

**ACKNOWLEDGEMENT OF RECEIPT
DISCLOSURE STATEMENT**

**ODD FELLOWS HOME OF CONNECTICUT, INC.
D/B/A
THAMES EDGE AT FAIRVIEW**

**PURSUANT TO CONNECTICUT STATUTE 17b-522, EFFECTIVE
JULY 1, 1998, THE FOLLOWING NOTICE MUST BE PROVIDED
BEFORE THE SIGNING OF A CONTINUING CARE AGREEMENT**

A Continuing Care Contract is a financial investment, and your investment may be at risk. Thames Edge at Fairview's ability to meet its contractual obligations under such contract depends on Thames Edge at Fairview's financial performance. We advise you to consult an attorney or other professional experienced in matters relating to investment in continuing care facilities before you sign a Continuing Care Contract. The Department of Social Services does not guarantee the security of your investment.

I acknowledge that I, or my legal representative, have read the above statement, the Disclosure Statement and the Continuing Care Agreement.

_____ Signature	_____ Date
_____ Thames Edge at Fairview Signature	_____ Date

**(TO BE DETACHED AND RETAINED BY THAMES EDGE AT
FAIRVIEW)**

DISCLOSURE STATEMENT

**ODD FELLOWS HOME OF CONNECTICUT, INC.
D/B/A
THAMES EDGE AT FAIRVIEW**

August 6, 2014

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

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Exhibit A Continuing Care Agreement

Exhibit B Audited Financial Statements, including 2 previous years

Exhibit C Pro Forma Income Statements

Exhibit D Entrance Fees/Periodic Charges

I. NAME AND ADDRESS OF PROVIDER

**Odd Fellows Home of Connecticut, Inc.
d/b/a
Thames Edge at Fairview**

235 Lestertown Road
Groton, Connecticut 06340

**A NOT-FOR-PROFIT, NON-STOCK CONNECTICUT
CORPORATION**

Fiscal Year End: September 30

II. OFFICERS AND DIRECTORS/OWNERSHIP

Odd Fellows Home of Connecticut, Inc. d/b/a Thames Edge at Fairview ("Thames Edge at Fairview") is wholly owned by Odd Fellows Healthcare, Inc.

No individuals or other entities hold any ownership interest Odd Fellows Home of Connecticut, Inc.

BOARD OF DIRECTORS/OFFICERS

Name	Occupation
C. Henry Lucas	President
Edith Kalin	First Vice-President
Vincent Barbieri	Second Vice-President
Margaret Trakas	Secretary
Constance Kloskowski	Treasurer
Michael Mondello	Director
Marshall Kalin	Director
Warren W. Smith	Director
Robert Beagle	Director
Robert Piel	Director/Chaplain
Seth Wakeman	Director
Mary Ann Burkard	Director
Linda Stein	Director
Connie Miller	Director
Steven Guiffre	Director

III. BUSINESS EXPERIENCE

Odd Fellows Home of Connecticut, Inc. d/b/a Fairview has provided skilled nursing and rehabilitation and independent housing for older adults in southeastern Connecticut since 1892. Thames Edge at Fairview began operations as a continuing care retirement community in May 2014.

IV. JUDICIAL PROCEEDINGS

Neither Odd Fellows Home of Connecticut, Inc., Odd Fellows Healthcare, Inc. nor any member of either organization's Board of Directors or officers has been convicted of a felony or pleaded *nolo contendere* to a felony charge or held liable or enjoined in a civil action by final judgment involving fraud, embezzlement, fraudulent conversion or misappropriation of property or had any business or health care licenses or permits suspended or revoked by any jurisdiction. Neither corporation nor any member of either Board of Directors or officers is subject to a currently effective injunction or restrictive or remedial order of a court of record.

V. AFFILIATION

Odd Fellows Home of Connecticut, Inc. operates the skilled nursing facility doing business as Fairview. Odd Fellows Home of Connecticut, Inc. is affiliated with the Connecticut Independent Order of Odd Fellows Grand Lodge; however, the Order will have no responsibility for the financial and contractual obligations of Odd Fellows Home of Connecticut. Odd Fellows Home of Connecticut, Inc. is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

VI. DESCRIPTION OF PROPERTY

Odd Fellows Home of Connecticut's campus, known as Fairview, is located on 70 acres of riverfront land in Groton, Connecticut. As detailed below, the campus currently consists of a 120 bed skilled nursing facility known as Fairview and two independent living residences, Fellowship Manor and Chelsea Cottage. Construction on Thames Edge of Fairview and the Clubhouse began in 2013 and is expected to be completed in October 2014 with many homes already

occupied. Construction on Phase II is expected to begin in October 2014.

Thames Edge at Fairview - Thames Edge at Fairview consists of twenty-three (23) one and two bedroom homes located north of the skilled nursing facility, which are for continuing care residents. Phase two of Thames Edge at Fairview will consist of seventeen (17) one and two bedroom homes located to the south of Fellowship Manor. Construction is expected to begin in October 2014. Construction may be deferred in the event of unexpected weather, construction or other unforeseen delays.

The Clubhouse - A community center which will include a pool, fitness area, space for social events including a dining space. Construction of the Clubhouse has begun and is anticipated to be completed in October 2014.

Fairview - A 120 bed skilled nursing facility that provides 24-hour nursing, post-acute rehabilitative services and long-term care.

Fellowship Manor - An independent rental living residence for older adults located to the south of Fairview. Consisting of twenty residences in total, the Manor has three floors of 1 and 2 bedroom apartments.

Chelsea Cottage - Located on the landscaped grounds south of the Fairview nursing facility and consisting of four rental independent living apartments.

VII. BENEFITS INCLUDED

- 24 Hour Emergency Call Monitoring Service
- Home Maintenance and Repair
- Building and Grounds Maintenance
- Access to the Clubhouse
- Priority Admission to Fairview and a 25% discount off of current per diem semi-private, private pay nursing home rate
- Housekeeping fee for service

- Laundry fee for service
- Transportation fee for service
- Dining fee for service
- Personal maintenance project fee for service

VIII. INTEREST ON DEPOSITS

Interest and returns earned on entrance fees or any other deposits held in escrow are retained by Thames Edge at Fairview.

IX. TERMINATION OF CONTRACT

Conditions under which the contract may be terminated and procedures for termination are described in Section V of the Continuing Care Agreement (Exhibit A).

X. RIGHTS OF SURVIVING SPOUSE

A surviving spouse who is a party to the Continuing Care Agreement maintains all of his or her rights under the terms of the Agreement. If a spouse is not a resident of the Community, the contract terminates upon the death of the resident spouse in accordance with Section V of the Continuing Care Agreement.

XI. MARRIAGE OF A RESIDENT

If a resident of the Community marries a non-resident, the non-resident may become a resident of the Community and become a party to the contract. In that event, the spouse will pay the prevailing Second Person Monthly Fee.

XII. DISPOSITION OF PERSONAL PROPERTY

Personal property shall be removed from the resident's home within thirty (30) days after termination of the continuing care contract. If the resident is residing in the skilled nursing facility at the time of termination, his/her personal property must be removed within seven (7) days after termination. If a resident fails to remove his/her property in the required timeframes, Thames Edge at Fairview has the right to remove and store the belongings at the resident's expense for up to six (6) months, after which time it may be sold and

the proceeds, less any expenses, will be credited to the resident's account.

XIII. TAX CONSEQUENCES

Payment of a membership fee pursuant to a continuing care contract may have significant tax benefits or consequences. Any person considering such a payment may wish to consult a qualified advisor.

XIV. RESERVE FUNDING

As required by law, Thames Edge at Fairview maintains a reserve account at UBS in Stamford, Connecticut in an amount sufficient to cover one month's operating expenses (excluding debt service) and twelve month's principal and interest payments on construction revolving loan and term loan financing. Fairview also maintains an escrow account with Chelsea Groton Bank for deposits received from prospective residents. The Board of Directors and senior management are responsible for making investment decisions.

XV. FINANCIAL STATEMENTS

Thames Edge at Fairview has only recently begun operations and therefore no audited and certified financial statements are available at this time. Exhibit C includes the pro forma business plan for Thames Edge at Fairview, including estimated balance sheets and income statements for the first five years of operation. Audited and certified financial statements of Odd Fellows Home of Connecticut, Inc., the parent organization of Fairview, including the current balance sheet and income statements, are provided in Exhibit B.

XVI. SOURCE OF FUNDS

Funds needed for construction of Phase II of Thames Edge at Fairview will come primarily from a line of credit, term loan and the collection of entrance fees. The land upon which the community will be located is already owned by Odd Fellows Home of Connecticut, Inc. Expected costs prior to commencement of operations will be legal expenses of \$70,000, marketing costs of \$100,000, architecture and engineering costs of \$500,000 and construction costs of \$9.5 million. These anticipated expenses may fluctuate based on market conditions or other needs.

In order to fund these expenses, Thames Edge at Fairview anticipates obtaining a revolving loan/line of credit and a 25-year term loan. Such financing is expected to cost 4.25% annually on a variable interest rate (subject to market changes).

The estimate of total entrance fees to be received from residents at or prior to commencement of operations is \$7,500,000. The estimated funds necessary to fund start-up losses and provide reserve funds of \$50,000.

XVII. PRO FORMA INCOME STATEMENTS

The income projected for Thames Edge at Fairview for the next five years is set forth in Exhibit C.

XVIII. ENTRANCE FEES & PERIODIC CHARGES

Entrance and monthly fees are set forth in Exhibit D. As Thames Edge at Fairview is not yet fully operational as a continuing care community, there is no record of past increases or changes in fees. Adjustments to monthly fees on a going forward basis will be made at the discretion of the Provider as set forth in the Continuing Care Agreement, Exhibit A.

XIX. PREPAID OBLIGATIONS, ACTUARIAL VALUE

Information regarding the total actuarial present value of prepaid healthcare obligations assumed by Thames Edge at Fairview under continuing care contracts is not available as Thames Edge at Fairview is not yet fully operational as a continuing care retirement community and is still in the initial stages of marketing and pre-selling pursuant to such contracts.

XX. DEPARTMENT OF SOCIAL SERVICES FILINGS

Thames Edge at Fairview has filed with the Department of Social Services all materials required by State law governing continuing care contracts and facilities. These materials are available for review at the Department of Social Services, located at 25 Sigourney Street, Hartford, CT 06106.

EXHIBIT A

CONTINUING CARE AGREEMENT

CONTINUING CARE AGREEMENT

This is a Continuing Care Agreement ("Agreement") between «Name» ("you") and Odd Fellows Home of Connecticut, Inc. ("the Provider", "we" or "us"), which operates the continuing care community known as Thames Edge at Fairview ("the Community"), located at 235 Lestertown Road, Groton, Connecticut. If more than one person is signing this Agreement, "you" refers to each of you individually and both of you together and your obligations under this Agreement are joint and several. You have entered into this agreement effective «Month__Day», 20«Year» ("Effective Date"). This Agreement sets forth the terms and conditions under which we will provide you accommodations and services while you reside at the Community.

I. ACCEPTANCE INTO COMMUNITY

As a condition of acceptance into Thames Edge at Fairview, applicants are required to qualify financially. As part of the admission process, you have provided a complete list of your assets, sources of income and copies of your federal and state tax returns and we have relied upon this information in accepting you into the Community. Any material misstatement or omission may result in the termination of this Agreement by us.

Just as you have provided financial information as part of the admission process, you agree, as a condition of residency in the Community, to update your financial information when there is a material change and upon our request. You further agree not to intentionally deplete your assets to an extent which will render you unable to pay your Monthly or Additional Fees due under this Agreement or to make any transfers of your assets for less than fair market value. Failure to abide by these requirements may cause you to be ineligible for the subsidy assistance described in Section V.H of this Agreement.

II. ACCOMMODATIONS AND COMMON AREAS

A. Your Home

You have selected Unit #«Unit_» ("your Home"). You shall have a personal and non-assignable right to reside in your home, subject to the terms and conditions of this Agreement and Community rules. Your home will include basic amenities such as a stove, refrigerator, microwave, dishwasher, air conditioning and washer and dryer. Your home will be equipped with an emergency call system and smoke detectors. Your home also includes a garage and driveway with available parking for two cars. You must provide all other furnishings and appliances.

B. Utilities

Electricity, gas, water, sewage and garbage collection are included in your Monthly Fee. Telephone, cable and internet service, including installation and services

charges, may be obtained at your expense. We are not liable for any interruption or failure of utility service to your residence provided the interruption or service was not directly caused by us.

C. Guests/Additional Occupants

Any guests staying overnight must register with the Community. Prior approval must be obtained from us if a guest will be staying for more than seven (7) days in any thirty (30) day period. Guests have no rights or privileges under this Agreement.

Any persons staying more than seven (7) days in any thirty (30) day period will be considered an additional occupant subject to an additional monthly fee as set forth in Section IV.C. Persons registered with the Community as private duty caregivers pursuant to Section VI.B shall not be considered additional occupants subject to a monthly fee.

D. Ownership Rights

This Agreement is a continuing care contract governed by Conn. Gen. Statutes 17b-520 et. seq. You have no ownership or proprietary rights in your Home, the property, grounds, land, buildings or improvements or other Community buildings. This Agreement shall not be construed to be a lease or to confer any rights of tenancy or ownership to you. Your rights under this Agreement are subject to all terms and conditions set forth herein and are subordinate to any mortgage, security interests, deeds of trust or other financing of the Provider and Community. You agree that, upon the request of the Provider, you will execute and deliver any and all documents which are alleged to be necessary or required to affect the sale, assignment or conveyance of the Community or to effect or evidence such subordination, except that by so doing, you shall not be required to prejudice your rights under this Agreement.

E. Protection of Property

You agree to maintain your property in a clean, habitable state and agree to not misuse, damage, or permit any misuse or damage, to your Home or any Community property.

F. Responsibility for Damages

You agree to be responsible for any costs incurred by us in replacing or repairing any loss or damage to the real or personal property of Provider caused by the negligence or misconduct of you, your guests, agents, employees or pets. We are not responsible for the loss of any personal property belonging to you due to theft, fire or any other cause. You may wish to obtain insurance at your own expense to protect against such losses.

G. Modifications to Your Home

You agree that no structural changes are permitted to be made to your home without our prior written consent. You will be responsible for the cost of any labor and materials required for such changes and you agree that you or your estate will be responsible for restoring the home to its original design when your Home is vacated, unless we waive this requirement in writing. You further agree to provide us advance notice of the start of any modifications and to allow any work to be overseen by Community maintenance staff, if deemed necessary by us in our sole discretion. Any modifications to your Home must be in accordance with applicable building and safety codes and such other regulations as may be applicable to your Home.

H. Common Areas and Grounds/Community Rules

You are permitted to use the Community's common areas and grounds, including the Clubhouse, in accordance with Community rules. Community rules are attached as Exhibit 1 and are incorporated into this Agreement. Community Rules may be amended by us from time to time as we deem necessary or desirable. Copies of current Community Rules can be obtained upon request.

I. Right of Entry

You agree that authorized employees and agents of the Provider shall have the right, at all reasonable times, to enter into your Home for housekeeping, maintenance, in an emergency and for any other reasonable purpose including circumstances where we determine that entry is necessary to protect your health or safety or that of other residents or staff. Advance notice will be given whenever possible. You may not change your locks. You may, however, request that your locks be changed by us under appropriate circumstances.

III. SERVICES

The following services will be included in your Monthly Fee:

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

B. Emergency Call System Your Home is equipped with an emergency call system by which you will be connected to a home monitoring company 24 hours a day, seven days a week. Your home includes smoke detectors which are connected to the emergency call system.

- C. **Buildings and Grounds** We will maintain all Community buildings, walkways, driveways, common areas and grounds. Landscaping and snow removal will be provided by us as we deem appropriate.
- D. **Priority Admission to Fairview Skilled Nursing Facility.** Residents of the Community will be given priority admission to Fairview Skilled Nursing Facility as well as reduced fees for skilled nursing facility services as set forth in Section IV.F.
- E. **Other Services** Other services, such as housekeeping, laundry and transportation are available for a fee. The current fees for such services are set forth on Exhibit 2.

IV. FEES

A. **Entrance Fee**

The total entrance fee ("Entrance Fee") for your Home is set forth on Exhibit 3. The Entrance Fee shall be payable as follows:

1. Upon signing this Agreement, you paid a deposit of 10% of the Total Entrance Fee. Your deposit will be placed into an escrow account in accordance with Connecticut law.

- B. On the Move-In Date (as defined in Section IV.C), you agree to pay the remainder of the Entrance Fee in the amount of: \$«Entrance_Fee» as set forth on Exhibit 3.

C. **Refunds of Entrance Fee**

Refunds of the Entrance Fee will be made only: i) upon your death, or, if there are two Residents who are parties to this Agreement, upon the death of the surviving Resident and your home has been reoccupied by another resident; or ii) if you are no longer residing at the Community or the skilled nursing facility and your home is reoccupied by another resident. The amount of refund of your Entrance Fee depends on the entry fee option you select. The entry fee options and refund schedule are attached as Exhibit 4. Any refunds owing shall be paid within thirty (30) days.

D. **Monthly Fees**

You will pay us a monthly fee for single occupancy of your Home ("First Person Monthly Fee") and an additional second person monthly fee if a second person also occupies your Home ("Second Person Monthly Fee"). Your monthly fee(s) for occupancy of your Home ("Monthly Fee") is set forth on Exhibit 3. You agree to pay us the total Monthly Fee in advance on or before the fifth (5th) day of each month. Your Monthly fee will be due beginning seven (7) days from the day we make your Home available to you for occupancy ("Move-in Date") and continuing each month throughout the term of this Agreement, unless you vacate your home and move to the skilled

nursing facility pursuant to Section IV.F. If your Move-in Date is other than the first day of the month, your first Monthly Fee will be prorated. The Monthly Fee is not rent but, is consideration for services provided to you hereunder.

E. Adjustments to Monthly Fees

We reserve the right to adjust your Monthly Fees (including any applicable second person Monthly Fee) annually on a predetermined date. Your Monthly Fee will not be adjusted without at least thirty (30) days prior written notice to you. You agree to pay any adjusted fee. Adjustments to the Monthly Fee will be made only as necessary to maintain the future viability and quality of services of the Community.

F. Additional Services

You will be billed for Additional Services at the time you are billed for your Monthly Fee. The payment procedures for Additional Fees are the same as those for your Monthly Fee.

G. Skilled Nursing Facility Fees

Any stays at the skilled nursing facility not covered by Medicare or other applicable insurance shall be paid by you at a rate which shall be the equivalent of 75% of the daily private pay skilled nursing facility rate in addition to the Monthly Fee for your Home, unless you choose to vacate your home for occupancy by someone else. The applicable private pay rate will depend on whether you choose a private or semi-private room. Current private pay rates for the skilled nursing facility are set forth on Exhibit 3 and are subject to change. If you are sixty-five years of age or older, you will obtain and maintain at your own cost Medicare Part A, Part B and Part D or equivalent insurance coverage under a public or private insurance plan as well as appropriate supplemental insurance. You agree to timely file for Title XIX (Medicaid) as such time as your assets are \$50,000 and to notify us of such filing.

H. Temporary Absences

If you are temporarily absent from the Community for any reason, including hospitalization, your right to occupy your Home will continue and your payment obligations under this Agreement will continue to apply.

I. Late Payments

Any unpaid balances that remain unpaid for more than thirty (30) days after the date on which they are due will be subject to interest at a rate of one and one-half percent (1 ½ %) per month. Any account balances that remain unpaid at the time the Agreement is terminated shall be deducted from any refund owed to you or your estate and any remaining unpaid amount shall become a lien against your assets or estate.

V. TERMINATION

A. Right of Rescission

You may rescind this Agreement prior to your occupancy of your Home by notifying us by registered or certified mail of your decision to rescind within thirty (30) days of signing this Agreement. 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:

1. additional costs incurred by us due to modifications in the structure or furnishings of your Home which you specifically requested as set forth in a separate written addendum to this Addendum; and
2. an administrative charge of 2% of the entrance fee.

Any refund to which you are entitled under this Section shall be made, with applicable interest, 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, on account of death, illness, injury or incapacity of either Resident under this Agreement, you are precluded from initially occupying your Home under the terms of this Agreement, upon written notice to this effect by certified or registered mail to the Provider, the Agreement 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 Home which you specifically requested as set forth in a separate written addendum to this Agreement; and
- (ii) an administrative charge of \$1,000.00 (not applicable in case of death).

Any refund to which you are entitled under this Section shall be made, with applicable interest, within sixty (60) days of our receipt of your notice of cancellation.

C. Other Termination by You Prior to Occupancy of Home

If this Agreement is not terminated pursuant to Sections V.A. or B. above, you may terminate this Agreement at any time prior to occupying your Home upon written notice to us. In the event of a termination under this Section C., any money transferred to us shall be refunded, less:

(i) additional costs incurred by us due to modification in the structure or furnishings of your Home which you specifically requested as set forth in a separate written addendum to this Agreement; and

(ii) an administrative charge of \$5,000.00.

Any refund to which you are entitled under this Section V.C. shall be made, with applicable interest, no later than sixty (60) days after another resident has executed a Continuing Care Agreement to occupy your Home and has paid the Entrance Fee associated with your Home.

D. Termination by Resident After Occupancy of Home

After your Move-in Date, you may cancel this Agreement 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 Home, whichever is later.

E. Termination by Provider

The Provider may terminate this Agreement for good and sufficient cause. 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 Agreement.
2. Conduct by you that constitutes a danger to yourself or others.
3. A material breach of the terms and conditions of this Agreement.
4. Failure or refusal to move to a higher level of care when determined appropriate as set forth in Section VI.C.
5. Intentional transfer or depletion of assets to an extent which will render you unable to meet your financial obligations under this Agreement.
6. Repeated conduct by you that interferes with the quiet enjoyment of the Community by other residents.
7. Failure or refusal to comply with Community rules.

In the event of termination under E.2 – 7 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 Agreement shall not be terminated. If the problem is not corrected within the

ten (10) day period, this Agreement will be terminated sixty (60) days after the original notice of termination. However, if the Provider determines 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 the Provider determines 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.

F. Termination by Death

This Agreement shall terminate upon your death, or, if there are two Residents who are parties to this Agreement, upon the death of the surviving Resident. We reserve the right to show your Home for sales purposes upon your death or the death of the surviving Resident, if applicable.

G. Removal of Resident's Property Upon Termination or Move to Skilled Nursing Facility

Your personal property shall be removed from your Home within thirty (30) days after termination of this Agreement. If you decide to permanently relocate to the skilled nursing facility and release your Home for reoccupancy by another resident, you agree to remove your personal property within fourteen (14) days after transfer to skilled nursing facility.

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

H. Inability to Pay Fees Due to Financial Difficulty

Your Agreement with us will not be terminated solely by reason of your financial inability to pay the fees required under this Agreement. We will defer any amounts owed by you when we determine, in our sole discretion, that doing so is consistent with the prudent financial management of the Community. In determining whether to defer your fees, we will consider whether you have complied with all material terms of this Agreement. Prior to deferring fees pursuant to this section, we shall deduct any fees owed to us from the refundable balance of your entrance fee. Additionally, should your assets reach \$50,000 you agree to apply for Title XIX (Medicaid).

We reserve the right to require you to move to a smaller unit within the Community or to one of our rental units at Chelsea Cottage or Fellowship Manor in the event you are unable to pay the fees required under this Agreement.

VI. OTHER OBLIGATIONS

A. Marriage

If you marry a non-resident, the non-resident spouse shall become a party to the contract and pay the prevailing Second Person Monthly Fee. If you marry another resident of the Community, either resident may terminate his or her Agreement and release his/her Home in accordance with Section V.D. The terminating resident shall become a party to the spouse's Continuing Care Agreement and will become a second occupant. The spouse will pay the prevailing Second Person Monthly Fee. After the expiration of the 120 day notice period, during which time the terminating resident must continue to pay all fees and charges, the terminating resident's entrance fee will be refunded.

B. Private Duty Aides

If you hire a private duty companion or aide, said person must register with the Community, wear an identification badge and abide by all Community rules. We reserve the right to require you to discontinue receiving services from any aide or companion who fails to follow Community Rules or is otherwise determined by us to be inappropriate and seek an alternate companion or aide. We assume no responsibility for the timeliness or quality of care provided by such aides or companions.

C. Moves to the Skilled Nursing Facility

You acknowledge that your Home is appropriate for occupancy by you if you can live independently with the assistance of a home health aide or other qualified provider, if necessary, but is not appropriate if you require 24 hour skilled nursing care or if your residence constitutes a danger to the health or safety of you or other residents. You agree that you will move to the skilled nursing facility if your continued occupancy of your Home is determined by us to be inappropriate due to changes in your physical or mental condition. Except in cases of an emergency, we shall provide you thirty (30) days written notice of transfer and will consult with you, your representative (if applicable) and your personal physician prior to making any transfer decisions. The final decision regarding the need for transfer shall be made by us in our sole discretion.

VII. MISCELLANEOUS

A. Entire Agreement

This Continuing Care Agreement, including all exhibits, constitutes the entire Agreement between you and Odd Fellows Home of Connecticut, Inc. Any modification to this Agreement must be in writing and signed by you and us.

B. Partial Illegality

If any portion of this Agreement is determined to be illegal or noncompliant with relevant laws, such portion shall be deleted and the validity of the remainder of the Agreement shall not be affected.

C. Attorneys' Fees

In the event we take action against you to enforce the terms of this Agreement, we will be entitled to recover attorneys' fees and all costs of any such action.

D. Waiver

Our failure to insist upon strict compliance by you with any of the terms of this Agreement shall not constitute a waiver of our right to insist on your strict compliance with any terms of this Agreement on other occasions.

E. Governing Law

This Agreement shall be construed in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

RESIDENT

Resident/Representative

Date

Relationship to Resident (if applicable)

RESIDENT

Resident/Representative

Date

Relationship to Resident (if applicable)

ODD FELLOWS HOME OF CONNECTICUT, INC.

By: _____

Date

Title: _____

EXHIBIT 1
COMMUNITY RULES

Thames Edge Community Rules

Thank you for selecting Thames Edge at Fairview as your new home. We welcome you!

GENERAL INFORMATION

Activities

You are invited to join other residents in opportunities to participate in our activity programs. A monthly activities calendar is included with your bill and can also be found on the bulletin board in the clubhouse. There may be fees associated with some of these activities.

Business Office

For any questions regarding your monthly fee or other financial issue, please contact the Business Office Coordinator located in Fairview. When paying your monthly service fee please make checks payable to "Thames Edge at Fairview." You can mail checks to Fairview or leave them in the Business Office mail slot. The office hours are from 8:00 am to 4:30 pm Monday through Friday, except Wednesday.

Caregivers/Home Care

Fairview is in the process of establishing a companion/homemaker agency though this is not yet complete. You are not required to use this agency in the event you or a spouse/partner requires care in the home. If you are going to use your own caregivers you are required to notify Thames Edge management. The safety and security of our residents is paramount and there are certain standards that must be met.

Dining

Meals prepared by Fairview are currently only available through delivery from the Bistro, located on campus. There is a delivery meal charge in addition to the cost of the meal which is listed in the additional services list you received with your disclosure statement. The costs of the meals are located in the Bistro or you can call to find out the cost of the daily special or other options. Delivery times are currently available from 11am-6pm.

Emergencies

In the event of a fire emergency, please call 911 if you are able and exit the home immediately. In the event of other natural disasters or other emergencies, Fairview maintenance will provide communication to you about steps that should be taken.

Energy Management and Thermostat

In order to be good stewards of the environment and to keep monthly service fees lower, everyone is responsible for maintaining proper temperatures in their homes.

A guideline presented by **Groton Utilities** for the following seasons:

Recommended thermostat settings

	Winter	Summer
When you're home:	68°*	78°
When you're not at home:	55°*	85°
When you're sleeping:	55°*	78°

*Or as low as health permits.

When you are away from the house during the winter months, you are required to maintain a temperature of at least 55 degrees F- this is to help prevent pipes from freezing.

Gardening, Plantings and Other Exterior Guidelines

It is not the intent of Thames Edge at Fairview to maintain a strict list of rules for what cannot be placed on the exterior of the home; however, there are general rules that must be adhered to, Thames Edge management has the right to modify or prohibit any items at its discretion:

- Gardens are permitted, however please exercise good judgment about what should and should not be planted on the front or back of the home. Specific gardening plans should be discussed with Thames Edge management prior to commencing with a garden on the grounds.
- Flags, wreaths and other outside items are allowed on your home and grounds. However, please use good judgment about what you place outside of your home. Any items that are deemed offensive or are not consistent with the character of the community will need to be removed. If you have any questions prior to placing an item outside of your home, please contact Thames Edge management. Satellite dishes are not allowed on the home.
- **Never** dig on the grounds without prior approval from Thames Edge maintenance, this is for safety purposes as there are numerous utility lines beneath the surface of the ground.

General Conduct

It is an expectation that all residents of Thames Edge at Fairview and their guests and visitors will conduct themselves in an appropriate manner and be respectful of one another and of the staff that are here to serve you.

Generators and Other Work Performed on the Home

Generators are not provided by Fairview as part of the home and are not included in the entrance fee. However, you are allowed to purchase a generator and have it installed as long as it meets the following requirements:

- The generator must meet specifications set forth by the building contractor and/or Fairview Maintenance
- The installation of the generator must be approved **in advance** by Fairview Maintenance
- The work to install a generator must be done by a contractor approved **in advance** by Fairview Maintenance

- Any and all damage caused by failing to meet these requirements will be the sole responsibility of the resident

Grills

We are currently investigating the ability of residents at Thames Edge at Fairview to use grills. We expect that residents will be able to use them as long as certain safety requirements are met. Future communication will be provided regarding the use of grills.

Guests and Visitors

Guests and visitors are always welcome at Thames Edge at Fairview. However, there is a requirement that individuals that are not contractual residents of Thames Edge at Fairview are not allowed to stay in the homes longer than 7 days. Of course, there are exceptions to this requirement and individual situations may require a longer stay. Please contact the management of Thames Edge to discuss a specific situation. The residents of Thames Edge at Fairview are responsible for the conduct of their guests.

Hospitalization

If you or your spouse/partner are having elective surgery or are hospitalized, Fairview provides rehabilitation which may be covered by Medicare or other private insurance. Please contact the Admissions Department at Fairview to discuss any questions you may have.

Housekeeping

Housekeeping services are available on a fee-for-service basis. This includes regular cleaning and can also include personal services such as laundry in your home, polishing silverware, watering plants or other services you may need. Please contact the housekeeping office for more information. The costs of these services are on the additional services sheet you received.

Internal moves

A move from one house to another in Thames Edge is permitted. However there are fees associated with an internal move. Any damages in the home you are leaving will be added to your administrative move fee. The administrative move fee is \$500. The cost difference (if applicable) will be required to be paid prior to occupancy of the new home. Fairview staff will assist with portions of the move, but cannot move furniture and other heavy articles- you will have to contract with a pre-approved mover.

Laundry

Laundry services are available on a fee-for-service basis; these charges are available in the additional services sheet you received. Please contact the housekeeping office for more information.

Mail

Mail operates on the current U.S Mail delivery schedule and is currently planned to be delivered to individual mailboxes. More updates will be available when this is confirmed by the Postmaster.

Maintenance and Cleaning

There will be routine maintenance and cleaning in and around your home. The maintenance will consist of air filter changes and other required preventative services. There will be one annual deep cleaning of the home. For periodic maintenance issues, please contact the number listed in the directory.

Miscellaneous Storage Needs

Boats, RV's, etc are not allowed to be stored at Thames Edge at Fairview.

Outside Vendors

Please notify Thames Edge of any outside vendors you may be using (housekeepers, etc). For security purposes, they are required to register with Thames Edge management.

Parking

All residents of Thames Edge are required to park in their designated parking spaces. All visitors are required to park in the designated visitor spaces.

Pets

Pets are allowed in the homes at Thames Edge at Fairview, however there are specific restrictions.

- The State of Connecticut requires all dogs 6 months of age and older to be licensed. Licenses may be purchased at the Town Clerks office or through Animal Control. A copy of a current rabies certificate is necessary to purchase the license. This is a yearly obligation and new licenses are sold beginning June 1. It is important to keep your dog current as Animal Control periodically canvasses neighborhoods for unlicensed dogs. All dogs must be vaccinated for Rabies as this is a state law.
- Any pet that is deemed a nuisance (barking, roaming through neighborhood, etc) will not be allowed to remain at Thames Edge at Fairview. There will be warnings given before this is required.
- All dogs are required to be on leashes at all times on the Fairview campus.
- Safety is a priority. Any pet that attacks or causes harm to any other person or pet will be subject to discharge from the community and animal control/law enforcement may be contacted.
- Any and all damages resulting from pets in the interior or exterior of your home or any one's home will be charged to you.

If a resident of Thames Edge at Fairview is determined to be unable to care for a pet, management reserves the right to remove the pet from the home.

Pool

The seasonal pool is provided as an amenity for the residents of Thames Edge. It is available for use by residents and their guests. There are no lifeguards- please exercise good judgment when using the pool and follow all safety requirements and posted information.

Sanitation in the Home

The safety of Thames Edge residents is paramount. Homes that contain major sanitation problems (excessive unwashed dishes, excessive hoarding, unsanitary conditions from pets, etc) will, at management's discretion require intervention depending on the problem. If issues persist, and the problems pose an immediate health or safety problem to the resident or staff, management reserves the right to exercise portions of the contract that relate to termination of the contract for Thames Edge.

Smoking

Smoking is not permitted on the Fairview campus including the interior of the homes and all common spaces and buildings.

Tenant Insurance

Although there is insurance to cover the homes, this insurance does not extend to personal items in the home. Residents of Thames Edge at Fairview are strongly encouraged to obtain a tenant or renters policy for the personal content of the home.

Transportation

There is no scheduled transportation. Transportation details and fees are listed on the additional services list you received.

Future Modification of Community Rules - The management at Fairview reserves the right to modify the community rules at any point with reasonable notice (typically 30 days advance notice unless there is an immediate reason why the rules must be changed without this notice).

Services Directory
Fairview Phone Number 860.445.7478

Department	Phone Extension
Bistro	500
Business Office	415
Fairview Receptionist	446
Housekeeping	419
Maintenance	419

Staff Directory

Name	Title	Phone Extension
James Rosenman	Chief Executive Officer/Administrator	412
Tina White	Director of Finance & Human Resources	416
Sandra Hawes	Director Sales & Marketing	441
Mary Stonely	Fellowship Manor Coordinator	443
Joe Lopes	Director of Environmental Services (Maintenance & Housekeeping)	419
Leah Genido	Director of Dietary Services	421
Tricia Cunningham	Director of Development	449
Deborah Morgan	Director of Nursing Services	418
Ryan Bishop	Director of Admissions	440

EXHIBIT 2

FEE SCHEDULE FOR ADDITIONAL SERVICES

Additional Services:

Cleaning <i>(including personal laundry, ironing, polish silver or other miscellaneous jobs)</i>	\$27 per hour or \$15 per half hour
Transportation <i>(weekdays only 8am-4pm, scheduled at least 24 hours in advance)</i>	\$.65 per mile
Transportation Overtime Surcharge	\$30 per hour after 4pm
Laundry	\$2 per pound
Maintenance <i>(personal projects)</i>	\$40 per hour or \$25 per half hour
Meal Delivery <i>(in addition to meal cost)</i>	\$2 per meal

Fees are subject to change and minutes are rounded-up to half hour or hour

EXHIBIT 3
FEES
THAMES EDGE AT FAIRVIEW

«Name»

Unit # «Unit »

Plan selected:

_____ Flex Plan _____ 92% Advantage Plan
_____ 90% Guaranteed Refund Plan

Entrance Fee: \$«Entrance_Fee2 »

Deposit: \$«Deposit»

Balance: \$«Balance » (Balance includes credit of \$100 priority deposit.
Balance does not include any additional charges
for upgrades)

First Person Monthly Fee: \$«M_1st Person»

Second Person Monthly Fee: \$«M_2nd Person»

Current Fairview Private Room Rate: \$«Fv_Pri»

Current Fairview Semi-Private Room Rate: \$«Fv_Semi»

Upgrade Options

Upgrades	Additional Cost
Gas Fireplace GD33 HD35	TBD
Screened Porch	TBD
Basement-Oak Treads/Risers/Railings	TBD
Elite Series Appliances	*varies with home type
Custom Closets	*varies with home type
Finished Basement (Style AA walkout)	\$TBD

*Please contact Sandra for different options and levels of customization.

EXHIBIT B

AUDITED FINANCIAL STATEMENTS

Note: Fiscal Year Ends September 30

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES

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Independent Auditors' Report

To the Board of Directors
Odd Fellows Healthcare, Inc.

We have audited the accompanying consolidated financial statements of Odd Fellows Healthcare, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 audit 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 auditors consider 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 financial position of Odd Fellows Healthcare, Inc. and Subsidiaries as of September 30, 2013 and 2012, and the changes in their net assets and their 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities as of and for the year ended September 30, 2013 are 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 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 3, 2014

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

	ASSETS		LIABILITIES AND NET ASSETS	
	2013	2012	2013	2012
Current Assets				
Cash and cash equivalents	\$ 1,703,424	\$ 1,036,760	\$ 287,738	\$ 276,725
Accounts receivable, net	903,626	846,168	431,607	319,269
Prepaid expenses	59,874	42,680	493,765	650,293
Supplies inventory	6,648	1,395	141,457	102,881
Total current assets	2,673,572	1,927,003	1,958,384	1,836,922
Other Assets				
Investments	3,115,985	3,630,974		
Beneficial interest in perpetual trust	61,696	56,419		
Total other assets	3,177,681	3,687,393		
Property and Equipment				
Land	2,184,000	2,184,000		
Land improvements	225,835	225,835	4,417,411	4,705,149
Building and building improvements	15,609,681	15,092,570	390,000	27,000
Transportation equipment	95,685	83,995	3,083,628	4,785,659
Nonmovable equipment	653,586	624,888	7,891,039	9,517,808
Movable equipment	1,993,465	1,953,721		
	20,762,252	20,165,009		
Less accumulated depreciation	(10,881,537)	(10,300,402)		
Construction in progress	1,217,422	867,646		
Net property and equipment	11,098,137	10,732,253		
Total Assets	\$ 16,949,390	\$ 16,346,649		
			Current Liabilities	
			Current maturities of long-term debt	\$ 287,738
			Line of credit	431,607
			Accounts payable and other accrued expenses	493,765
			Accrued payroll	141,457
			Accrued vacation and sick pay	254,691
			Accrued payroll taxes and other withholdings	151,223
			Accrued provider tax	197,903
			Total current liabilities	1,958,384
			Long-Term Liabilities	
			Long-term debt, net of current portion	4,417,411
			Refundable fees	390,000
			Accrued pension liability	3,083,628
			Total long-term liabilities	7,891,039
			Net Assets	
			Unrestricted	6,923,655
			Temporarily restricted	14,616
			Permanently restricted	161,696
			Total net assets	7,099,967
			Total Liabilities and Net Assets	\$ 16,949,390

The accompanying notes are an integral part of the consolidated financial statements

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Operating Revenue		
Resident revenues, net of contractual allowances and discounts	\$ 10,418,419	\$ 10,432,549
Provision for bad debts	(68,568)	(9,666)
Net resident revenues less provision for bad debts	10,349,851	10,422,883
Ancillary revenues	2,053,039	1,601,707
Rental income and fees	397,792	394,422
Interest and investment income	98,480	75,146
Contributions	149,491	184,614
Miscellaneous income	176,577	184,475
Net assets released from restriction	6,000	6,000
Total operating revenues	13,231,230	12,869,247
Operating Expenses		
Salaries	6,476,645	6,502,054
Employee benefits	1,832,316	1,997,561
Provider tax	770,844	774,734
Supplies	667,918	699,004
Ancillary	661,854	506,302
Depreciation	581,135	559,589
Food	386,555	388,805
Utilities	346,178	384,432
Miscellaneous	227,551	213,410
Interest	203,929	206,899
Consultants	108,142	95,901
Repairs and maintenance	74,238	95,704
Insurance	78,255	67,091
Legal and accounting	60,253	52,154
Purchased services	55,966	69,439
Fees - officers	49,440	40,310
Advertising and public relations	36,259	41,571
Investment fees	31,038	30,913
Data processing	27,996	34,942
Telephone	23,789	17,565
Auto	5,343	4,238
Total operating expenses	12,705,644	12,782,618
Operating Income	525,586	86,629

(Continued on next page)

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Nonoperating Income (Expense)		
Net realized and unrealized gains on investments	\$ 64,960	\$ 247,770
Income from perpetual trust	1,491	1,581
Pension liability changes other than net periodic cost	1,506,609	(3,247,321)
Net nonoperating income (expense)	1,573,060	(2,997,970)
 Increase (decrease) in unrestricted net assets	 2,098,646	 (2,911,341)
Temporarily Restricted Net Assets		
Interest and investment income	2,969	3,423
Contributions	4,700	1,080
Net realized and unrealized gains on investments	3,719	7,682
Investment fees	(1,263)	(1,243)
Net assets released from restriction	(6,000)	(6,000)
Increase in temporarily restricted net assets	4,125	4,942
Permanently Restricted Net Assets		
Increase in value of beneficial interest in perpetual trust	5,277	5,788
Change In Net Assets	2,108,048	(2,900,611)
Net Assets - Beginning of Year	4,991,919	7,892,530
Net Assets - End of Year	\$ 7,099,967	\$ 4,991,919

The accompanying notes are an integral part of the consolidated financial statements

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,108,048	\$ (2,900,611)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	581,135	559,589
Bad debt expense	68,568	9,666
Net realized and unrealized investment gains	(68,679)	(255,452)
Change in value of beneficial interest in perpetual trust	(5,277)	(5,788)
(Increase) decrease in operating assets:		
Accounts receivable	(126,026)	297,194
Inventory	(5,253)	5,042
Prepaid expenses	(17,194)	(5,749)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued expenses	(156,528)	90,483
Accrued payroll	38,576	27,657
Accrued vacation and sick pay	11,222	(4,158)
Accrued payroll taxes and other withholdings	109,488	11,273
Accrued provider tax	(4,647)	11,974
Refundable fees	363,000	(9,500)
Accrued pension liability	(1,702,031)	3,042,086
Net cash provided by operating activities	<u>1,194,402</u>	<u>873,706</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(947,019)	(1,011,378)
Purchases of investments	(103,356)	(78,922)
Sales of investments	687,024	458,289
Net cash used in investing activities	<u>(363,351)</u>	<u>(632,011)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(276,725)	(266,096)
Drawdown of line of credit	112,338	178,656
Net cash used in financing activities	<u>(164,387)</u>	<u>(87,440)</u>
Net Increase in Cash and Cash Equivalents	666,664	154,255
Cash and Cash Equivalents - Beginning of Year	<u>1,036,760</u>	<u>882,505</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,703,424</u>	<u>\$ 1,036,760</u>
Cash Paid During the Year for Interest	\$ 203,929	\$ 206,940

The accompanying notes are an integral part of the consolidated financial statements

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Odd Fellows Healthcare, Inc. (Healthcare) is a Connecticut nonstock corporation formed in 2007 to provide management services to Odd Fellows Home of Connecticut, Inc. Healthcare is the sole member of the Odd Fellows Home of Connecticut, Inc. (Home), a Connecticut nonstock corporation incorporated in 1973 and Odd Fellows Faith, Hope and Charity Fund, Inc. (Faith), a Connecticut nonstock corporation formed in 2007. Collectively, Healthcare, Home and Faith are referred to as the Organization. The mission of the Home is to provide residents with nursing care and rehabilitation services.

The Home operates under two trade names, Fellowship Manor and Fairview. Fellowship Manor currently consists of a 24-unit congregate housing project for the elderly. During 2014, Fellowship Manor will begin construction of a Continuing Care Retirement Care Community (CCRC) called Thames Edge, which will consist of a community building and 15 residential buildings containing 23 residential units. Financing for Thames Edge was finalized in November 2013, as further discussed in Note 10. Fairview is a 120-bed nursing home, which is separated into an operating fund and a nonoperating fund.

Basis of Accounting and Presentation - The accompanying consolidated financial statements include Healthcare, Home and Faith. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Organization are reported in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure and also include accumulated investment income and gains on donor-restricted assets that have not been appropriated for expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon. These permanently restricted net assets include the Organization's proportionate share of a beneficial interest in perpetual trust, for which the Organization is an income beneficiary.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Significant estimates include those used in determining the allowance for doubtful accounts, the accrued pension liability and the estimated useful lives of property and equipment.

Cash and Cash Equivalents - Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less exclusive of cash held by brokers. Included in cash and cash equivalents are residents' personal funds of \$29,163 and \$42,771 at September 30, 2013 and 2012, respectively. The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Organization's deposits are not subject to significant credit risk.

Accounts Receivable - Accounts receivable are considered delinquent and written off when all attempts to collect from individuals or other payor sources have been exhausted. Management maintains an allowance for doubtful accounts that is based on a review of significant balances and past experience. Accounts receivable are net of an allowance for doubtful accounts of \$111,566 and \$75,980 at September 30, 2013 and 2012, respectively.

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. Net realized and unrealized gains (losses) on investments includes the Organization's gains and losses on investments bought and sold as well as held during the year.

Beneficial Interest in Perpetual Trust - The Organization retains a beneficial interest in a trust established by a donor and held by a third party. Under this arrangement, the Organization receives investment income from the trust in perpetuity but does not have access to the principal. The beneficial interest is carried at the present value of estimated future receipts from the trust, which is measured by the fair market value of the assets in the trust. Changes in the carrying amount of the beneficial interest are recognized as increases or decreases in permanently restricted net assets.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Repairs and maintenance are charged to expense as incurred. Property and equipment acquisitions and improvements thereon that exceed \$2,500 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Building and building improvements	7-40 years
Land improvements	8-30 years
Movable equipment	3-20 years
Nonmovable equipment	5-20 years
Transportation equipment	3-5 years

Resident Revenues - Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim or final settlements are reported in operations in the year of settlement. It is management's opinion that all applicable reimbursement principles have been followed and any settlement amounts will not have a material impact on the Organization's financial position or results of operations.

Contributions - Unconditional contributions are recognized when received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. The Home reports contributions as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with unrestricted net assets.

Income Taxes - Healthcare, Home and Faith are exempt from federal and state income taxes as public charities under Section 501(c)(3) of the Internal Revenue Code. The Organization's informational returns for the years ended September 30, 2010 through 2013 are subject to examination by the Internal Revenue Service and the State of Connecticut.

Risks and Uncertainties - Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the consolidated statements of financial position and activities.

Reclassifications - Certain amounts in the 2012 financial statements have been reclassified to conform to the current year's presentation.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - In preparing these consolidated financial statements, management has evaluated subsequent events through February 3, 2014, which represents the date the consolidated financial statements were available to be issued.

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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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 Organization has the ability to access.

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. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies and investment strategies used for assets measured at fair value:

U.S. Government Securities - U.S. Government securities are valued at the closing price reported in the active market in which the individual securities are traded.

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

Equity Securities - Equity securities are valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds - Mutual funds are valued at the closing price reported in the active market in which the individual securities are traded.

Hedge Funds of Funds - Interests in hedge funds of funds are valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions. The valuations involve assumptions and methods that are reviewed by the Organization's Board of Directors. Because investments in these funds are not readily marketable, their estimated fair value is subject to uncertainty and may differ significantly from the value that would have been used had a market for such investments existed.

Beneficial Interest in Perpetual Trusts - Beneficial interests in perpetual trusts held by third parties are valued at the present value of the future distributions expected to be received over the term of the agreement, which is measured by the fair values of the underlying assets. The Organization cannot access assets in the trust.

There have been no changes in the methodologies used at September 30, 2013 and 2012.

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 Organization 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.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2013 and 2012:

	2013			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Money market	\$ 404,935	\$ 404,935	\$ -	\$ -
Diversified	223,308	223,308	-	-
Equities	1,494,817	1,494,817	-	-
Fixed income	889,199	889,199	-	-
Alternative investments:				
Hedge funds of funds	103,726	-	103,726	-
Total investments	3,115,985	3,012,259	103,726	-
Beneficial interest in perpetual trust	61,696	-	-	61,696
Total	<u>\$ 3,177,681</u>	<u>\$ 3,012,259</u>	<u>\$ 103,726</u>	<u>\$ 61,696</u>

	2012			
	Total	Level 1	Level 2	Level 3
Fixed income:				
U.S government securities	\$ 36,464	\$ 36,464	\$ -	\$ -
Corporate bonds	165,295	-	165,295	-
Equity securities	40,124	40,124	-	-
Mutual funds:				
Money market	662,752	662,752	-	-
Diversified	282,157	282,157	-	-
Equities	1,238,050	1,238,050	-	-
Fixed income	832,213	832,213	-	-
Alternative investments:				
Hedge funds of funds	373,919	-	373,919	-
Total investments	3,630,974	3,091,760	539,214	-
Beneficial interest in perpetual trust	56,419	-	-	56,419
Total	<u>\$ 3,687,393</u>	<u>\$ 3,091,760</u>	<u>\$ 539,214</u>	<u>\$ 56,419</u>

There were no transfers between levels of investments during the years ended September 30, 2013 and 2012.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The Organization does not develop its own quantitative unobservable inputs for real estate and limited partnership and absolute return and hedge funds but uses pricing information supplied by investment managers.

Additional information regarding investments that report fair value based on net asset value per share or unit as of September 30, 2013 is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Liquidity or Other Restrictions</u>
Level 2:					
Hedge fund of funds:					
Abbey Capital Multi-Manager Fund Limited (a)	\$ 103,726	\$ -	Monthly	None	None

The investment strategy of this investment is as follows:

(a) To seek long-term capital appreciation by investing in a range of trading strategies.

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended September 30, 2013 and 2012:

	<u>Beneficial Interest in Perpetual Trust</u>
Balance - September 30, 2011	\$ 50,631
Change in value of beneficial interest in perpetual trust	<u>5,788</u>
Balance - September 30, 2012	56,419
Change in value of beneficial interest in perpetual trust	<u>5,277</u>
Balance - September 30, 2013	<u>\$ 61,696</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended September 30, 2013 and 2012, are reported in net realized and unrealized gains (losses) on investments in the consolidated statements of activities.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - LONG-TERM DEBT

At September 30, 2013 and 2012, the Organization had the following outstanding indebtedness:

	2013	2012
Mortgage note payable to Chelsea Groton Savings Bank, in the original amount of \$5,828,000, payable in monthly installments of principal and interest of \$36,748 through March 2026. The note bears interest at a variable rate between 2.25% and 11.5%, adjusted every 5 years, currently 3.88%. The mortgage note is secured by certain real and personal property of the Organization.	\$ 4,383,264	\$ 4,648,674
Mortgage note payable to Chelsea Groton Savings Bank, in the original amount of \$350,000, payable in monthly installments of principal and interest of \$2,310 through March 1, 2031. The note bears interest at a variable rate between 3.5% and 11.5%, adjusted every 3 years, currently 5%. The note is secured by all buildings and land located at 235 Lestertown Road, Groton, Connecticut.	321,885	333,200
	4,705,149	4,981,874
Less current portion	287,738	276,725
	\$ 4,417,411	\$ 4,705,149

The aggregate annual maturities of long-term debt for fiscal years ending subsequent to September 30, 2013 are as follows:

2014	\$ 287,738
2015	299,206
2016	311,153
2017	323,580
2018	336,504
Thereafter	3,146,968
	\$ 4,705,149

As discussed in Note 10, the Organization's long-term debt obligations were refinanced during 2014.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LINE OF CREDIT

Faith has an available line of credit with UBS Bank of \$1,000,000, with no set expiration date. Interest is charged at a variable rate, which was 2.9% and 3% at September 30, 2013 and 2012, respectively, and amounted to \$11,960 and \$4,230 for the years ended September 30, 2013 and 2012, respectively.

NOTE 5 - NET ASSETS

Temporarily restricted net assets as of September 30, 2013 and 2012, are available for the following purposes or time periods:

	<u>2013</u>	<u>2012</u>
Purpose restrictions:		
Scholarships	\$ 6,463	\$ 6,057
Special services or equipment	<u>8,153</u>	<u>4,434</u>
Total Temporarily Restricted Net Assets	<u>\$ 14,616</u>	<u>\$ 10,491</u>

Temporarily restricted net assets of \$6,000 were released from restrictions during each of the years ended September 30, 2013 and 2012, by incurring expenses satisfying the purpose restriction of special services or equipment.

Permanently restricted net assets as of September 30, 2013 and 2012, are restricted to investment in perpetuity, the income from which is expendable to support the following:

	<u>2013</u>	<u>2012</u>
Special services or equipment	\$ 100,000	\$ 100,000
Beneficial interest in perpetual trust for any activities of the Organization	<u>61,696</u>	<u>56,419</u>
Total Permanently Restricted Net Assets	<u>\$ 161,696</u>	<u>\$ 156,419</u>

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - ENDOWMENT

Interpretation of Relevant Law - The Board of Directors of the Organization has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - ENDOWMENT (Continued)

Changes in endowment net assets for the years ended September 30, 2012 and 2013, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - September 30, 2011	\$ (969)	\$ -	\$ 150,631	\$ 149,662
Investment return:				
Investment income, net of fees	-	3,229	-	3,229
Net realized and unrealized gains	969	6,205	-	7,174
Total investment return	969	9,434	-	10,403
Change in value of beneficial interest in perpetual trust	-	-	5,788	5,788
Appropriation of endowment assets for expenditure	-	(5,000)	-	(5,000)
Endowment net assets - September 30, 2012	-	4,434	156,419	160,853
Investment return:				
Investment income, net of fees	-	2,853	-	2,853
Net realized and unrealized gains	-	3,166	-	3,166
Total investment return	-	6,019	-	6,019
Change in value of beneficial interest in perpetual trust	-	-	5,277	5,277
Appropriation of endowment assets for expenditure	-	(6,000)	-	(6,000)
Endowment Net Assets - September 30, 2013	\$ -	\$ 4,453	\$ 161,696	\$ 166,149

Funds with Deficiencies - From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies of this nature as of September 30, 2013 and 2012.

Spending Policy and How the Investment Objectives Relate to Spending Policy - During the years ended September 30, 2013 and 2012, the Organization reviewed its endowment and decided to appropriate \$6,000 and \$5,000, respectively, of accumulated earnings for expenditure. The Organization will monitor the endowment earnings in the future to determine how much, if any, of the earnings will be spent, or alternatively kept in the fund to maintain purchasing power of the assets held in perpetuity.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - BENEFIT PLANS

Defined Benefit Plan - The Home sponsors a defined benefit pension plan (the Pension Plan) covering substantially all of its employees over 21 years of age who have completed 1 year of service and at least 1,000 hours of service. Pension benefits are based on years of service and the employee's average monthly compensation during the credited service years. The Home's funding policy is to make at least the minimum annual contribution required by applicable regulations. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Employees rehired on or after August 1, 2012 are not eligible to participate in the Pension Plan, but may regain participation status and continue to accrue years of service for vesting purposes under the terms of the Plan.

The following table sets forth further information about the Home's defined benefit pension plan as of and for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unfunded liability	\$ (3,083,628)	\$ (4,785,659)
Benefits paid	(250,888)	(238,339)
Employer contributions	545,422	727,994

Amounts recognized in the consolidated statements of financial position at September 30, 2013 and 2012, consist of the following:

	<u>2013</u>	<u>2012</u>
Pension liability	\$ <u>3,083,628</u>	\$ <u>4,785,659</u>

Amounts previously recognized in changes in unrestricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
Net loss	\$ 3,520,811	\$ 5,424,071
Prior service cost	<u>(534,206)</u>	<u>(569,067)</u>
Total	<u>\$ 2,986,605</u>	<u>\$ 4,855,004</u>

The following table details information for the pension plan at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Projected benefit obligation	\$ 9,734,558	\$ 10,338,724
Accumulated benefit obligation	8,996,059	9,810,384
Fair value of plan assets	6,650,930	5,553,065

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - BENEFIT PLANS (Continued)

Other changes in plan assets and benefit obligations recognized in the consolidated statements of activities consisted of the following for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Net periodic benefit cost	\$ <u>711,790</u>	\$ <u>522,759</u>
Net (gain) loss	(1,633,950)	3,885,241
Prior service cost	-	(570,204)
Amortization of net loss	(269,310)	(65,444)
Amortization of prior service cost	<u>34,861</u>	<u>(2,272)</u>
Total pension liability changes other than net periodic cost	<u>(1,868,399)</u>	<u>3,247,321</u>
Total Recognized in Changes in Unrestricted Net Assets	<u>\$ (1,156,609)</u>	<u>\$ 3,770,080</u>

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2014 is \$125,227.

The following weighted-average assumptions were used to determine benefit obligations for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Discount rate	5.00%	4.50%
Rate of compensation increase	2.50	2.50

The following weighted-average assumptions were used to determine net periodic benefit cost for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Discount rate	5.00%	4.50%
Expected return on plan assets	7.50	7.50
Rate of compensation increase	2.50	2.50

The expected rate of return on Pension Plan assets is determined by those assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - BENEFIT PLANS (Continued)

The Home's overall investment strategy seeks to maximize return with limited risk, which is achieved through a balanced portfolio of equity and fixed income investments, as well as alternative investment classes. Within each asset class, a diversified mix of individual securities and bonds is selected. Equity allocations are targeted between 55-70% of the portfolio, with the remaining allocations in government debt, corporate debt and a small portion in alternative asset classes such as real estate and money market funds.

The Home's contribution to the Pension Plan in 2014 is estimated to be \$350,000.

The following benefits are expected to be paid for the fiscal years ending September 30:

2014	\$ 278,000
2015	291,000
2016	303,000
2017	325,000
2018	341,000
2019-2023	2,123,000

The fair values of the Home's Pension Plan assets at September 30, 2013 and 2012, by asset class are as follows:

<u>Asset Class</u>	<u>Fair Value Measurements at September 30, 2013</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash equivalents	\$ 218,477	\$ 218,477	\$ -
Mutual funds:			
Fixed income	2,916,511	1,809,826	1,106,685
Equities - diversified	1,573,025	1,573,025	-
Equities - domestic	1,269,566	1,269,566	-
Equities - international	673,351	673,351	-
Total	\$ 6,650,930	\$ 5,544,245	\$ 1,106,685

<u>Asset Class</u>	<u>Fair Value Measurements at September 30, 2012</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash equivalents	\$ 124,711	\$ 124,711	\$ -
Mutual funds:			
Fixed income	2,648,823	1,545,754	1,103,069
Equities - diversified	1,269,211	1,269,211	-
Equities - domestic	953,498	953,498	-
Equities - international	556,822	556,822	-
Total	\$ 5,553,065	\$ 4,449,996	\$ 1,103,069

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - BENEFIT PLANS (Continued)

Defined Contribution Plan - The Home maintains a 403(b) savings plan for all employees. Employees may contribute amounts not to exceed a certain dollar limit as set by law. The plan does not require employer contributions. On October 15, 2012, the Organization began the Fairview 403(b) Plan (Fairview Plan). The Fairview Plan is open to all employees who may contribute amounts not to exceed a certain dollar limit as set by law. The Fairview Plan also allows for a discretionary employer match to employees who normally work more than 20 hours per week, are 21 years old, and have 1 year of service for the Organization. Total 403(b) plan expense was \$54,436 and \$-0- for the years ended September 30, 2013 and 2012, respectively.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The Home grants credit without collateral to its residents, some of whom are funded under third-party payor agreements. The mix of gross receivables at September 30, 2013 and 2012, is as follows:

	2013	2012
Medicare	21%	16%
Medicaid*	46	58
Private pay and other	33	26
	100%	100%

*including pending Medicaid patients

NOTE 9 - HEALTH CARE INDUSTRY

The health care 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 health care program participation requirements (which are a precondition to the receipt of reimbursement for patient services), the Medicare False Claims Act, the Stark Anti-Referral Act and the Anti-Kickback legislation and other Medicaid fraud and abuse legislation. Government activity has increased with respect to investigations that have led to allegations concerning possible violations by health care providers of those statutes and regulations. Violations of those laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as the imposition of significant obligations on the part of the provider to repay patient services previously illegally billed and received. Management believes that the Home is in compliance with the licensure, accreditation, government healthcare program participation requirements and other Medicaid fraud and abuse legislation, and with other government regulatory and statutory laws and provisions. While no material regulatory inquiries have been initiated by government agencies, compliance with

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - HEALTH CARE INDUSTRY (Continued)

such laws and regulations can be subject to future government review and can lead to other new statutory and regulatory interpretations, as well as other regulatory actions unknown or unasserted at this time.

NOTE 10 - SUBSEQUENT EVENTS

In connection with Fellowship Manor's development of Thames Edge, the Organization closed on four loans to finance the construction in November 2013. Total financing available under the four loans is \$16,742,000.

The first three loans, totaling \$11,742,000, include financing to pay off the Organization's current long-term debt, as described in Note 3, to construct a new access road and infrastructure for the development site, and to construct the community building and a portion of the 15 buildings and 23 CCRC units. These 3 loans will be included in a 30-year construction-to-permanent commercial mortgage with a construction period of 1 year (draw period) and a permanent period of 29 years. Interest will accrue at a variable rate, adjusted every 5 years, based on the Federal Home Loan Bank of Boston's Five Year Classic Advance Rate plus 2.25%. The loans are collateralized by real property and all tangible and intangible personal property of the Organization.

The final loan, totaling \$5,000,000, is financing for constructing the 15 buildings containing 23 CCRC units. This loan will be included in a 22-year construction revolver-to-permanent commercial mortgage with a revolving construction period of 2 years (draw period) and a permanent period of 20 years. Under the revolving portion, loan advances to pay for construction totaling up to \$7,715,000 are permitted. The construction revolver-to-permanent term is subject to a maximum balance outstanding at any one time of \$5,000,000. At conversion from construction to permanent, the outstanding balance shall not exceed \$2,000,000. Interest will accrue at a variable rate, adjusted every five years, based on the Federal Home Loan Bank of Boston's Five Year Classic Advance Rate plus 2.25%. The loan is collateralized by real property and all tangible and intangible personal property of the Organization. All loans will be subject to certain financial covenants at the conclusion of the construction period.

In connection with the development, the Organization has entered into an agreement dated May 1, 2013 with a construction manager for the Thames Edge development project. The guaranteed maximum price of the agreement is \$12,807,775. Construction began during November 2013.

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013

	Odd Fellows Home of Connecticut, Inc.					Odd Fellows Faith, Hope and Charity Fund, Inc.	Eliminations	Total
	Odd Fellows Healthcare, Inc.	d/b/a Fairview		d/b/a Fellowship Manor	Total			
		Operating Fund	Nonoperating Fund					
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 18,169	\$ 746,763	\$ 4,499	\$ 877,020	\$ 1,628,282	\$ 56,973	\$ -	\$ 1,703,424
Accounts receivable, net	-	902,585	-	1,041	903,626	-	-	903,626
Prepaid expenses	-	59,874	-	-	59,874	-	-	59,874
Supplies inventory	-	6,648	-	-	6,648	-	-	6,648
Total current assets	<u>18,169</u>	<u>1,715,870</u>	<u>4,499</u>	<u>878,061</u>	<u>2,598,430</u>	<u>56,973</u>	<u>-</u>	<u>2,673,572</u>
Other Assets								
Investments	-	-	-	41,083	41,083	3,074,902	-	3,115,985
Due from related parties	191,670	375,127	-	5,000	380,127	3,300	(575,097)	-
Beneficial interest in perpetual trust	-	-	-	-	-	61,696	-	61,696
Total other assets	<u>191,670</u>	<u>375,127</u>	<u>-</u>	<u>46,083</u>	<u>421,210</u>	<u>3,139,898</u>	<u>(575,097)</u>	<u>3,177,681</u>
Property and Equipment								
Land	-	180,600	2,003,400	-	2,184,000	-	-	2,184,000
Land improvements	-	219,323	-	6,512	225,835	-	-	225,835
Building and building improvements	-	10,262,959	-	5,346,722	15,609,681	-	-	15,609,681
Transportation equipment	-	43,598	-	52,087	95,685	-	-	95,685
Nonmovable equipment	-	653,586	-	-	653,586	-	-	653,586
Movable equipment	-	1,685,671	-	307,794	1,993,465	-	-	1,993,465
	-	13,045,737	2,003,400	5,713,115	20,762,252	-	-	20,762,252
Less accumulated depreciation	-	(7,107,268)	-	(3,774,269)	(10,881,537)	-	-	(10,881,537)
Construction in progress	-	-	-	1,217,422	1,217,422	-	-	1,217,422
Net property and equipment	<u>-</u>	<u>5,938,469</u>	<u>2,003,400</u>	<u>3,156,268</u>	<u>11,098,137</u>	<u>-</u>	<u>-</u>	<u>11,098,137</u>
Total Assets	<u>\$ 209,839</u>	<u>\$ 8,029,466</u>	<u>\$ 2,007,899</u>	<u>\$ 4,080,412</u>	<u>\$ 14,117,777</u>	<u>\$ 3,196,871</u>	<u>\$ (575,097)</u>	<u>\$ 16,949,390</u>

(Continued on next page)

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2013

	Odd Fellows Home of Connecticut, Inc.					Odd Fellows Faith, Hope and Charity Fund, Inc.	Eliminations	Total
	Odd Fellows Healthcare, Inc.	d/b/a Fairview		d/b/a Fellowship Manor	Total			
		Operating Fund	Nonoperating Fund					
Current Liabilities								
Current maturities of long-term debt	\$ -	\$ 250,280	\$ -	\$ 37,458	\$ 287,738	\$ -	\$ -	\$ 287,738
Line of credit	-	-	-	-	-	431,607	-	431,607
Accounts payable and other accrued expenses	1,000	450,604	1,193	39,168	490,965	1,800	-	493,765
Accrued payroll	-	141,457	-	-	141,457	-	-	141,457
Accrued vacation and sick pay	-	254,691	-	-	254,691	-	-	254,691
Accrued payroll taxes and other withholdings	-	151,223	-	-	151,223	-	-	151,223
Accrued provider tax	-	197,903	-	-	197,903	-	-	197,903
Total current liabilities	<u>1,000</u>	<u>1,446,158</u>	<u>1,193</u>	<u>76,626</u>	<u>1,523,977</u>	<u>433,407</u>	<u>-</u>	<u>1,958,384</u>
Long-Term Liabilities								
Long-term debt, net of current portion	-	3,727,913	-	689,498	4,417,411	-	-	4,417,411
Due to related parties	-	3,300	-	559,085	562,385	12,712	(575,097)	-
Refundable fees	-	-	-	390,000	390,000	-	-	390,000
Accrued pension liability	-	3,083,628	-	-	3,083,628	-	-	3,083,628
Total long-term liabilities	<u>-</u>	<u>6,814,841</u>	<u>-</u>	<u>1,638,583</u>	<u>8,453,424</u>	<u>12,712</u>	<u>(575,097)</u>	<u>7,891,039</u>
Net Assets								
Unrestricted	208,839	(231,533)	2,006,706	2,365,203	4,140,376	2,574,440	-	6,923,655
Temporarily restricted	-	-	-	-	-	14,616	-	14,616
Permanently restricted	-	-	-	-	-	161,696	-	161,696
Total net assets	<u>208,839</u>	<u>(231,533)</u>	<u>2,006,706</u>	<u>2,365,203</u>	<u>4,140,376</u>	<u>2,750,752</u>	<u>-</u>	<u>7,099,967</u>
Total Liabilities and Net Assets	<u>\$ 209,839</u>	<u>\$ 8,029,466</u>	<u>\$ 2,007,899</u>	<u>\$ 4,080,412</u>	<u>\$ 14,117,777</u>	<u>\$ 3,196,871</u>	<u>\$ (575,097)</u>	<u>\$ 16,949,390</u>

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Odd Fellows Home of Connecticut, Inc.							
	Odd Fellows Healthcare, Inc.	d/b/a Fairview		d/b/a Fellowship Manor	Total	Odd Fellows Faith, Hope and Charity Fund, Inc.	Eliminations	Total
		Operating Fund	Nonoperating Fund					
Operating Revenue								
Resident revenues, net of contractual allowances and discounts	\$ -	\$ 10,418,419	\$ -	\$ -	\$ 10,418,419	\$ -	\$ -	\$ 10,418,419
Provision for bad debts	-	(68,568)	-	-	(68,568)	-	-	(68,568)
Net resident revenues less provision for bad debts	-	10,349,851	-	-	10,349,851	-	-	10,349,851
Ancillary revenues	-	2,053,039	-	-	2,053,039	-	-	2,053,039
Rental income and fees	-	-	-	397,792	397,792	-	-	397,792
Interest and investment income	3	808	3	463	1,274	97,203	-	98,480
Contributions	420	16,032	8,037	-	24,069	125,002	-	149,491
Miscellaneous income	-	156,734	2,367	16,200	175,301	1,276	-	176,577
Management fees	60,000	-	-	-	-	-	(60,000)	-
Net assets released from restriction	-	-	-	-	-	6,000	-	6,000
Total operating revenues	60,423	12,576,464	10,407	414,455	13,001,326	229,481	(60,000)	13,231,230
Operating Expenses								
Salaries	-	6,359,608	-	45,382	6,404,990	71,655	-	6,476,645
Employee benefits	-	1,817,039	-	4,212	1,821,251	11,065	-	1,832,316
Provider tax	-	770,844	-	-	770,844	-	-	770,844
Supplies	-	667,250	-	-	667,250	668	-	667,918
Ancillary	-	661,854	-	-	661,854	-	-	661,854
Depreciation	-	408,799	-	172,336	581,135	-	-	581,135
Food	-	386,555	-	-	386,555	-	-	386,555
Utilities	-	257,205	-	88,973	346,178	-	-	346,178
Miscellaneous	1,076	210,295	9,688	1,495	221,478	4,997	-	227,551
Interest	-	159,238	-	32,731	191,969	11,960	-	203,929
Consultants	-	108,142	-	-	108,142	-	-	108,142
Repairs and maintenance	-	65,033	-	9,205	74,238	-	-	74,238
Insurance	-	57,909	-	20,346	78,255	-	-	78,255
Legal and accounting	-	58,453	-	-	58,453	1,800	-	60,253
Purchased services	-	35,567	-	18,437	54,004	1,962	-	55,966
Fees - officers	49,440	-	-	-	-	-	-	49,440
Advertising and public relations	-	4,164	-	155	4,319	31,940	-	36,259
Investment fees	-	-	-	247	247	30,791	-	31,038
Data processing	-	27,996	-	-	27,996	-	-	27,996
Telephone	-	23,789	-	-	23,789	-	-	23,789
Auto	-	5,343	-	-	5,343	-	-	5,343
Management fees	-	60,000	-	-	60,000	-	(60,000)	-
Total operating expenses	50,516	12,145,083	9,688	393,519	12,548,290	166,838	(60,000)	12,705,644
Operating Income	9,907	431,381	719	20,936	453,036	62,643	-	525,586

(Continued on next page)

ODD FELLOWS HEALTHCARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Odd Fellows Home of Connecticut, Inc.							Eliminations	Total
	Odd Fellows Healthcare, Inc.	d/b/a Fairview		d/b/a Fellowship Manor	Total	Odd Fellows Faith, Hope and Charity Fund, Inc.			
		Operating Fund	Nonoperating Fund						
Nonoperating Income (Expense)									
Net realized and unrealized gains on investments	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ 64,940	\$ -	\$ 64,960	
Income from perpetual trust	-	-	-	-	-	1,491	-	1,491	
Pension liability changes other than net periodic cost	-	1,506,609	-	-	1,506,609	-	-	1,506,609	
Transfers	-	118,660	900	-	119,560	(119,560)	-	-	
Total nonoperating income (expense)	<u>-</u>	<u>1,625,269</u>	<u>900</u>	<u>20</u>	<u>1,626,189</u>	<u>(53,129)</u>	<u>-</u>	<u>1,573,060</u>	
Increase in unrestricted net assets	<u>9,907</u>	<u>2,056,650</u>	<u>1,619</u>	<u>20,956</u>	<u>2,079,225</u>	<u>9,514</u>	<u>-</u>	<u>2,098,646</u>	
Changes in Temporarily Restricted Net Assets									
Interest and investment income	-	-	-	-	-	2,969	-	2,969	
Contributions	-	-	-	-	-	4,700	-	4,700	
Net realized and unrealized gains on investments	-	-	-	-	-	3,719	-	3,719	
Investment fees	-	-	-	-	-	(1,263)	-	(1,263)	
Net assets released from restriction	-	-	-	-	-	(6,000)	-	(6,000)	
Increase in temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,125</u>	<u>-</u>	<u>4,125</u>	
Permanently Restricted Net Assets									
Increase in value of beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,277</u>	<u>-</u>	<u>5,277</u>	
Change in Net Assets	<u>9,907</u>	<u>2,056,650</u>	<u>1,619</u>	<u>20,956</u>	<u>2,079,225</u>	<u>18,916</u>	<u>-</u>	<u>2,108,048</u>	
Net Assets - Beginning of Year	<u>198,932</u>	<u>(2,288,183)</u>	<u>2,005,087</u>	<u>2,344,247</u>	<u>2,061,151</u>	<u>2,731,836</u>	<u>-</u>	<u>4,991,919</u>	
Net Assets - End of Year	<u>\$ 208,839</u>	<u>\$ (231,533)</u>	<u>\$ 2,006,706</u>	<u>\$ 2,365,203</u>	<u>\$ 4,140,376</u>	<u>\$ 2,750,752</u>	<u>\$ -</u>	<u>\$ 7,099,967</u>	

EXHIBIT C

PRO FORMA INCOME STATEMENTS

Thames Edge 2014-2018

	2014	2015	2016	2017	2018
Revenues					
Occupancy	\$ 224,468	\$ 691,065	\$ 956,096	\$ 967,966	\$ 994,722
Ancillary Services	\$ 78,564	\$ 241,873	\$ 334,634	\$ 338,788	\$ 348,153
Amortization of Entrance Fee	\$ 91,984	\$ 309,656	\$ 455,565	\$ 425,555	\$ 394,903
Gain (Loss) on termination of residency agreement	\$ -	\$ -	\$ -	\$ 65,152	\$ 342,898
Expenses					
Total Salaries & Benefits	\$ 62,204	\$ 145,128	\$ 178,804	\$ 181,492	\$ 186,028
Snow Removal	\$ 3,299	\$ 9,608	\$ 12,798	\$ 13,000	\$ 13,315
Utilities	\$ 52,787	\$ 153,730	\$ 204,771	\$ 208,000	\$ 213,043
Food	\$ 36,454	\$ 114,018	\$ 160,612	\$ 165,864	\$ 173,851
Depreciation Expense	\$ 289,745	\$ 715,337	\$ 875,153	\$ 875,153	\$ 875,153
Interest Expense - Term	\$ 277,187	\$ 583,524	\$ 406,228	\$ 397,115	\$ 387,596

EXHIBIT D

ENTRANCE FEES/PERIODIC CHARGES

THAMES EDGE AT FAIRVIEW FINANCIAL OPTIONS - PHASE TWO

		FLEX PLAN		92% ADVANTAGE PLAN		90% GUARANTEED REFUNDABLE PLAN		
HOME TYPE #	SQ FT	ENTRANCE FEE	MONTHLY FEE **	ENTRANCE FEE	MONTHLY FEE **	ENTRANCE FEE	MONTHLY FEE **	
A	1	1,202	\$105,000	\$4,000	\$400,000	\$2,100	\$425,000	\$2,100
B	1	1,508	\$135,000	\$4,200	\$450,000	\$2,200	\$475,000	\$2,200
BW *	2	1,493	\$145,000	\$4,300	\$470,000	\$2,300	\$495,000	\$2,300
BB *	2	1,486	\$140,000	\$4,400	\$450,000	\$2,300	\$475,000	\$2,300
C *	1	1,861	\$145,000	\$4,500	\$525,000	\$2,400	\$550,000	\$2,400
CC *	2	1,871	\$125,000	\$4,600	\$490,000	\$2,300	\$515,000	\$2,300
QA	2	1,291	\$95,000	\$3,800	\$350,000	\$1,900	\$375,000	\$1,900
QB	2	1,511	\$135,000	\$4,200	\$425,000	\$2,200	\$450,000	\$2,200
QBB *	4	1,486	\$135,000	\$4,500	\$450,000	\$2,200	\$475,000	\$2,200

NOTES: (1) **There is a second person fee of \$200 per month
(2) Optional Second Garage is \$150 per month or \$15,000 upfront (90% of the upfront garage payment option is refundable upon leaving the community)

The entrance fee entitles the member to the exclusive right to occupy the home and to use and enjoy the common areas, amenities, programs and services at Thames Edge, including our healthcare facility. There are potential tax advantages to living in a community with a continuum of care such as Thames Edge; please consult your tax advisor. Should the need ever arise for permanent care in our nursing facility; you will receive a discount off the private pay rate for your care. There will be home upgrade options for an additional cost.

Flex Plan:

This plan has a lower entrance fee, with a higher monthly service fee. This option enables individuals not to have to use more money upfront, but still have the right to occupy the home and use the community common areas and amenities. There will be no refund upon leaving Thames Edge. A \$60,000 deposit is required for potential long term care needs (this deposit, if not used, is completely refundable upon leaving).

92% Advantage Plan:

This plan has lower monthly fees and the advantage of receiving ninety-two percent of the sale price including potential appreciation in value, subject to conditions in the residency agreement.

90% Guaranteed Refundable Plan:

This plan has lower monthly fees and a guaranteed refund. The entrance fee is 100% refundable in the first six months and 90% thereafter according to the residency agreement.

YOUR MONTHLY FEE INCLUDES

- | | |
|---|--|
| <ul style="list-style-type: none"> ➤ Electricity ➤ Water ➤ Heat ➤ Air Conditioning ➤ Interior/Exterior Maintenance <ul style="list-style-type: none"> ○ Snow removal/pest control ○ Landscaping | <ul style="list-style-type: none"> ➤ Emergency Call System ➤ Discounted long term care cost & priority access to our skilled nursing facility ➤ Home property taxes ➤ Access to Clubhouse <ul style="list-style-type: none"> ○ Multipurpose/Dining Room ○ Exercise/Yoga Room ○ Seasonal Pool & Patio |
|---|--|

92% Advantage Plan:

This plan has lower monthly fees and the advantage of receiving ninety-two percent of the sale price, defined as the price paid by the new occupant(s) minus upgrades. Individual(s) choosing the 92% plan have the opportunity to participate in appreciation defined as the sale price (defined as the price paid by the new occupant(s)) above the original entry fee amount minus upgrades and divided by one-half. One half of the appreciation will return to Fairview.