and changes in net assets include (deficiency) excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from (deficiency) excess of revenues over expenses, consistent with industry practice, include contributions of long lived assets (including assets acquired using contributions which by donor restrictions were used for the purposes of acquiring such assets).

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement areas where management applies estimates include patient accounts receivable; pledges receivable; allowance for doubtful accounts; self-insurance exposures; amounts due to or from third-party payors; the analysis of long-lived assets for impairment and lives of property and equipment. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and certain highly liquid investments with original maturities of 90 days or less, inclusive of amounts held by brokers. The Network's subsidiaries maintain deposits in financial institutions that, at times, may exceed federally insured limits. The Network's subsidiaries have not experienced any losses in such accounts. Management believes that these deposits are not subject to significant credit risk.

Money market funds are not insured by the Federal Deposit Insurance Corporation and are not a risk-free investment. Money market funds invest in a variety of instruments including mortgage-backed and asset-backed securities. Although a money market fund seeks to preserve its \$1 per share value, it is possible that a money market fund's value can decrease below \$1 per share.

SECURITY DEPOSITS

Health Services collects security deposits from residents in the event of damage or other failure by the resident. Such funds are maintained in a separate bank account and are reflected in the accompanying consolidated statements of financial position as security deposits with a corresponding liability as security deposits. In addition, Home Healthcare has security deposits for facilities rented that will be paid upon expiration of the lease.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains on investments include the Network's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses on these investments are reported in the consolidated statements of activities and changes in net assets as nonoperating revenue (expense) unless their use is net assets with donor restrictions by explicit donor stipulations or by law.

The Network analyzes its investment portfolio for indicators of impairment that were other-than-temporary. When declines in fair value are deemed to be other-than-temporary, the loss is reported as a component of realized losses on the consolidated statements of activities and changes in net assets and the fair value on the date of this determination becomes the new basis of the investment. Subsequent increases in the fair value of these investments are recorded as a component of the change in net assets and are not recorded as realized gains until the investments are sold. No impairment losses were recorded in 2020 and 2019.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT VALUATION AND INCOME RECOGNITION (CONTINUED)

The Network estimates fair value of certain investments using the net asset value practical expedient which allows for limited disclosures for those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible those changes in the fair value of investments will occur in the near term and that such changes could significantly affect the consolidated financial statements.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized using the yield method over the term of the related financing agreements. Such costs are included as a direct reduction from the related debt balance on the statements of financial position. Amortization expense for each of the years ended September 30, 2020 and 2019 was \$28,344, which is included within interest expense on the accompanying consolidated statements of activities and changes in net assets.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable result from the health care, independent living, and homecare services provided by the Network. Accounts receivable are reduced by a provision for doubtful accounts. In evaluating the collectability of accounts receivable, the Network analyzes its past history and identifies trends for each of its major sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about the major sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. As of September 30, 2020 and 2019, the allowance for doubtful accounts was \$1,078,088 and \$504,157, respectively.

For receivables associated with services provided to patients who have third-party coverage, the Network analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary. For receivables associated with self-pay patients, the Network records a provision for doubtful accounts in the period of service on the basis of its past experience, which indicates that certain patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND DONOR RESTRICTED GIFTS

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Network reports contributions and grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Network reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and contributions or grants that must be used to acquire property and equipment are reported as donor restricted support and are released from restrictions over the life of the asset or restriction period, whichever is shorter.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using the present value of an ordinary annuity applicable in the year in which the promise is received.

CONTRIBUTED GOODS AND SERVICES

Goods or services have been provided by various organizations and a number of unpaid volunteers have contributed their time. Contributions are recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized.

PLEDGES RECEIVABLE

Pledges receivable represent monies restricted for time or purpose. Pledges to be received in future years have been discounted at a treasury rate (2.0% at September 30, 2020 and 2019) to reflect the estimated net realizable amount.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. The Network's capitalization threshold is \$1,000. Additions and improvements which extend the life of the assets are capitalized, and normal repairs and maintenance are charged to current operations. The costs and related accumulated depreciation of assets retired or disposed of are removed from the related accounts and the resulting gain or loss is reflected in income. The estimated costs of completion for the construction in progress are approximately \$46 million.

IMPAIRMENT OF LONG-LIVED ASSETS

The Network records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recorded in 2020 or 2019.

ADVERTISING COSTS

Certain advertising costs are expensed as incurred. Advertising costs taken directly to expense for the years ended September 30, 2020 and 2019 were \$265,248 and \$136,528, respectively.

PATIENT AND RESIDENT SERVICE REVENUE

Patient and net patient and resident service revenue relates to contracts with patients and in most cases involve a third-party payor (Medicare, Medicaid, commercial and other managed care insurance companies) in which the Network's performance obligations are to provide health care services. Net patient service revenue is recorded at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all the Network's performance obligations are satisfied in one year.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Network's charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PATIENT AND RESIDENT SERVICE REVENUE (CONTINUED)

Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. There were no material changes in prior period estimates that changed net patient service revenue during the years ended September 30, 2020 and 2019.

REVENUE RECOGNITION - RESIDENT SERVICE REVENUE

Resident service revenue is reported at the amounts that reflect the consideration the Network expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident service revenue is recognized as performance obligations are satisfied. Resident service revenue at the independent living communities consist of regular monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services.

Fees are specified in agreements with residents, which are generally short term in nature, with regular monthly charges billed in advance. The Network recognizes revenue for housing services under independent living and assisted living residency agreements in accordance with the provisions of ASC 840, *Leases* (ASC 840).

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION - HEALTH CENTER

The Network recognizes revenue for skilled nursing residency, assistance with activities of daily living, thrive at home and personalized health services in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606). The Network has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The Network receives revenue for services under various third-party payor programs which include Medicare, Medicaid and other third-party payors. Settlements with third-party payor for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Network's estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and adjustments are recognized in periods as final settlements are determined.

Effective October 1, 2019, the Centers for Medicare and Medicaid Services (CMS) issued a new case-mix model called the Patient-Driven Payment Model (PDPM), which focuses on a resident's condition and care needs, rather than the amount of care provided to determine reimbursement levels. The PDPM utilizes clinically relevant factors for determining Medicare payment by using ICD-10 diagnosis codes and other patient characteristics as the basis for patient classification.

REVENUE RECOGNITION - HOME CARE REVENUE

The Network also generates net patient service revenue from providing home healthcare services directly to patients mainly under contracts with Medicare and managed care organizations. Generally, these contracts, which are negotiated based on current contracting practices as appropriate for the payor, establish the terms of a relationship and set the broad range of terms for services to be performed on an episodic basis at a stated rate. Through December 31, 2019, Home Health Medicare services were paid under the Medicare Home Health Prospective Payment System (HHPPS), which is based on a 60-day episode of care. The HHPPS permits multiple, continuous episodes per patient. Medicare payment rates for episodes under HHPPS vary based on the severity of the patient's condition as determined by assessment of a patient's Home Health Resource Group score. The Network elects to use the same 60-day length of episode that Medicare recognizes as standard but accelerates revenue upon discharge to align with the patient's episode length if less than expected 60 days, which depicts the transfer of services and related benefits received by the patient over the term of the contract necessary to satisfy the obligations.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION - HOME CARE REVENUE (CONTINUED)

The Network satisfies its performance obligations as patients receive the benefits provided by the Network as the services are performed. As the Network has a right to consideration from Medicare commensurate with the services provided to patients from performance completed over a given episodic period, the Network has elected to use the practical expedient for measuring progress toward satisfaction of performance obligations. Effective January 1, 2020, Home Health Medicare services are paid under the new Patient Driven Grouping Model (PDGM), which uses 30 day periods as a basis for payment. Each 30 day period is placed into different subgroups for each of the following categories: Admission source, timing of the 30-day episode, clinical grouping, functional impairment level, and comorbidity adjustment. These factors are utilized to derive at the final payment of each 30 day episode under PDGM. Under both HHPPS and PDGM, revenue is recognized ratably over the episode based on the beginning and ending dates which are a reasonable proxy for the transfer of benefit of the service.

FUNDRAISING ACTIVITIES

In 2019, fundraising activities included a spring educational luncheon and panel discussion fundraiser in addition to the continuation of the Forever Generosity Campaign. With the impact of COVID-19 on the community, the Network initiated a Healing Together fundraising campaign that began in fiscal 2020 and will continue into fiscal 2021. Fundraising expenses for the years ended September 30, 2020 and 2019 were \$155,154 and \$315,565, respectively and are reported in Note 15.

FUNCTIONAL ALLOCATION OF EXPENSES

The Network allocates its expenses on a functional basis among program, management and general and fundraising. Expenses that can be identified with a specific service are charged directly according to their natural expenditure classification. Salaries and benefits are supported by time records for specific services. Facility costs, including rent, utilities and insurance are allocated based upon square footage.

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

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

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

The Network accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has analyzed the tax positions taken and has concluded that as of September 30, 2020 and 2019, there are no tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Network is subject to routine audits by taxing jurisdictions. As of September 30, 2020 and 2019, the Network did not record any penalties or interest associated with uncertain tax positions. Network's prior three tax years are open and subject to examination by taxing authorities. There are currently no examinations pending or in progress.

RECLASSIFICATION

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 consolidated financial statements.

NOTE 2 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Network has the ability to access.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Certificate of Deposits - Certificate of deposits are valued at original cost plus accrued cost, which approximates fair value.

Multi-Asset Funds - Multi-Asset funds are managed by an institutional fund manager, Commonfund Global Multi-Asset Portfolio, LLC (Commonfund) for the year ended September 30, 2019.

Commonfund's funds are not publicly traded; therefore readily determinable fair value for the funds are not available. The estimated fair value of these investments are provided by Commonfund and then reviewed and evaluation by management and the Board of Directors. Due to the inherent uncertainty of these estimates, the estimated fair value may differ from the values that would have been used had a ready market existed. The fair value of such investments have been determined using the net asset value (NAV) per share as a practical expedient and are not categorized in the fair value hierarchy. The underlying investments managed by Commonfund includes stocks, bonds, and fixed income.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Corporate Bonds - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

There have been no changes in the methodologies used at September 30, 2020 and 2019.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Network believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Network's assets and liabilities (with and without donor restrictions) as of September 30:

	2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Corporate bonds	\$ 25,206	\$ --	\$ 25,206	\$ --
Mutual funds	<u>250,831</u>	<u>250,831</u>	<u>--</u>	<u>--</u>
	276,037	<u>\$ 250,831</u>	<u>\$ 25,206</u>	<u>\$ --</u>
Certificates of deposit	25,580			
Deposits in transit (cash)*	<u>12,201,518</u>			
Total Investments	<u>\$12,503,135</u>			

*As of September 30, 2020, the Network's investment portfolio was in the process of being transferred to a new investment manager. Consequently, as of yearend the Network's previous investments have been liquidated and are in transit to the new manager.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

	2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Corporate bonds	\$ 126,301	\$ --	\$ 126,301	\$ --
	126,301	<u>\$ --</u>	<u>\$ 126,301</u>	<u>\$ --</u>
Certificates of deposit	25,138			
Investments measured at net asset value	<u>12,139,778</u>			
Total Investments	<u>\$12,291,217</u>			

There were no transfers between levels of investments during the years ended September 30, 2020 and 2019.

The following table sets forth additional disclosures of the Network's investments whose fair value is estimated using the net asset value per share (or its equivalent) as of September 30, 2019:

Description	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Global Multi-Asset Portfolio, LLC 2019	\$ 12,139,778	\$ --	Monthly	6 Business Days

INSTRUMENTS NOT MEASURED AT FAIR VALUE

The carrying amounts of cash and cash equivalents, security deposits, accounts receivable, and accounts payable approximate their fair value because of the short-term nature of these instruments.

The fair value of notes payable and the outstanding line of credit as of September 30, 2020 and 2019 approximates the total outstanding principal balance. The method used to determine the fair value of notes payable is quoted prices for similar debt instruments.

There have been no changes in the methodologies used for these items at September 30, 2020 and 2019.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 3 - ACCOUNTS RECEIVABLE

The Network grants credit without collateral to its residents and patients, most of whom are local residents, and some are funded under third-party payor agreements. Accounts receivable consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Private and insurance	\$ 2,543,525	\$ 1,954,577
Medicare and Medicaid	<u>2,905,145</u>	<u>1,825,376</u>
	5,448,670	3,779,953
Less allowance for doubtful accounts	<u>1,078,088</u>	<u>504,157</u>
Accounts receivable, net	<u>\$ 4,370,582</u>	<u>\$ 3,275,796</u>

NOTE 4 - NET PATIENT AND RESIDENT SERVICE REVENUE

The following summarizes net patient and resident service revenue by payor for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Gross patient service and resident revenue		
Room and board services	\$ 14,379,583	\$ 15,670,373
Independent and assisted living	5,947,429	7,101,062
Home care services	<u>7,872,489</u>	<u>7,449,111</u>
Gross patient service and resident revenue	28,199,501	30,220,546
Less contractual and other allowances	<u>(4,514,896)</u>	<u>(4,142,108)</u>
Net patient service and resident revenue	<u>\$ 23,684,605</u>	<u>\$ 26,078,438</u>

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 4 - NET PATIENT AND RESIDENT SERVICE REVENUE (CONTINUED)

Patient service revenue, net of contractual allowances and discounts recognized for the years ended September 30, 2020 and 2019, was as follows for uninsured patients who do not qualify for charity care and patients who have third-party coverage.

	Medicare	Medicaid	Self-Pay	Other	Total All Payors
Patient service and resident revenue, net of contractual allowances and discounts					
September 30, 2020	<u>\$ 11,480,201</u>	<u>\$ 2,742,353</u>	<u>\$ 9,013,391</u>	<u>\$ 448,660</u>	<u>\$ 23,684,605</u>
September 30, 2019	<u>\$ 11,293,916</u>	<u>\$ 3,667,966</u>	<u>\$ 10,921,624</u>	<u>\$ 194,932</u>	<u>\$ 26,078,438</u>

NOTE 5 - COVID-19 RELIEF REVENUE

During the year ended September 30, 2020, the Network received \$1,015,000 in funding from the Department of Health and Human Services (HHS) through the CARES Act Provider Relief Fund (PRF). As a condition to receiving these funds, the Network has agreed to certain terms and conditions including the following: (1) the funds are to reimburse the Network only for health care-related expenses and lost revenue that is attributable to COVID-19, (2) the funds may only be used to prevent, prepare for and respond to COVID-19, (3) noncompliance with the terms and conditions is grounds for the recoupment of some or all of the payments by HHS and (4) the Network will not use the funds to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

In accordance with applicable guidance, the Network accounted for the receipt of such funds as deferred revenue. During the year ended September 30, 2020, upon determining that the terms and conditions above were met, the Network recognized \$1,015,000 of income which is included on the accompanying consolidated statement of activities and changes in net assets.

Management's estimates of the amount of revenue recognized in fiscal 2020 from these advances could change materially in the future as the regulations regarding the COVID-19 relief programs are modified in future periods. Any future adjustments to these estimates will be reported in the earnings of future periods. All amounts received under these programs may be subject to audit by the funding agencies and potentially require repayment in a future period.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30 consisted of the following:

	2020	2019
Purpose restrictions:		
Financial assistance for residents and other	\$ 580,599	\$ 622,685
Renovations and other capital	207,335	204,835
Funds held in perpetuity:		
Bauer Foundation	1,500,000	1,500,000
Anderson Foundation	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 3,287,934</u>	<u>\$ 3,327,520</u>

Net assets were released from restrictions by incurring expenses satisfying the following purpose restrictions for the years ended September 30:

	2020	2019
Purpose restriction accomplished:		
Financial assistance for residents and other	\$ 482,170	\$ 270,630
Renovations and other capital	<u>15,000</u>	<u>102,400</u>
	<u>\$ 497,170</u>	<u>\$ 373,030</u>

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

Net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Connecticut adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2007. In the absence of authoritative guidance on the application of Connecticut's UPMIFA to donor-restricted funds, the Network interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

As a result of this interpretation, the Network classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. As of September 30, 2020 and 2019, the Network had donor restricted endowment net assets of \$2,500,000.

Any remaining portion of the donor-restricted funds that is not classified as donor restricted net assets restricted in perpetuity would be classified as donor restricted net assets until those amounts are appropriated for expenditure, or recorded as unrestricted support, by the Network in a manner consistent with the standard of prudence prescribed by UPMIFA. From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Network to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2020 and 2019.

The Network does not have a formal spending policy and the donor restricted endowment is comingled with the overall investment portfolio of the Network which from time to time the board will release funds for various operating and strategic purposes.

NOTE 7 - PLEDGES RECEIVABLES

Pledges receivable representing unconditional promises to give as of September 30, 2020 are expected to be realized as follows:

2021	\$	237,375
2022		122,024
2023		<u>5,000</u>
		364,399
Less discount on long-term pledges		38,303
Less allowance for doubtful accounts		<u>65,220</u>
Pledges receivable	\$	<u><u>260,876</u></u>

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 8 - NOTES PAYABLE

Notes payable as of September 30 reported in the financial statements of the Network consist of the following:

	<u>2020</u>	<u>2019</u>
Promissory note payable comprised of variable rate Series B Revenue Bonds in the original amount of \$2,552,500 to New Canaan Housing Authority, dated December 1, 2012, with monthly principal and interest payments from February 1, 2013 through December 21, 2022. Interest is fixed at 2.24%.	\$ 648,853	\$ 916,540
Promissory note payable to People's United Bank in the original amount of \$650,000. Interest is computed daily (3.29% at September 30, 2020 and 2019), with monthly payments of principal and interest from February 1, 2013 through December 31, 2022, at which time any outstanding amount is due and payable.	<u>171,752</u>	<u>241,352</u>
	820,605	1,157,892
Less current portion	345,886	337,347
Less deferred financing costs	<u>61,411</u>	<u>89,755</u>
Notes payable, net of current portion	<u>\$ 413,308</u>	<u>\$ 730,790</u>

The above debt instruments of the Network are secured by the property located at 3 Farm Road in New Canaan, Connecticut.

Interest expense per the accompanying statements of activities and changes in net assets consists of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Interest expense	\$ 50,018	\$ 69,845
Amortization of debt issuance	<u>28,344</u>	<u>28,344</u>
Total interest expense	<u>\$ 78,362</u>	<u>\$ 98,189</u>

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 8 - NOTES PAYABLE (CONTINUED)

Aggregate principal maturities of the notes payable in subsequent years are as follows:

2021	\$	345,886
2022		354,577
2023		<u>120,142</u>
	\$	<u>820,605</u>

COVENANTS

The terms of the note agreements provide for covenants regarding the Network's liquidity, financial reporting and other covenants similar in financings of this type. As of September 30, 2020 and 2019, the Network was in compliance with these financial covenants.

NOTE 9 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Network received a loan (the PPP Loan) from Peoples United Bank in the amount of \$2,578,200 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act. Subject to potential forgiveness, as described below, the PPP Loan matures in two years, bears interest at a rate of 1.00% per year and is evidenced by a promissory note dated April 22, 2020 (the Note). Monthly payments of principal and interest are deferred until after any application for forgiveness submitted by the Network has been acted upon, as described below. The PPP Loan is unsecured and federally guaranteed.

The Note contains customary events of default relating to, among other things, failure to make payments of principal and interest and breaches of representations and warranties. The Network may prepay the PPP Loan at any time prior to maturity with no penalty.

The PPP Loan is eligible to be forgiven by the U.S. Small Business Administration (SBA) and the lender upon application by the Network, provided that the Network shall have used the loan proceeds for eligible purposes, including the payment of payroll, benefits, rent, mortgage interest and utilities, during the 24 week period beginning on the date of funding of the loan (the "covered period"). Not more than 40% of the amount forgiven may be for non-payroll costs. The Network will be eligible to submit an application for forgiveness of the PPP Loan for a period of up to ten months after the end of the covered period. The Network intends to submit an application for full forgiveness of the PPP loan. As of September 30, 2020, the outstanding principal due was \$2,578,200.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 9 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

Consistent with the requirements of the PPP for loan forgiveness, the Network has been using the loan proceeds solely for payment of payroll and otherwise in a manner which it believes satisfy the requirements for loan forgiveness. However, no assurance can be given that any application for loan forgiveness that the Network may submit will be approved, in whole or in part.

NOTE 10 - LINE OF CREDIT

As of September 30, 2019, the Center, Health Services and Home Healthcare had a \$1,000,000 revolving line of credit, which expired March 29, 2020 with People's United Bank that was secured by all assets of the Center, Health Services and Home Healthcare, other than the investment securities, endowment funds and revenues from the Inn. Effective April 9, 2020, the line of credit was amended and increased to \$4,000,000 with an expiration date of March 28, 2021. At September 30, 2020, there was an outstanding balance of \$2,000,000 at a rate equal to one-month LIBOR plus 1.5% (1.58% as of September 30, 2020). At September 30, 2019, there was \$700,000 outstanding at a rate equal to one-month LIBOR plus 2.5% (4.07% as of September 30, 2019). Under the terms of these agreements, the Center, Health Services and Home Healthcare is required to meet certain financial and reporting covenants.

NOTE 11 - RETIREMENT PLAN

The Network maintains a defined contribution retirement plan that covers substantially all of its employees. The plan is organized within the provisions of Section 403(b) of the Internal Revenue Code (the Code). Employees are eligible to participate in the plan when they are 20-1/2 years of age and have completed 6 months of service. Plan participants are vested after three years. Contributions to the plan are made by the Network with a maximum contribution of 6.75% of the employee's salary. The contribution percentage is based upon the completed years of service. Employees may make contributions to the plan within the Code limitations. For the years ended September 30, 2020 and 2019, the retirement plan expense was \$527,186 and \$460,453, respectively.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 12 - OPERATING LEASES

The Center is leasing the land upon which the facility is constructed from the Town of New Canaan. The term of the lease is for 99 years and expires on May 1, 2071 with monthly lease payments of \$1,618. Rental payments are adjusted every five years to compensate for changes in the Consumer Price Index. The Center also leases equipment with a term of five years.

In January 2014, Home Healthcare and at Home entered into a noncancellable ten-year lease for office space in New Canaan, Connecticut. Monthly lease payments starting at \$6,000 with increases of 2% for the first year and 3% for each year following.

FASB ASC No. 840, *Leases* generally calls for escalating payments over the term of the lease to be amortized over a straight line basis. The difference between actual rent payments and the straight line basis, if significant to the financial statements, is recorded as a deferred rent obligation. Rent expense totaled \$105,502 and \$101,680 for the years ended September 30, 2020 and 2019, respectively.

Future minimum commitments under the initial terms of these leases are as follows:

2021	\$	107,440
2022		110,033
2023		112,703
2024		67,542
2025		21,026
Thereafter		<u>972,453</u>
	\$	<u>1,391,197</u>

NOTE 13 - RELATED PARTIES AND AFFILIATE TRANSACTIONS

The Center holds the main operating account for the entire Network and has paid for certain expenses of Health Services, Home Healthcare and at Home. In addition, the costs of maintenance, housekeeping, dietary, administrative and other services provided by the Center to Health Services, Home Healthcare and at Home have been allocated to each entity and amounted to \$5,738,739 and \$5,573,180 for the years ended September 30, 2020 and 2019. There are no set repayment terms and interest is not charged on outstanding balances. The Center uses a portion of a building that is recorded on the books of Health Services.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 14 - SELF INSURANCE

The Network is self-insured for health benefits provided to employees. All eligible employees have the option of participating in the Network's self-funded, comprehensive medical care benefits plan. Based upon plan enrollment, the Network pays a monthly fee to a Third Party Administrator (TPA). This fee covers administrative fees, as well as stop loss coverage for each covered person, and aggregate coverage for the group as a whole. The Network pays the claims and recognizes the expense as they are submitted by the TPA. This amount varies from month to month based upon the health care use by covered persons. As of September 30, 2020 and 2019, the Network accrued \$148,590 and \$208,257, respectively, for unpaid claims.

The determination of such claims and expenses and the appropriateness of the related liability is continually reviewed and updated. It is reasonably possible that the accrued estimated liability of self-insured claims may need to be revised in the near term.

NOTE 15 - RISK AND UNCERTAINTIES

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

The Network's business has been deemed essential by the State of Connecticut during the COVID-19 pandemic; however, the operations have been impacted due to declines in the number of services provided starting in March 2020 and continuing through the issuance of this report. The extent to which the COVID-19 pandemic further impacts the Network's operations and financial condition will depend on numerous evolving factors, which are uncertain and cannot be predicted, including duration and scope of the pandemic and associated disruptions; effects of current and future governmental and public responses to changing conditions; financial condition of the Network's customers; and the ability of third party payors to meet their obligations to the Network for the services provided.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 16 - FUNCTIONAL EXPENSES

The Network provides residential and healthcare services to their residents and patients. Expenses related to providing these services for the years ended September 30 are as follows:

2020	Skilled Nursing	Independent and Assisted Living	Home Healthcare	Non-Clinical Home Healthcare	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 5,076,073	\$ 2,380,920	\$ 2,274,815	\$ 2,185,644	\$ 11,917,452	\$ 4,221,925	\$ 85,897	\$ 16,225,274
Pension plan	258,886	65,998	55,084	32,563	412,531	114,655	--	527,186
Other employee benefits	468,793	662,426	451,662	256,389	1,839,270	354,792	--	2,194,062
Payroll taxes	636,049	162,148	135,334	80,002	1,013,533	281,695	--	1,295,228
Fees for service	51,167	45,917	21,405	--	118,489	592,779	--	711,268
Advertising	7,313	--	--	--	7,313	303,704	--	311,017
Office expense	94,054	124,690	4,554	--	223,298	401,053	34,883	659,234
Occupancy	429,234	622,819	--	--	1,052,053	104,439	--	1,156,492
Travel	3,901	1,314	44,843	3,319	53,377	5,825	22	59,224
Conferences and education	6,298	1,949	--	--	8,247	4,279	107	12,633
Interest	--	--	--	--	--	50,019	--	50,019
Depreciation	398,822	624,703	--	--	1,023,525	56,315	--	1,079,840
Insurance	--	--	--	--	--	250,860	--	250,860
Consulting fees	--	--	--	--	--	--	34,275	34,275
Provider tax	312,527	--	--	--	312,527	--	--	312,527
Nursing services and supplies	498,248	69,949	--	--	568,197	--	--	568,197
Adult day program	--	1,436	--	--	1,436	--	--	1,436
Recreation services and supplies	25,928	16,125	--	--	42,053	--	--	42,053
Therapy services and supplies	1,071,629	--	--	--	1,071,629	--	--	1,071,629
Recruitment	--	--	--	--	--	15,796	--	15,796
Ancillary	407,445	--	--	--	407,445	38,365	--	445,810
Social services	180	--	--	--	180	--	--	180
Housekeeping	156,121	147,954	--	--	304,075	--	--	304,075
Dietary	507,326	506,936	--	--	1,014,262	--	--	1,014,262
Meals on Wheels	60,261	--	--	--	60,261	--	--	60,261
Bad debt	119,788	5,991	3,600	3,334	132,713	--	--	132,713
Other	--	--	106,395	4,513	110,908	377,749	--	488,657
	<u>\$ 10,590,043</u>	<u>\$ 5,441,275</u>	<u>\$ 3,097,692</u>	<u>\$ 2,565,764</u>	<u>\$ 21,694,774</u>	<u>\$ 7,174,250</u>	<u>\$ 155,184</u>	<u>\$ 29,024,208</u>

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 16 - FUNCTIONAL EXPENSES (CONTINUED)

2019	Skilled Nursing	Independent and Assisted Living	Home Healthcare	Non-Clinical Home Healthcare	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 4,882,255	\$ 2,491,893	\$ 1,840,182	\$ 2,252,635	\$ 11,466,965	\$ 3,758,292	\$ 213,189	\$ 15,438,446
Pension plan	224,162	62,078	35,813	32,139	354,192	106,261	--	460,453
Other employee benefits	587,583	787,288	325,188	276,251	1,976,310	390,157	--	2,366,467
Payroll taxes	611,986	169,481	97,774	87,742	966,983	290,104	--	1,257,087
Fees for service	179,370	43,479	61,919	--	284,768	537,725	--	822,493
Advertising	3,248	--	--	--	3,248	263,149	125	266,522
Office expense	53,276	96,503	2,073	--	151,852	300,922	65,171	517,945
Occupancy	431,733	598,208	--	--	1,029,941	105,208	--	1,135,149
Travel	2,468	1,457	36,518	4,922	45,365	7,224	501	53,090
Conferences and education	4,886	1,896	225	--	7,007	4,655	170	11,832
Interest	--	--	--	--	--	98,190	--	98,190
Depreciation	385,469	615,214	--	--	1,000,683	56,756	--	1,057,439
Insurance	--	--	--	--	--	181,320	--	181,320
Consulting fees	--	--	--	--	--	--	36,409	36,409
Provider tax	388,365	--	--	--	388,365	--	--	388,365
Nursing services and supplies	236,182	110,325	--	--	346,507	--	--	346,507
Adult day program	--	2,083	--	--	2,083	--	--	2,083
Recreation services and supplies	37,662	27,342	--	--	65,004	--	--	65,004
Therapy services and supplies	1,161,794	--	--	--	1,161,794	--	--	1,161,794
Licenses and permits	--	--	--	--	--	400	--	400
Membership fees	--	--	--	--	--	2,682	--	2,682
Recruitment	--	--	--	--	--	135,149	--	135,149
Ancillary	515,931	--	--	--	515,931	--	--	515,931
Social services	186	--	--	--	186	--	--	186
Housekeeping	115,719	129,745	91,262	--	336,726	--	--	336,726
Dietary	454,845	526,098	--	--	980,943	--	--	980,943
Meals on Wheels	67,412	--	--	--	67,412	--	--	67,412
Bad debt	131,659	12,946	28,079	(7,344)	165,340	--	--	165,340
Other	--	--	--	1,863	1,863	324,710	--	326,573
	<u>\$ 10,476,191</u>	<u>\$ 5,676,036</u>	<u>\$ 2,519,033</u>	<u>\$ 2,648,208</u>	<u>\$ 21,319,468</u>	<u>\$ 6,562,904</u>	<u>\$ 315,565</u>	<u>\$ 28,197,937</u>

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 17 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Network's primary sources of support are derived from patient and resident service revenue. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Network's financial assets as of September 30, 2020 and 2019.

	2020	2019
Financial Assets at Year-End		
Cash and cash equivalents	\$ 754,465	\$ 1,629,005
Investments	9,214,373	8,963,697
Accounts receivable	4,370,582	3,275,796
Current portion of pledges receivable	<u>237,375</u>	<u>200,800</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 14,576,795</u>	<u>\$ 14,069,298</u>

Donor-restricted investments have been excluded from the above as they are not available for general expenditures of the Network. The Network has a policy to structure its financial assets to be available as general expenditures, liabilities, or other obligations come due.

NOTE 18 - HEALTHCARE

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Network and its subsidiaries are in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

WAVENY LIFECARE NETWORK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 18 - HEALTHCARE (CONTINUED)

The Network is involved in legal proceedings related to matters which are incidental to its business. In the opinion of management, based on consultation with counsel, the outcome of such proceedings will not significantly affect the Network's financial position or results of operations, based on existing insurance coverage and contingency reserves provided by the Network.

NOTE 19 - SUBSEQUENT EVENTS

On December 31, 2020, the Network signed a term sheet for a \$1,500,000, five-year term loan with a twenty-five year amortization and interest only payments for the first three-years related to the purchase of a nearby property.

On December 15, 2020, the Network entered into a letter of intent with the Visiting Nurse & Hospice of Fairfield County to become the sole member and combine their homecare and hospice operations into Home Healthcare.

In preparing these consolidated financial statements, management has evaluated subsequent events through January 29, 2021, which represents the date the financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2020, have been incorporated into these consolidated financial statements.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE I - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

SEPTEMBER 30, 2020

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Assets							
Current Assets							
Cash and cash equivalents	\$ 730,995	\$ 23,470	\$ --	\$ --	\$ 754,465	\$ --	\$ 754,465
Accounts receivable, net	2,365,225	237,587	1,168,470	599,300	4,370,582	--	4,370,582
Current portion of pledges receivable	237,375	--	--	--	237,375	--	237,375
Prepaid expenses and other current assets	142,742	2,131	18,000	--	162,873	--	162,873
Total Current Assets	3,476,337	263,188	1,186,470	599,300	5,525,295	--	5,525,295
Other Assets							
Investments	9,214,373	--	--	--	9,214,373	--	9,214,373
Pledges receivable - less current portion	23,501	--	--	--	23,501	--	23,501
Property, plant and equipment:							
Land improvements and building	8,109,512	18,678,886	3,755	--	26,792,153	--	26,792,153
Fixed equipment	3,027,114	1,489,064	3,350	--	4,519,528	--	4,519,528
Movable equipment	3,150,426	1,506,751	44,019	--	4,701,196	--	4,701,196
Automobiles	24,418	185,002	--	--	209,420	--	209,420
Construction in progress	86,054	829,952	--	--	916,006	--	916,006
	14,397,524	22,689,655	51,124	--	37,138,303	--	37,138,303
Less accumulated depreciation	(10,659,030)	(13,252,177)	(39,732)	--	(23,950,939)	--	(23,950,939)
Net property, plant and equipment	3,738,494	9,437,478	11,392	--	13,187,364	--	13,187,364
Assets whose use is limited or restricted:							
Donor-restricted investments	3,288,762	--	--	--	3,288,762	--	3,288,762
Due from affiliates	675,839	(196,178)	(413,070)	(66,591)	--	--	--
Security deposits	--	417,097	--	--	417,097	--	417,097
Intangible asset - provider license	--	--	150,000	--	150,000	--	150,000
Total Other Assets	16,940,969	9,658,397	(251,678)	(66,591)	26,281,097	--	26,281,097
Total Assets	\$ 20,417,306	\$ 9,921,585	\$ 934,792	\$ 532,709	\$ 31,806,392	\$ --	\$ 31,806,392

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE I - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2020

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Liabilities and Net Assets							
Current Liabilities							
Line of credit	\$ 2,000,000	\$ --	\$ --	\$ --	\$ 2,000,000	\$ --	\$ 2,000,000
Accounts payable	1,472,421	--	--	--	1,472,421	--	1,472,421
Accrued payroll, compensated absences and other expenses	804,557	104,085	110,434	36,890	1,055,966	--	1,055,966
Current portion of notes payable	55,389	290,497	--	--	345,886	--	345,886
Deferred revenue	--	32,158	8,508	--	40,666	--	40,666
Total Current Liabilities	<u>4,332,367</u>	<u>426,740</u>	<u>118,942</u>	<u>36,890</u>	<u>4,914,939</u>	<u>--</u>	<u>4,914,939</u>
Non-Current Liabilities							
Security deposits	--	417,097	--	--	417,097	--	417,097
Notes payable, net of current portion and deferred financing costs	76,728	336,580	--	--	413,308	--	413,308
U.S. Small Business Administration Paycheck Protection Program loan	2,578,200	--	--	--	2,578,200	--	2,578,200
Total Non-Current Liabilities	<u>2,654,928</u>	<u>753,677</u>	<u>--</u>	<u>--</u>	<u>3,408,605</u>	<u>--</u>	<u>3,408,605</u>
Total Liabilities	<u>6,987,295</u>	<u>1,180,417</u>	<u>118,942</u>	<u>36,890</u>	<u>8,323,544</u>	<u>--</u>	<u>8,323,544</u>
Net Assets							
Without donor restrictions	10,142,077	8,741,168	815,850	495,819	20,194,914	--	20,194,914
With donor restrictions	3,287,934	--	--	--	3,287,934	--	3,287,934
Total Net Assets	<u>13,430,011</u>	<u>8,741,168</u>	<u>815,850</u>	<u>495,819</u>	<u>23,482,848</u>	<u>--</u>	<u>23,482,848</u>
Total Liabilities and Net Assets	<u>\$ 20,417,306</u>	<u>\$ 9,921,585</u>	<u>\$ 934,792</u>	<u>\$ 532,709</u>	<u>\$ 31,806,392</u>	<u>\$ --</u>	<u>\$ 31,806,392</u>

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE II - CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Changes in Net Assets Without Donor Restrictions							
Operating Revenues:							
Net patient service and resident revenue	\$ 10,096,919	\$ 5,742,931	\$ 4,530,929	\$ 3,313,826	\$ 23,684,605	\$ --	\$ 23,684,605
CARES Act Provider Relief Funds	902,785	--	238,405	--	1,141,190	--	1,141,190
Adult day care	--	221,139	--	--	221,139	--	221,139
Meals on Wheels	88,490	--	--	--	88,490	--	88,490
Other revenues	177,507	12,746	--	--	190,253	--	190,253
Net assets released from restrictions	272,157	150,299	34,477	25,237	482,170	--	482,170
Total Operating Revenues	11,537,858	6,127,115	4,803,811	3,339,063	25,807,847	--	25,807,847
Operating Expenses:							
Nursing and client services	4,720,199	1,413,828	1,212,406	2,193,477	9,539,910	--	9,539,910
Administrative and general	2,173,195	1,189,450	1,283,865	592,435	5,238,945	--	5,238,945
Employee benefits	1,857,483	996,343	762,274	400,375	4,016,475	--	4,016,475
Dietary services	925,564	1,053,266	--	--	1,978,830	--	1,978,830
Therapy services	846,243	--	1,190,023	--	2,036,266	--	2,036,266
Resident services	1,099,695	240,167	64,118	10,198	1,414,178	--	1,414,178
Plant operation and maintenance	495,797	789,658	5,052	3,422	1,293,929	--	1,293,929
Depreciation	420,031	627,597	3,870	--	1,051,498	--	1,051,498
Housekeeping/laundry services	368,903	392,896	--	--	761,799	--	761,799
Marketing	568,166	214,473	166,020	115,583	1,064,242	--	1,064,242
Adult day care	--	188,872	--	--	188,872	--	188,872
Interest	31,935	46,427	--	--	78,362	--	78,362
Meals on Wheels	90,785	--	--	--	90,785	--	90,785
Rent	11,216	11,216	41,535	41,535	105,502	--	105,502
Care management	--	8,160	--	--	8,160	--	8,160
Loss on disposal of property, plant and equipment	1,301	--	--	--	1,301	--	1,301
Total Operating Expenses	13,610,513	7,172,353	4,729,163	3,357,025	28,869,054	--	28,869,054
Operating (Loss) Income	(2,072,655)	(1,045,238)	74,648	(17,962)	(3,061,207)	--	(3,061,207)

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE II - CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Waveny Care Center, Inc.	Center Health Services, Inc.	Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Nonoperating (Expense) Revenue							
Realized and unrealized gains on investments	\$ 758,628	\$ --	\$ --	\$ --	\$ 758,628	\$ --	\$ 758,628
Investment income	(39,036)	--	--	--	(39,036)	--	(39,036)
Contributions	300,843	--	--	--	300,843	--	300,843
Fundraising expenses	(155,154)	--	--	--	(155,154)	--	(155,154)
Total Nonoperating (Expense) Revenue	<u>865,281</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>865,281</u>	<u>--</u>	<u>865,281</u>
Excess of Revenues Over (Under) Expenses	<u>(1,207,374)</u>	<u>(1,045,238)</u>	<u>74,648</u>	<u>(17,962)</u>	<u>(2,195,926)</u>	<u>--</u>	<u>(2,195,926)</u>
Other Changes in Net Assets Without Donor Restriction							
Net assets released from restrictions for property, plant and equipment	15,000	--	--	--	15,000	--	15,000
Change in Net Assets Without Donor Restriction	<u>(1,192,374)</u>	<u>(1,045,238)</u>	<u>74,648</u>	<u>(17,962)</u>	<u>(2,180,926)</u>	<u>--</u>	<u>(2,180,926)</u>
Changes in Net Assets With Donor Restriction							
Contributions	263,525	--	--	--	263,525	--	263,525
Realized and unrealized gains on investments	194,059	--	--	--	194,059	--	194,059
Transfer from (to) affiliates	(210,013)	150,299	34,477	25,237	--	--	--
Net assets released from restrictions	(272,157)	(150,299)	(34,477)	(25,237)	(482,170)	--	(482,170)
Net assets released from restrictions for property, plant and equipment	(15,000)	--	--	--	(15,000)	--	(15,000)
Changes in Net Assets With Donor Restriction	<u>(39,586)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(39,586)</u>	<u>--</u>	<u>(39,586)</u>
Change in Net Assets	<u>(1,231,960)</u>	<u>(1,045,238)</u>	<u>74,648</u>	<u>(17,962)</u>	<u>(2,220,512)</u>	<u>--</u>	<u>(2,220,512)</u>
Net Assets - Beginning	<u>14,661,971</u>	<u>9,786,406</u>	<u>741,202</u>	<u>513,781</u>	<u>25,703,360</u>	<u>--</u>	<u>25,703,360</u>
Net Assets - End	<u>\$ 13,430,011</u>	<u>\$ 8,741,168</u>	<u>\$ 815,850</u>	<u>\$ 495,819</u>	<u>\$ 23,482,848</u>	<u>\$ --</u>	<u>\$ 23,482,848</u>

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE III - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

SEPTEMBER 30, 2019

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Assets							
Current Assets							
Cash and cash equivalents	\$ 1,628,505	\$ 500	\$ --	\$ --	\$ 1,629,005	\$ --	\$ 1,629,005
Accounts receivable, net	1,626,525	301,571	768,911	578,789	3,275,796	--	3,275,796
Current portion of pledges receivable	200,800	--	--	--	200,800	--	200,800
Prepaid expenses and other current assets	<u>272,025</u>	<u>3,382</u>	<u>19,000</u>	<u>--</u>	<u>294,407</u>	<u>--</u>	<u>294,407</u>
Total Current Assets	<u>3,727,855</u>	<u>305,453</u>	<u>787,911</u>	<u>578,789</u>	<u>5,400,008</u>	<u>--</u>	<u>5,400,008</u>
Other Assets							
Investments	8,963,697	--	--	--	8,963,697	--	8,963,697
Pledges receivable - less current portion	176,825	--	--	--	176,825	--	176,825
Property, plant and equipment:							
Land improvements and building	7,993,791	18,228,820	3,755	--	26,226,366	--	26,226,366
Fixed equipment	3,019,904	1,242,238	3,350	--	4,265,492	--	4,265,492
Movable equipment	3,025,989	1,505,294	44,019	--	4,575,302	--	4,575,302
Automobiles	24,418	185,002	--	--	209,420	--	209,420
Construction in progress	<u>126,505</u>	<u>420,802</u>	<u>--</u>	<u>--</u>	<u>547,307</u>	<u>--</u>	<u>547,307</u>
	14,190,607	21,582,156	51,124	--	35,823,887	--	35,823,887
Less accumulated depreciation	<u>(10,240,589)</u>	<u>(12,624,582)</u>	<u>(35,862)</u>	<u>--</u>	<u>(22,901,033)</u>	<u>--</u>	<u>(22,901,033)</u>
Net property, plant and equipment	<u>3,950,018</u>	<u>8,957,574</u>	<u>15,262</u>	<u>--</u>	<u>12,922,854</u>	<u>--</u>	<u>12,922,854</u>
Assets whose use is limited or restricted:							
Donor-restricted investments	3,327,520	--	--	--	3,327,520	--	3,327,520
Due from affiliates	--	1,874,104	11,109	53,104	1,938,317	(1,938,317)	--
Security deposits	--	187,388	--	--	187,388	--	187,388
Intangible asset - provider license	<u>--</u>	<u>--</u>	<u>150,000</u>	<u>--</u>	<u>150,000</u>	<u>--</u>	<u>150,000</u>
Total Other Assets	<u>16,418,060</u>	<u>11,019,066</u>	<u>176,371</u>	<u>53,104</u>	<u>27,666,601</u>	<u>(1,938,317)</u>	<u>25,728,284</u>
Total Assets	<u>\$ 20,145,915</u>	<u>\$ 11,324,519</u>	<u>\$ 964,282</u>	<u>\$ 631,893</u>	<u>\$ 33,066,609</u>	<u>\$ (1,938,317)</u>	<u>\$ 31,128,292</u>

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE III - CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2019

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Liabilities and Net Assets							
Current Liabilities							
Line of credit	\$ 700,000	\$ --	\$ --	\$ --	\$ 700,000	\$ --	\$ 700,000
Accounts payable	1,528,786	--	--	--	1,528,786	--	1,528,786
Accrued payroll, compensated absences and other expenses	1,131,185	162,286	121,633	118,112	1,533,216	--	1,533,216
Current portion of notes payable	53,585	283,762	--	--	337,347	--	337,347
Deferred revenue	--	15,958	101,447	--	117,405	--	117,405
Total Current Liabilities	<u>3,413,556</u>	<u>462,006</u>	<u>223,080</u>	<u>118,112</u>	<u>4,216,754</u>	<u>--</u>	<u>4,216,754</u>
Non-Current Liabilities							
Security deposits	--	477,388	--	--	477,388	--	477,388
Notes payable, net of current portion and deferred financing costs	132,071	598,719	--	--	730,790	--	730,790
Due to affiliates	1,938,317	--	--	--	1,938,317	(1,938,317)	--
Total Non-Current Liabilities	<u>2,070,388</u>	<u>1,076,107</u>	<u>--</u>	<u>--</u>	<u>3,146,495</u>	<u>(1,938,317)</u>	<u>1,208,178</u>
Total Liabilities	<u>5,483,944</u>	<u>1,538,113</u>	<u>223,080</u>	<u>118,112</u>	<u>7,363,249</u>	<u>(1,938,317)</u>	<u>5,424,932</u>
Net Assets							
Without donor restrictions	11,334,451	9,786,406	741,202	513,781	22,375,840	--	22,375,840
With donor restrictions	3,327,520	--	--	--	3,327,520	--	3,327,520
Total Net Assets	<u>14,661,971</u>	<u>9,786,406</u>	<u>741,202</u>	<u>513,781</u>	<u>25,703,360</u>	<u>--</u>	<u>25,703,360</u>
Total Liabilities and Net Assets	<u>\$ 20,145,915</u>	<u>\$ 11,324,519</u>	<u>\$ 964,282</u>	<u>\$ 631,893</u>	<u>\$ 33,066,609</u>	<u>\$ (1,938,317)</u>	<u>\$ 31,128,292</u>

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE IV – CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Changes in Net Assets Without Donor Restrictions							
Operating Revenues:							
Net patient service and resident revenue	\$ 11,947,799	\$ 6,846,868	\$ 3,793,633	\$ 3,655,478	\$ 26,243,778	\$ --	\$ 26,243,778
Adult day care	--	468,587	--	--	468,587	--	468,587
Meals on Wheels	110,372	--	--	--	110,372	--	110,372
Other revenues	144,125	19,429	--	--	163,554	--	163,554
Net assets released from restrictions	64,804	197,057	--	8,769	270,630	--	279,399
Total Operating Revenues	12,267,100	7,531,941	3,793,633	3,664,247	27,256,921	--	27,265,690
Operating Expenses:							
Nursing and client services	4,140,271	1,380,294	974,615	2,259,420	8,754,600	--	8,754,600
Administrative and general	2,287,923	1,224,098	1,013,577	634,745	5,160,343	--	5,160,343
Employee benefits	2,005,255	1,101,693	542,308	434,754	4,084,010	--	4,084,010
Dietary services	894,349	1,149,614	--	--	2,043,963	--	2,043,963
Therapy services	1,209,599	--	1,052,295	--	2,261,894	--	2,261,894
Resident services	1,113,442	278,295	16,654	10,549	1,418,940	--	1,418,940
Plant operation and maintenance	521,388	785,312	3,006	3,006	1,312,712	--	1,312,712
Depreciation	435,818	617,633	3,988	--	1,057,439	--	1,057,439
Housekeeping/laundry services	327,969	306,163	--	--	634,132	--	634,132
Marketing	248,771	162,895	61,565	58,596	531,827	--	531,827
Adult day care	--	303,615	--	--	303,615	--	303,615
Interest	45,807	52,382	--	--	98,189	--	98,189
Meals on Wheels	105,289	--	--	--	105,289	--	105,289
Rent	10,514	10,514	40,326	40,326	101,680	--	101,680
Care management	--	13,740	--	--	13,740	--	13,740
Total Operating Expenses	13,346,395	7,386,248	3,708,334	3,441,396	27,882,373	--	27,882,373
Operating (Loss) Income	(1,079,295)	145,693	85,299	222,851	(625,452)	--	(625,452)

See independent auditors' report on supplementary information.

WAVENY LIFECARE NETWORK, INC.

SCHEDULE IV – CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Waveny Care Center, Inc.	Waveny Care Center Health Services, Inc.	Waveny Home Healthcare, Inc.	Waveny at Home, Inc.	Subtotal	Eliminations	Total
Nonoperating (Expense) Revenue							
Realized and unrealized gains on investments	\$ 121,681	\$ --	\$ --	\$ --	\$ 121,681	\$ --	\$ 121,681
Investment income	203,551	--	--	--	203,551	--	203,551
Contributions	417,243	--	--	--	417,243	--	417,243
Fundraising expenses	(315,564)	--	--	--	(315,564)	--	(315,564)
Total Nonoperating (Expense) Revenue	<u>426,911</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>426,911</u>	<u>--</u>	<u>426,911</u>
Excess of Revenues Over (Under) Expenses	<u>(652,384)</u>	<u>145,693</u>	<u>85,299</u>	<u>222,851</u>	<u>(198,541)</u>	<u>--</u>	<u>(198,541)</u>
Other Changes in Net Assets Without Donor Restriction							
Net assets released from restrictions for property, plant and equipment	96,593	5,807	--	--	102,400	--	102,400
Change in Net Assets Without Donor Restriction	<u>(555,791)</u>	<u>151,500</u>	<u>85,299</u>	<u>222,851</u>	<u>(96,141)</u>	<u>--</u>	<u>(96,141)</u>
Changes in Net Assets With Donor Restriction							
Contributions	434,957	--	--	--	434,957	--	434,957
Realized and unrealized gains on investments	87,668	--	--	--	87,668	--	87,668
Transfer from (to) affiliates	(211,633)	202,864	--	8,769	--	--	--
Net assets released from restrictions	(64,804)	(197,057)	--	(8,769)	(270,630)	--	(270,630)
Net assets released from restrictions for property, plant and equipment	(96,593)	(5,807)	--	--	(102,400)	--	(102,400)
Changes in Net Assets With Donor Restriction	<u>149,595</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>149,595</u>	<u>--</u>	<u>149,595</u>
Change in Net Assets	<u>(406,196)</u>	<u>151,500</u>	<u>85,299</u>	<u>222,851</u>	<u>53,454</u>	<u>--</u>	<u>53,454</u>
Net Assets - Beginning	<u>15,068,167</u>	<u>9,634,906</u>	<u>655,903</u>	<u>290,930</u>	<u>25,649,906</u>	<u>--</u>	<u>25,649,906</u>
Net Assets - End	<u>\$ 14,661,971</u>	<u>\$ 9,786,406</u>	<u>\$ 741,202</u>	<u>\$ 513,781</u>	<u>\$ 25,703,360</u>	<u>\$ --</u>	<u>\$ 25,703,360</u>

See independent auditors' report on supplementary information.

EXHIBIT E

PRO FORMA INCOME STATEMENTS

The Pro Forma Income Statements for the first three years of Oenoke Ridge's operations provide a projection of the estimated expenses and income for the community in each year.

A good budgeting system is a very important business tool. Substantial budgeting has been done prior to offering apartments for reservation. Naturally, the entire process is ongoing, as new developments allow for refinement. Such new developments may include external events over which we have no control.

The Pro Forma Cash Statement is simply a projection of the estimated expenses and income of the organization on a cash basis. The projection rates for income and expenses are not guaranteed. The percent of increase may be greater or lower based upon the increased cost to operations and other factors.

The most significant item in the Pro Forma Income Statement is "Net Change" which indicates whether the facility has earned more or less than it expends in any given year.

Although there can be no guarantee of accuracy, the Pro Forma Income Statement is based upon the experience and the best current estimates at the time of this publication.

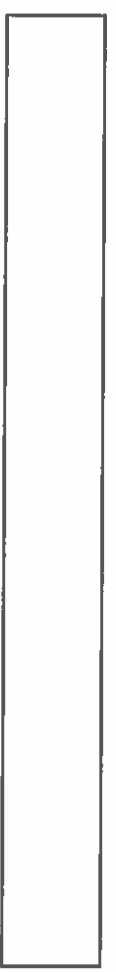
Such estimates depend upon assumptions concerning many items, including inflation and interest rates, which are subject to change. It is believed that the Pro Forma Income Statement reflects sound financial planning and a rational set of assumptions, based upon experience and insight.

Following is a list of assumptions and explanations. Specific financial assumptions are included in the Waveny Care CCRC Pro Forma Analysis Assumptions Description that follows charts with projections for Year #1, Year #2 and Year #3.

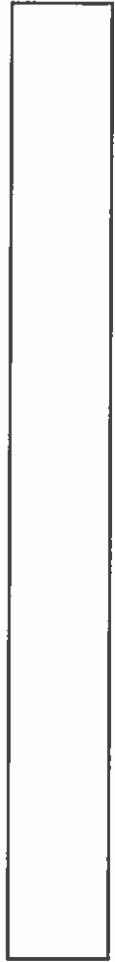
1. Occupancy revenue reflects the Primary Monthly Fee and Second Person Monthly Fee receipts based on an assumed census.
2. Other ancillary income reflects projected revenue from items such as guest meals, ancillary services and interest on unrestricted and restricted accounts.

3. Rent and related expenditures are based on anticipated principal and interest payments plus related taxes.
4. While Waveny operates a separate rental model, the operating revenue and expenses do not include revenues and expenses related to rentals; operating revenue and expenses as stated are related solely to the entrance fee model.
5. Census and fill-up schedules are based on existing waiting lists and focus groups.
6. Demand analysis completed by the Promatura Group suggested a demand of 400 plus or minus units within Waveny's primary service area.
7. Average age of individuals on existing waiting lists is 75 years old and will reach 78 years old once construction is completed.
8. Residents are not expected to require transition to other services lines or levels of care outside of Oenoke Ridge within the first three years of operation. As a result, Waveny is projecting no health care facility admissions, permanent transfers or health care utilization for the first three years of operation.
9. There are no monthly discounts for residents should they require assisted living, memory care or skilled nursing care.
10. Resident entrance fee deposits held in an escrow account with a bank will be released to Waveny in accordance with applicable law.
11. Funding of Debt Service and Operating Reserves will be held by a bank under escrow and drawn upon from the bank's permanent financing/mortgage.
12. No turnover in resident units at Oenoke is expected during the first three years of operation.
13. Waveny forecasts occupancy rates upon stabilization at 90-91%.

Wayway Care
 CCRC
 Performance Analysis
 Summary Year #1

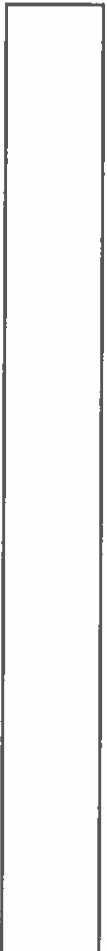


Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
Occupancy Revenue	105,486	114,333	147,681	163,333	189,975	204,168	232,069	264,336	277,400	297,806	309,800	331,286	2,637,563
Other Ancillary Income	144,773	175,232	204,214	237,926	261,939	290,830	320,119	364,244	395,119	411,591	442,617	459,281	3,703,943
Total Projected Revenue	250,259	289,565	351,895	396,259	451,914	495,018	552,188	628,579	672,519	709,397	752,417	790,567	6,341,506
Expenses													
Operational Expenses													
Salaries	27,525	24,061	27,525	27,438	46,902	46,511	48,061	48,945	50,571	52,237	50,571	56,894	506,063
Employee Benefits	6,056	5,469	6,056	6,036	10,318	10,232	10,574	10,768	11,126	11,497	11,126	12,517	111,775
Administrative & General	6,756	7,086	7,417	7,748	8,078	8,409	8,739	9,245	9,595	9,770	10,120	10,295	103,258
Dietary Expenses	12,400	13,440	17,360	19,200	22,320	24,000	27,280	31,000	32,400	34,720	36,000	38,410	308,560
Housekeeping	1,043	598	662	1,442	1,491	2,564	2,650	2,650	5,770	5,962	5,770	10,599	41,201
Other Ancillary	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	21,996
Maintenance	12,689	13,283	13,877	14,352	14,946	15,519	16,014	17,083	18,271	18,746	19,933	20,408	195,140
Insurance	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	142,500
Total Expenses	80,177	78,445	86,605	89,924	117,763	120,963	127,027	133,399	141,441	146,660	147,228	162,061	1,432,493
EBIDT/AMH	\$ 170,082	\$ 211,140	\$ 265,290	\$ 306,334	\$ 334,071	\$ 374,055	\$ 425,162	\$ 495,171	\$ 531,078	\$ 562,738	\$ 605,188	\$ 627,706	\$ 4,909,013
Non-operative Expenses													
Management Fee	4,473	4,919	6,279	6,918	8,001	8,584	9,722	11,038	11,572	12,404	12,894	13,770	110,574
Depreciation	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	1,544,197
Rent and Related Expenses	203,953	203,953	203,953	203,953	203,953	203,953	203,953	203,953	203,953	203,953	203,953	203,953	2,417,440
Non-operating Expenses	337,109	337,555	338,915	339,554	340,637	341,270	342,358	343,674	344,208	345,640	346,496	346,496	4,103,211
Total Expenses	417,286	416,000	425,520	429,478	450,400	462,183	469,385	472,073	485,649	491,700	492,758	509,267	5,634,704
Total Income	\$ (167,027)	\$ (126,415)	\$ (73,625)	\$ (33,220)	\$ (6,560)	\$ 37,435	\$ 82,804	\$ 151,497	\$ 186,870	\$ 217,698	\$ 259,658	\$ 281,300	\$ 805,804
Cash Flow	\$ (38,244)	\$ 2,268	\$ 55,658	\$ 95,463	\$ 122,117	\$ 161,510	\$ 211,487	\$ 280,180	\$ 315,553	\$ 346,381	\$ 388,241	\$ 409,983	\$ 2,250,001
Unrestricted Cash Balance	\$ 3,169,780	\$ 3,864,989	\$ 4,575,024	\$ 5,275,331	\$ 5,964,536	\$ 6,669,207	\$ 7,387,116	\$ 8,466,231	\$ 9,214,327	\$ 9,620,939	\$ 10,380,003	\$ 10,781,850	



Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
Income													
Occupancy Revenue	331,286	299,227	331,286	320,600	331,286	320,600	331,286	331,286	320,600	331,286	320,600	331,286	3,900,629
Other Ancillary Income	216,963	216,505	217,330	217,299	217,698	217,668	218,067	218,232	218,234	218,624	218,997	218,997	2,614,224
Total Projected Revenue	548,249	515,732	548,616	537,899	548,984	538,268	549,353	549,538	538,834	549,910	539,196	550,283	6,514,853
Expenses													
Operational Expenses													
Salaries	58,032	52,416	58,032	56,160	58,032	56,160	58,032	58,032	56,160	58,032	56,160	58,032	683,280
Employee Benefits	12,767	11,532	12,767	12,355	12,767	12,355	12,767	12,767	12,355	12,767	12,355	12,767	150,321
Administrative & General	6,357	7,187	7,518	7,849	8,179	8,510	8,840	9,246	9,696	9,871	10,221	10,396	104,470
Dietary Expenses	38,440	34,720	38,440	37,200	38,440	37,200	38,440	38,440	37,200	38,440	37,200	38,440	452,600
Housekeeping	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	10,811	129,732
Other Ancillary	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	22,440
Maintenance	20,816	20,816	20,816	20,816	20,816	20,816	20,816	20,816	20,816	20,816	20,816	20,816	249,792
Insurance	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	11,875	142,500
Total Expenses	161,468	151,237	162,129	158,936	162,790	159,997	163,451	163,957	160,783	164,482	161,308	165,007	1,935,135
EBIDTARM	\$ 386,781	\$ 364,505	\$ 386,487	\$ 378,963	\$ 386,194	\$ 378,271	\$ 385,902	\$ 385,581	\$ 378,041	\$ 385,428	\$ 377,888	\$ 385,276	\$ 4,579,718
Non-Operational Expenses													
Management Fee	13,778	12,470	13,778	13,342	13,778	13,342	13,778	13,778	13,342	13,778	13,342	13,778	161,284
Depreciation	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	1,544,196
Rent and Related Expenses	204,120	204,120	204,120	204,120	204,120	204,120	204,120	204,120	204,120	204,120	204,120	204,120	2,449,440
Non-operating Expenses	346,581	346,273	346,581	346,145	346,581	346,145	346,581	346,581	346,145	346,581	346,145	346,581	4,185,920
Total Expenses	508,049	496,500	508,710	505,081	509,371	505,142	510,032	510,538	506,928	511,063	507,453	511,588	6,091,055
Total Income	\$ 40,290	\$ 19,223	\$ 39,906	\$ 32,818	\$ 39,613	\$ 32,276	\$ 39,331	\$ 39,000	\$ 31,896	\$ 38,647	\$ 31,743	\$ 38,695	\$ 423,798
Cash Flow	\$ 168,883	\$ 147,915	\$ 168,589	\$ 161,501	\$ 168,296	\$ 161,209	\$ 168,064	\$ 167,643	\$ 160,579	\$ 167,530	\$ 160,436	\$ 167,378	\$ 1,967,994
Unrestricted Cash Balance	\$ 10,877,971	\$ 10,953,124	\$ 11,048,951	\$ 11,137,691	\$ 11,233,224	\$ 11,321,671	\$ 11,416,913	\$ 11,511,835	\$ 11,599,651	\$ 11,694,419	\$ 11,782,084	\$ 11,876,700	

Waiver Care
 CCRIC
 Performance Analysis
 Summary Year 43



Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
Income													
Occupancy Revenue	331,286	299,227	331,286	320,600	331,286	320,600	331,286	331,286	320,600	331,286	320,600	331,286	3,900,629
Other Ancillary Income	208,431	207,977	208,306	208,780	209,182	209,157	209,560	209,750	209,726	210,130	210,107	210,512	2,312,119
Total Projected Revenue	539,717	507,204	540,092	529,380	540,468	529,757	540,846	541,036	530,326	541,416	530,707	541,798	6,412,748
Expenses													
Operational Expenses													
Salaries	59,206	53,476	59,206	57,296	59,206	57,296	59,206	59,206	57,296	59,206	57,296	59,206	697,103
Employee Benefits	13,025	11,765	13,025	12,605	13,025	12,605	13,025	13,025	12,605	13,025	12,605	13,025	153,360
Administrative & General	6,756	7,086	7,417	7,748	8,078	8,409	8,739	9,245	9,595	9,770	10,120	10,295	103,238
Dietary Expenses	38,440	34,720	38,440	37,200	38,440	37,200	38,440	38,440	37,200	38,440	37,200	38,440	452,600
Housekeeping	9,225	9,963	11,030	10,675	11,030	10,675	11,030	11,030	10,675	11,030	10,675	11,030	128,168
Other Ancillary	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	21,996
Maintenance	21,232	21,232	21,232	21,232	21,232	21,232	21,232	21,232	21,232	21,232	21,232	21,232	254,786
Insurance	12,355	12,355	12,355	12,355	12,355	12,355	12,355	12,355	12,355	12,355	12,355	12,355	148,201
Total Expenses	162,172	157,431	164,258	160,944	165,199	161,605	165,860	166,266	162,791	166,891	163,316	167,416	1,959,531
EBIDTARM	\$ 377,545	\$ 354,774	\$ 375,834	\$ 368,436	\$ 375,269	\$ 368,152	\$ 374,986	\$ 374,770	\$ 367,534	\$ 374,525	\$ 367,391	\$ 374,382	\$ 4,453,217
Non-operative Expenses													
Management Fee	13,786	12,478	13,786	13,350	13,786	13,350	13,786	13,786	13,350	13,786	13,350	13,786	162,380
Depreciation	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	128,683	1,544,196
Rent and Related Expenses	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	2,451,480
Non-operating Expenses	346,759	346,481	346,759	346,313	346,759	346,323	346,759	346,759	346,313	346,759	346,313	346,759	4,158,056
Total Expenses	509,931	497,882	511,297	507,267	511,958	507,928	512,619	513,125	509,114	513,650	509,629	514,175	6,117,587
Total Income	\$ 30,786	\$ 9,333	\$ 29,795	\$ 22,113	\$ 28,510	\$ 21,819	\$ 28,227	\$ 27,911	\$ 21,211	\$ 27,766	\$ 21,068	\$ 27,623	\$ 298,161
Cash Flow	\$ 159,469	\$ 138,006	\$ 157,478	\$ 150,796	\$ 157,193	\$ 150,512	\$ 156,910	\$ 156,594	\$ 149,984	\$ 156,449	\$ 149,751	\$ 156,306	\$ 1,839,357
Unrestricted Cash Balance	\$ 11,974,169	\$ 12,050,175	\$ 12,145,633	\$ 12,234,448	\$ 12,329,641	\$ 12,418,153	\$ 12,513,063	\$ 12,607,637	\$ 12,695,551	\$ 12,790,000	\$ 12,877,751	\$ 12,972,057	

Waveny Care
CCRC
Proforma Analysis

Debt Service Calculation

<u>Description</u>	<u>Amount</u>
Requested Borrowing	\$ 37,060,734
Estimated Borrowing Rate	4.00%
Terms of Amortization	25
Estimated Annual Payment	<u>\$ 2,372,330</u>
Monthly Payment	\$195,620

Waveny Care
 CCRC
 Proforma Analysis
 Assumptions

Description

Assumptions

Revenue Calculations

Monthly Rental Income per 1 Bedroom	4,500
Monthly Rental Income per 1 Bedroom with 2 Tenants	6,000
Monthly Rental Income per 2 Bedroom with 1 Tenant	5,100
Monthly Rental Income per 2 Bedroom with 2 Tenants	6,600

1 Bedroom Single Occupancy %	75%
1 Bedroom Double Occupancy %	25%
2 Bedroom Single Occupancy %	25%
2 Bedroom Double Occupancy %	75%

Other Revenue

Parking Fee per Car per Month	\$0
Late Fee 2% of total revenue	2%
Meals Income (@110% of Meals Costs)	15%

Entrance Fee Income -- Blended

1 Bedroom Purchase Fee	\$ 777,498
2 Bedroom Purchase Fee(Blended based upon size)	\$ 875,322

Expense Assumptions

Director of Independent Living	\$ 36.06
Receptionist	\$ 20.00
Dietary Workers	\$ 15.00
Admissions/Marketing	\$ -
Housekeepers	\$ 15.00
Maintenance Director	\$ 16.00
Employee Benefit Ratio to Salaries	22%
Administrative Management Fee	4%
Food/Supply Cost Per Resident Per Day	\$ 20
Asset Mgmt Fee	0.010%
Square Feet (140,000 minus Common Area)	95,000
Housekeeping Cost Per Square Feet	\$ 5.50
Heat Light Power Water Per Square FT	\$ 1.50
Property Insurance Cost Per Square	\$ 1.50
Property Taxes	\$ 100,000

Inflation Factor for Non-Salaries	1.02
Inflation Factor for Salaries	1.02
Common Area Square Feet	40,000

EXHIBIT F

ENTRANCE FEES/PERIODIC CHARGES

Bedrooms	Baths	Approximate Size gsf	Primary Entrance Fee	Primary Monthly Fee	Monthly Fee 2nd Occupant
1	1.5	858	\$750,000	\$4,500	\$1,500
1 plus den	1.5	1,056	\$804,996	\$4,700	\$1,500
2	2.0	1,500	\$859,014	\$5,100	\$1,500
2 Corner unit	2.0	1,500	\$891,630	\$5,200	\$1,500
2 Deluxe	2.0	1,637	\$931,626	\$5,500	\$1,500

EXHIBIT G

**ESCROW AGREEMENT AND SWORN STATEMENT OF ESCROW
AGENT**

ENTRANCE FEE ESCROW AGREEMENT
WAVENY CARE CENTER HEALTH SERVICES, INC.

This Entrance Fee Escrow Agreement (this "Agreement") is made as of the 29th day of August, 2019 by and between WAVENY CARE CENTER HEALTH SERVICES, INC. ("Provider"), a Connecticut nonstock corporation with an address at 3 Farm Road, New Canaan, CT 06840, and BANKWELL BANK, a banking institution with its principal place of business at 208 Elm Street, New Canaan, CT 06840.

WHEREAS, Provider is the sponsor of a continuing-care retirement community ("Oenoke Ridge") to be located in New Canaan, Connecticut, and as such is a "provider" as contemplated by Sections 17b-520 through 17b-535 of the Connecticut General Statutes (the "Continuing Care Facilities Laws"); and

WHEREAS, to protect residents or prospective residents of Oenoke Ridge, the parties desire to enter into this Agreement setting forth the terms under which certain deposits will be made with the Escrow Agent for the purpose of maintaining an escrow account for entrance fee payments in compliance with the Continuing Care Facilities Laws (the "Escrow Account"). Attached hereto as Exhibit A and incorporated herein by reference is a copy of the proposed form of continuing-care contract, including all exhibits to same (the "Residency Agreement") as such may be amended by Provider from time to time, which will be entered into between Provider and each prospective resident of Oenoke Ridge (a "Resident").

NOW THEREFORE, in consideration of these premises and the mutual covenants herein set forth, the parties agree as follows:

1. Deposits. In accordance with Article V of the Residency Agreement, Provider expects to receive from each Resident a payment of ten percent (10%) of that Resident's Entrance Fee ("Total Entrance Fee," including "Primary Entrance Fee" and any "Second Person Entrance Fee," if applicable, as such terms are described in the Residency Agreement) at the time of execution of the Residency Agreement and to receive from each Resident a payment of the ninety percent (90%) balance of the Entrance Fee on or before the date Resident begins to reside at Oenoke Ridge (collectively, "Entrance Fee"). On or after the date of this Agreement, Provider will deposit with the Escrow Agent, within seventy-two (72) hours of receipt thereof by Provider, all Entrance Fees received by Provider in connection with Oenoke Ridge, together with a letter substantially in the form of FORM 1 attached hereto, including a copy of the signature page of each Residency Agreement signed by a Resident.

2. Escrow Account. The Escrow Agent shall maintain all such Entrance Fee deposits made to the Escrow Account separate and apart from any other funds of Resident or of Provider.

3. Investments. The Escrow Agent shall invest all amounts held by it from time to time in such obligations of the United States or its agencies (or in shares of a

registered investment company which holds a portfolio of such securities) or such certificates of deposit, savings accounts, money market fund managed by the Escrow Agent, or other savings or investment securities as Provider may from time to time direct in writing or absent such direction, in such account or similar investments as the Escrow Agent in its sole discretion shall deem advisable. No amounts held by the Escrow Agent pursuant to this Agreement may be invested in any building or health-care facility of any kind or used for capital construction or improvements or for the purchase of real estate or removed from the State of Connecticut if required to be maintained within such State. No amounts held by the Escrow Agent pursuant to this Agreement shall be pledged as collateral or subordinated to other loans or commitments of Oenoke Ridge of any kind. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to this Agreement in compliance with the provisions hereof or for the sufficiency of funds provided herein to make the payments required herein.

4. Reports and Certificates. The Escrow Agent agrees to issue periodic statements indicating the status of the Escrow Account maintained by the Escrow Agent pursuant to this Agreement. In any event, Escrow Agent agrees to provide monthly reports to the Provider, which shall include a summary of all additions to, disbursements from and interest on the Escrow Account during the current period, and a detail of the investments comprising the balance in the Escrow Account as of the end of the current period.

5. Disbursements. The Escrow Agent shall release any amounts then held by it in the Escrow Account in accordance with the following terms and subject to Paragraph 5.5 hereof:

5.1 Disbursement When Resident Rescinds Within Thirty (30) Days. Upon receipt by the Escrow Agent of written notice from a Resident by registered or certified mail, pertaining to the election by the Resident to rescind his or her obligations under the Residency Agreement prior to occupancy, the Escrow Agent shall immediately notify the Provider of such request (such notice to be given by telephone or telecopy and confirmed in a writing mailed to Provider at its address first set forth above) and, within five (5) business days of its receipt of a written confirmation of release of Provider (see FORM 2), release to the Resident, such portion of the Entrance Fee paid by such Resident as is required by his or her Residency Agreement, and shall remit the balance of such Entrance Fee, if any, to the Provider. The Escrow Agent shall provide Provider with a monthly written report of any such refund(s). Any Entrance Fees refundable to Resident pursuant to this Paragraph 5.1, are hereinafter referred to as "Refundable Deposits."

5.2 Disbursements When Resident Cancels For Any Other Reason. In the event that the Resident cancels the Residency Agreement prior to occupancy for any reason after expiration of the thirty (30) day rescission period, the Escrow Agent shall, upon receipt of written notice thereof from the Provider certifying that such refund shall be made, return forthwith to the Resident such portion of the Entrance Fee paid by such Resident as is required by his or her Residency Agreement and shall remit the balance of such Entrance Fee, if any, to the Provider.

5.3 Disbursements to Additional Reserve. The Escrow Agent shall release

amounts to any additional reserve described in Paragraph 6 below, upon receipt by the Escrow Agent of written notice from Provider substantially in the form of FORM 4 attached hereto which (i) certifies that all conditions required by the Continuing Care Facilities Laws have been met to permit such release, and (ii) sets forth the amount to be released to such additional reserve. Upon receipt of such notice, the Escrow Agent shall forthwith release the amount set forth in such notification from the aggregate Entrance Fees then deposited with the Escrow Agent for deposit into such additional reserve and the balance, if any, shall be released to the Provider as described in Paragraph 5.4.

5.4 Disbursements to Provider. The Escrow Agent shall release amounts to the Provider in accordance with the following terms:

(a) With respect to a previously occupied living unit, upon receipt by the Escrow Agent of written notice by registered or certified mail from Provider stating that the previously occupied living unit to which the Entrance Fee(s) relates is available for occupancy by the Resident, the Escrow Agent shall forthwith release to the Provider the balance of any Entrance Fee(s) then deposited with the Escrow Agent pursuant to this Agreement for that Resident.

(b) With respect to a living unit which has not been previously occupied, upon receipt by the Escrow Agent of written notice by registered or certified mail from the Provider certifying that the following conditions have been met:

(i) The sum of the Entrance Fees received or receivable by the Provider pursuant to the Residency Agreements, plus the anticipated proceeds of any first mortgage loan or other long-term financing commitment, plus funds from other sources in the actual possession of the Provider, equals or exceeds the sum of seventy-five per cent (75%) of the aggregate cost of constructing or purchasing, equipping and furnishing Oenoke Ridge plus seventy-five per cent (75%) of the funds estimated in the statement of anticipated source and application of funds submitted by the Provider as part of its disclosure statement on file with the Department of Social Services (the "Disclosure Statement") to be necessary to fund start-up losses of Oenoke Ridge plus seventy-five per cent (75%) of the amount of the reserve fund escrow required to be maintained by the Provider;

(ii) A commitment has been received by the Provider for any permanent mortgage loan or other long-term financing described in the statement of anticipated source and application of funds included in the Disclosure Statement and any conditions of the commitment prior to disbursement of funds thereunder, other than completion of the construction of Oenoke Ridge, have been substantially satisfied; and

(iii) If construction of Oenoke Ridge has not been substantially completed: all governmental permits or approvals necessary prior to the commencement of construction have been obtained; a maximum price contract has been entered into between the Provider and a general

contractor responsible for construction of Oenoke Ridge; a bond covering the faithful performance of the construction contract by the general contractor and the payment of all obligations arising thereunder has been issued by an insurer authorized to do business in the State of Connecticut with the Provider as obligee; a loan agreement has been entered into by the Provider for an interim construction loan in an amount, when combined with the amount of Entrance Fees then held in escrow under this Agreement plus the amount of funds from other sources then in the actual possession of the Provider, that will equal or exceed the estimated cost of constructing, equipping and furnishing Oenoke Ridge; not less than ten per cent (10%) of the amount of the construction loan has been disbursed by the lender for physical construction or site preparation work completed; and orders at firm prices have been placed by the Provider for not less than fifty per cent (50%) in value, including installation charges if applicable, of items necessary for equipping and furnishing Oenoke Ridge in accordance with the description set forth in the Disclosure Statement; or if construction or purchase of Oenoke Ridge has been substantially completed, an occupancy permit covering the living unit has been issued by the local government having authority to issue such permits; then the Escrow Agent shall release to the Provider the balance of any Entrance Fee then deposited with the Escrow Agent less any Refundable Deposits then being held by the Escrow Agent. The aggregate amount of Entrance Fees which may be released to the Provider hereunder prior to the date on which any reserve fund escrow that is required to be established pursuant to the Continuing Care Facilities Laws is established, shall not exceed the aggregate amount of Entrance Fees then received or receivable by the Provider pursuant to binding Residency Agreements less the amount of the Entrance Fees received or receivable which may be required to be initially maintained in such reserve fund escrow.

(c) Upon receipt by the Escrow Agent of written notice from Provider, the Escrow Agent shall forthwith release to the Provider the aggregate of all interest earned on the Escrow Account, or such portion thereof as Provider desires released.

5.5 Written Confirmation by Provider of Disbursement. In any case in which the Provider believes that funds are required to be disbursed by the Escrow Agent hereunder, the Provider shall promptly give written notice to the Escrow Agent of the Provider's calculation of the amount(s) to be disbursed to Resident and/or Provider, as the case may be (as contemplated by and in accordance with Paragraphs 5.2, 5.3, and 5.4 and FORM 3). In any case in which a Resident has notified the Escrow Agent that amounts from the Escrow Account should be released to such Resident: (i) the Escrow Agent shall immediately notify the Provider of such request (such notice to be given by telephone and confirmed in a writing mailed to Provider at its address first set forth above); and (ii) the Escrow Agent shall not disburse any such funds except in accordance with written confirmation of the Provider, which confirmation shall be given by written notice substantially in the form attached hereto as FORM 2 (as contemplated by Paragraph 5.1).

5.6 Notice to Residents. The Provider shall provide each prospective Resident of Oenoke Ridge who has signed a Residency Agreement with the name, address, and telephone number of the Escrow Agent and shall file a copy of this Agreement with the Department of Social Services.

6. Additional Reserves. To protect Residents and prospective Residents of Oenoke Ridge and to comply with Section 17b-525 of the Continuing Care Facilities Laws, the Provider will establish one or two additional reserves, each to be administered pursuant to a separate agreement to comply with statutory requirements pertaining to the maintenance of debt service and operating reserves. Such reserves may be funded from the Escrow Account in accordance with Paragraph 5.3 above; if the Provider has already funded such reserves as required by the Continuing Care Facilities Laws, any amounts released from the Escrow Account which would have so funded the reserves shall be paid to the Provider as contemplated by Paragraph 5.3.

7. Duties. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no implied duties or obligations shall be inferred or otherwise imposed upon or against the Escrow Agent. The Escrow Agent may rely conclusively upon any writing or instrument under signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statement or assertion contained in any such writing or instrument; and may assume that any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof has been duly authorized to do so, unless Escrow Agent has reason to believe otherwise. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form or manner of execution or validity of any instrument deposited with or delivered to the Escrow Agent hereunder. The duties of the Escrow Agent hereunder shall be limited to the safekeeping of the deposits and other money, instruments, or other documents received by it as Escrow Agent and for its disposition of the same in accordance with the written instructions accepted by it as Escrow Agent. Each and every determination, payment, action or duty to be taken by the Escrow Agent under this Agreement shall be taken based solely on the written direction from the Provider and, in the case of disbursements made pursuant to Paragraph 5.1, from a Resident. The Escrow Agent will be fully released from any liability hereunder if it acts in accordance with such written direction. The Escrow Agent may consult with counsel and the written advice of such counsel shall be full and complete authorization for any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

8. Indemnity. Provider hereby agrees to indemnify the Escrow Agent including, without limitation, its directors, officers, employees and agents and hold the same harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expense, fees, or charges in equity, or other expenses, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement, unless caused by the Escrow Agent's breach of this Agreement, willful misconduct or negligence. Provider also agrees in connection with the foregoing indemnity, to indemnify the Escrow Agent including, without limitation, its directors, officers, employees and agents against any and all expenses including attorney's fees and the cost of defending any action, suit,

or proceeding or resisting any claim covered by the foregoing indemnity.

9. Termination. Either party may terminate this Agreement upon thirty (30) days written notice thereof to the other party, subject to the appointment of a successor escrow agent by Provider within such thirty (30) day period. Provider shall give prompt written notice to the Escrow Agent of the name and address of the successor escrow agent. If a successor escrow agent is not appointed by Provider within the thirty (30) day period, the Escrow Agent may petition the Court to appoint a successor. Upon the appointment of such successor escrow agent, the Escrow Agent agrees to deliver to such successor escrow agent all funds and documents in its possession within thirty (30) days from the date of its notice of termination or resignation, or five (5) business days from the date of appointment of the successor escrow agent, whichever shall later occur.

10. Fees. Provider shall pay the Escrow Agent its usual and customary fee for services as Escrow Agent as such amounts are set by the Escrow Agent from time to time and shall reimburse the Escrow Agent for its reasonable expenses incurred in connection with the execution of this Agreement. Fees for any additional or extraordinary services may be agreed upon by Provider and the Escrow Agent.

11. Amendments. This Agreement may be amended by the parties in writing signed by both, provided that no amendments be made without prior notification by the Provider to the Commissioner of the Connecticut Department of Social Services and prior to approval by the Commissioner of the proposed changes, if and to the extent required by the Continuing Care Facilities Laws or regulations thereunder.

12. Governing Law. This Agreement shall be construed according to the laws of the State of Connecticut.

13. Prior Agreements. This Agreement supersedes and replaces any and all prior agreements between the parties concerning the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Entrance Fee Escrow Agreement as of the 29th day of August, 2019.

BANKWELL BANK

By: _____

Name: Paul Larsen

Title: Senior Vice President

WAVENY CARE CENTER HEALTH SERVICES, INC.

By: _____

Name: Russ Berksdale

Title: President + CEO

**FORM 1
Entrance Fee Deposit**

Date: _____

To: Bankwell Bank

In accordance with the Entrance Fee Escrow Agreement entered into between Waveny Care Center Health Services, Inc. and _____, please deposit this entrance fee payment into the established account for Oenoke Ridge's entrance fees.

- **Date of Residency Agreement:**
- **Amount: \$**
- **Name on Residency Agreement:**
- **Copy of Signature Page of Residency Agreement attached.**

As an officer of Waveny Care Center Health Services, Inc., I am authorized to act on behalf of Waveny Care Center Health Services, Inc.

Sincerely,

Waveny Care Center Health Services, Inc.

By:
Its:

FORM 2
Rescission

Date: _____

To: Bankwell Bank

In accordance with Paragraph 5.1 or 5.2 of the Entrance Fee Escrow Agreement entered into between Waveny Care Center Health Services, Inc., and _____, please release the Refundable Deposits paid to Oenoke Ridge to the Resident named in the Residency Agreement, as outlined in Article VI and Exhibit A of the Residency Agreement.

- Name on Residency Agreement:
- Amount of deposit: \$
- Any cancellation costs: \$
- Amount to be refunded to Resident: \$
- Amount to be refunded to Oenoke Ridge: \$

As an officer of Waveny Care Center Health Services, Inc., I am authorized to act on behalf of Waveny Care Center Health Services, Inc.

Sincerely,

Waveny Care Center Health Services, Inc.

By:

Its:

FORM 3
Release of Deposit/Balance Payment

Date: _____

To: Bankwell Bank

In accordance with Paragraph 5.4 of the Entrance Fee Escrow Agreement (the "Escrow Agreement") entered into between Waveny Care Center Health Services, Inc., and _____, please release the amount of Entrance Fees indicated below and deposited with you pursuant to the Escrow Agreement to Waveny Care Center Health Services, Inc. We hereby certify that the conditions set forth in Section 5.4 of the Entrance Fee Escrow Agreement have been satisfied and that the living unit referred to in the Residency Agreement is now available for occupancy by said Resident.

- Amount to be released: \$
- Name on Residency Agreement:

As an officer of Waveny Care Center Health Services, Inc., I am authorized to act on behalf of Waveny Care Center Health Services, Inc.

Sincerely,

Waveny Care Center Health Services, Inc.

By:
Its:

FORM 4

Release to Operating/Debt Service Reserve

[separate forms to be developed if separate operating and debt service reserve accounts are established]

Date: _____

To: Bankwell Bank

In accordance with Paragraph 5.3 of the Entrance Fee Escrow Agreement entered into between Waveny Care Center Health Services, Inc., and _____, please release the amount set forth below for deposit into the operating/debt service reserve escrow for Oenoke Ridge. The undersigned hereby certifies that all conditions required by applicable statute have been met to permit such release and that the amount to be released, together with other amounts to be deposited in such operating reserve escrow, are sufficient to cover (1) all principal and interest, rental or lease payment due during the first six (6) months after Oenoke Ridge is first occupied by a Resident on account of any first mortgage loan or any other long-term financing of Oenoke Ridge; and (2) the total cost of operations of Oenoke Ridge for a one-month period, excluding debt service, rental or lease payments as described in subsection (1) above and excluding capital expenditures.

Amount of Entrance Fees to be released for deposit into operating/debt service reserve escrow:

\$ _____

As an officer of Waveny Care Center Health Services, Inc., I am authorized to act on behalf of Waveny Care Center Health Services, Inc.

Sincerely,

Waveny Care Center Health Services, Inc.

By:

Its:

Statement of Escrow Agent

The undersigned, Bankwell Bank, as escrow agent (the "Escrow Agent") hereby affirms and swears that it holds, as escrow agent for Waveny Care Center Health Care Services, Inc., funds pursuant to the attached escrow agreement, which states that the funds so held are intended to be those required by Section 17b-524 of the Connecticut General Statutes, as amended to date.

IN WITNESS WHEREOF, the undersigned Escrow Agent has caused this Statement to be executed by its duly authorized officer as the 29th day of August, 2019.

Bankwell Bank

By: 

Paul Larsen

Senior Vice President

STATE OF CONNECTICUT)

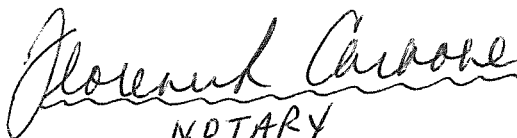
)

ss: New Canaan

COUNTY OF FAIRFIELD)

Personally appeared Paul Larsen, the Senior Vice President of Bankwell Bank, being the duly authorized signer of the foregoing instrument acknowledged the same to be the free act and deed of such officer.

11199\14\4815-9823-1965.v1


NOTARY

FLORENCE R CARBONE
NOTARY PUBLIC
CONNECTICUT
MY COMMISSION EXPIRES 01-31-22

EXHIBIT H

**STATEMENT OF ANTICIPATED SOURCE
AND APPLICATION OF FUNDS**

Oenoke Ridge - Sources and Uses of Funds					
		Predevelopment			
		Prior to Bank			
		Close	Year 1	Year 2	Total
	SOURCES OF FUNDS				
1	Unit Deposit Entrance Fees Before Construction (2%)	784,000			784,000
2	Unit Deposit Entrance Fees at Ground Breaking (10% balance)		3,696,000	560,000	4,256,000
2	Initial Equity Contribution by Waveny	3,398,000			3,398,000
3	Construction Loan Proceeds	-	18,459,012	18,640,988	37,100,000
4	Total Sources of Funds	4,182,000	22,155,012	19,200,988	45,538,000
5					
6	USES OF FUNDS				
7	Property Taxes	12,000	12,000	12,000	36,000
8	Planning and Zoning: Architectural, Engineering, Legal, etc.	586,000			586,000
9	Land Purchase	1,500,000			1,500,000
10	Reserves	1,300,000			1,300,000
11	Establishment of Endowment Fund			700,000	700,000
12	Land Improvements			1,375,391	1,375,391
13	Building Construction		13,900,000	13,900,000	27,800,000
14	Architect/Engineer (design)		1,800,000		1,800,000
15	Architect/Engineer (supervision)		375,000	375,000	750,000
16	Interior Design		120,000		120,000
17	Loan Costs/Legal Costs/Marketing		546,795		546,795
18	Furniture, Fixtures & Equipment			650,000	650,000
19	Contingency Fee		1,072,046	1,072,046	2,144,091
20	Construction Period Interest	-	645,172	689,468	1,334,640
21	Total Uses of Funds	3,398,000	18,471,012	18,773,905	40,642,917
22					
23	Increase in Cash Balances	784,000	3,684,000	427,083	4,895,083
24	Cumalitive Cash Balance	2,084,000	5,768,000	6,195,083	6,195,083
25					
26					
27	Other Notes				
28	Value of Long Held Land Contributed to Project; not included in Waveny Cash Flow above	2,719,000			2,719,000
29	Builder will escrow funds that will be returned to him upon completion of project; Not included in Waveny Cash Flow above	3,000,000			3,000,000