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July 4, 2014

Mr. Rich Wysocki
Office of CON & Rate Setting
CT Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033

Subject: Continuing Care At Home Program

Dear Rich:

Please find attached an updated Disclosure Statement for the Continuing Care At Home Program (CCAH). This was developed in collaboration with Maureen Weaver of Wiggin & Dana, and we believe meets all of the necessary statutes.

Best regards and thank you for your support of our efforts.

Sincerely,

Andrew H. Banoff
President & CEO

AHB/db
Attachment

xc: Maureen Weaver, Esq., Wiggin & Dana
Steve Kinney, Gaffney Bennett
Roger Sliby, VP Finance & CFO
Julia Portale, VP Community Services

* remembered

THE CONTINUING CARE AT HOME PROGRAM

SENIOR CHOICE AT HOME®

Disclosure Statement

June, 2014

SPONSORED BY

THE JEWISH HOME OF FAIRFIELD COUNTY

175 Jefferson Street

Fairfield, Connecticut 06825

(203) 365-6491

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

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

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General Information

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

Description

Name and Type of Organization

The Provider is a not-for-profit corporation organized under the laws of the State of Connecticut and exempt from taxation under Section 501(c) (3) of the Internal Revenue Code. The Provider is the owner of a 15-acre health care complex known as The Jewish Home of Fairfield County (“the Community”) located at 175 Jefferson Street in Fairfield, Connecticut. The Provider has decades of experience in providing services to the elderly, and the Community features one of the largest Skilled Nursing Facilities in the State of Connecticut. The Skilled Nursing Facility accepts most forms of insurance, including Medicare and Medicaid. In addition to the Skilled Nursing Facility, the Community offers Adult Day Care, Medical and Non-Medical Home Care, Hospice, Physician Services, Outpatient, Sub-Acute, and Long-Term Rehabilitation Therapy, and the Institute on Aging.

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

Affiliations

The Provider is affiliated with a related not-for-profit tax-exempt corporation, the JHE Foundation, Inc. (“the Foundation”). The Foundation is Provider’s fund raising affiliate, and is not responsible for Provider’s financial or contractual obligations. The Provider is the only organization responsible for the CCAH Program, and it has arranged for the Program’s start up financing and management. Similarly, the Provider works closely with a separate physician practice, Geriatric Professional Group, LLC (“GPG”). GPG provides physician services to residents of the Community’s Skilled Nursing Facility as well as outpatient physician services. GPG has no responsibility for the Provider’s financial or contractual obligations.

Benefits/Services Provided

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

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

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

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

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

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

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

Member to submit a medical report from the Member's personal physician to the Care Coordinator.

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

5. MEALS
If determined to be appropriate by the Care Coordination Team, the Provider will deliver a maximum of two meals per day to the Member's home.
6. ADULT DAY CARE
The Provider will provide Adult Day Care Services as determined to be appropriate by the Care Coordination Team to the extent this service is covered in the plan selected by the Member.

F. Facility Based Services

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

2. ASSISTED LIVING AND NURSING HOME SERVICES

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

- G. CCAH Program Facilities and Programs. The Provider has made and will continue to make arrangements with several organizations to provide CCAH Program Members with access to facilities and programs, including but not limited to, a library, computer center, indoor swimming pool, meeting rooms, and arts and crafts programs.
- H. Activities and Leisure Events. The Member will have access to planned and scheduled social, recreational, spiritual, educational and cultural activities and leisure events, as well as, arts and crafts, exercise and health programs, and other special activities designed to meet the needs of the Members.
- I. Lifestyle and Wellness Programs. The Provider will offer Lifestyle and Wellness Programs from time to time, free of charge or with an applicable fee for service, including but not limited to, exercise classes, arts and crafts, wellness seminars, speakers and day excursions.
- J. Transportation Services. If the Member is unable to drive or instructed by his/her physician not to drive, the Provider will provide transportation to and from medically necessary outpatient surgery or minor procedures such as cataract

removal, chemotherapy treatments, and surgical biopsies. The Provider does not provide transportation for regular physician office visits, dialysis, or other routine or on-going specialist appointments. If the Member requires such additional transportation services, the Provider may assist the Member in arranging for such services. The Member will be responsible for paying any fees associated with such additional transportation services.

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

Board Members and Officers

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

Andrew H. Banoff
Richard D. Becker
Russell Beitman (**Treasurer**)
Carl Bennett
Robert Berkowitz
Eliot Black
Muriel Brown
Sanford Buchsbaum
Joel Coleman
Richard J. Dubow
Dorothy N. Freedman
Roy Friedman
Roslyn Goldstein
Susan Greenwald
Michael Guthman
Bunny Kasper (**Secretary**)
Mark A. Lapine
Linda Lazinger

Renee Manger
Michael Marcus
Larry Merriam
Hon. Alan H. Nevas
Janet Nevas
Alan Phillips
Jeff Radler (**Chairperson**)
Hal Rosnick
Richard Seclow
Jeffrey J. Siegel
William Sims
Leonard Srebnick
James Sugarman
Milton Sutin
John Vaccaro
Kenneth I. Wirfel (**Vice Chairperson**)
Martin F. Wolf

Prior Experience

The Provider has extensive prior experience providing services to the elderly across the continuum of care. In particular, the Provider operates a 360-bed Skilled Nursing Facility, inpatient and outpatient rehabilitation services, home care, companions, hospice and other community services, including adult day care, geriatric assessment, physician services, etc.

Program Implementation

Program Consultant

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

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

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

Management

The Provider will manage the CCAH Program. The Provider's management team consists of Andrew H. Banoff, President and Chief Executive Officer; Larry Condon, Senior Vice President, Administrator; Roger Sliby, Vice President of Finance and Chief Financial Officer; Linda Ciszkowski, Vice President & Chief Administrative Officer; Marge Nicolia, Vice President Nursing Services, and Julia Portale, Vice President of Community Services.

Right to Rescission

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

The Application Process

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

- A. Age. The CCAH Program is intended for and restricted to persons 62 years of age or older.
- B. Personal Interview. A prospective Member must have a personal interview with a representative from the Provider. The Provider may request additional interviews upon review of all information submitted with the application.
- C. Confidential Data Application and Personal Health History. The prospective Member must submit for approval by Administration, a Confidential Data Application and a Personal Health History, all on forms furnished by the Provider.
- D. Financial Requirements. The prospective Member must have assets and income sufficient under foreseeable circumstances to meet the prospective Member's financial obligations under the CCAH Program and to meet the prospective Member's ordinary living expenses. The Provider may require the prospective Member to furnish additional, current financial information as may be needed.
- E. Health Requirements. The prospective Member must submit a report of a physical examination of the prospective Member performed by the prospective Member's physician. The Provider may require the prospective Member to have another physical examination by its Medical Director or by another physician approved by the Provider. The prospective Member shall be responsible for the costs of physical examinations performed for purposes of the application.
- F. Notification. The Provider will review the Confidential Data Application and Personal Health History and the results of the personal interview and will notify the

prospective Member once a decision has been made on whether the prospective Member is eligible to participate in the CCAH Program.

- G. Application Fee. The Provider will charge a \$250 non-refundable application fee to cover the administrative costs involved in processing the Member's application.

Termination

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

Spouses and Multiple Household Members

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

Financial Hardship

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

Tax Consequences

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

Financial Information

Membership Fees

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

CCAHA Projected Income Statements

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

Financial Statements of The Jewish Home of Fairfield County

The latest available audited annual financial statements for The Jewish Home for the Elderly of Fairfield, Inc. are attached as Exhibit IV along with the audited financial statements for the prior three years.

Prepaid Obligations, Actuarial Value

Provider, through the execution of Member Agreements for the CCAH Program, will incur prepaid health obligations for its Members. The actuarial present value of Member prepaid health obligations is \$0 based on a study conducted by CCRC Actuaries. The Provider will review and update prepaid health obligations on an annual basis.

Reserve Funding

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

DOCUMENTS FILED WITH THE CONNECTICUT DEPARTMENT OF SOCIAL SERVICES

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

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

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

EXHIBIT I

THE CONTINUING CARE AT HOME PROGRAM

SENIOR CHOICE AT HOME®

SPONSORED BY

THE JEWISH HOME OF FAIRFIELD COUNTY

MEMBER AGREEMENT

THE CONTINUING CARE AT HOME PROGRAM

SENIOR CHOICE AT HOME®

SPONSORED BY

THE JEWISH HOME OF FAIRFIELD COUNTY

Member Agreement

THIS SENIOR CHOICE AT HOME® MEMBER AGREEMENT (“Agreement”) is made this _____ day of _____ 201 ____, between The Jewish Home for the Elderly of Fairfield County, Inc. d/b/a The Jewish Home of Fairfield County, a Connecticut not-for-profit Corporation, hereinafter, called the “Provider,” and _____, hereinafter called “Member.”

Recitals:

Provider is the owner of a 15-acre health care complex known as The Jewish Home of Fairfield County (“the Community”), located at 175 Jefferson Street in Fairfield, Connecticut. Provider has established and wishes to offer to Member “Senior Choice at Home®,” a Continuing Care at Home Program (“CCAH Program”) that allows a Member to remain in his/her private residence while enjoying the traditional benefits of a Continuing Care Retirement Facility. The goal of the CCAH Program is to allow Member to continue an independent lifestyle and to provide the peace of mind associated with knowing that certain additional attention and care is available if ever needed. Provider plans to develop a Continuing Care Retirement Facility in the future and also wishes to offer the choice of moving to that Facility at a later date if the Member so desires;

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

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

NOW, THEREFORE, Provider and Member agree as follows:

I. DEFINITIONS

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

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

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

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

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

Care Coordination Team means the persons appointed by Provider for Member, comprised of the Director of Care Coordination (or his/her designee), a representative of administration, and, in the case of medical and health care Services, the Plan's Medical Director (or his/her designee) and other clinical professionals as deemed appropriate, in consultation with the Member and/or Member's designee. The Provider, in its sole discretion, may change from time to time, both in terms of titles and personnel.

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

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

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

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

Designated Service Area means Provider's area of coverage for Services (currently Fairfield and New Haven Counties), as defined by Provider. The Designated Service Area may be altered from time to time at the sole discretion of Provider. No change in the Designated Service Area by Provider will adversely affect this Agreement as long as Member does not relocate out of the Designated Service Area existing as of the date of the Member's execution of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Plan means the CCAH Program Plan selected by Member.

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

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

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

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

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

II. ACCOMMODATIONS AND SERVICES

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

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

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

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

frequent basis. Provider does not represent that it will undertake steps necessary to effectuate any of recommendations that may result from its Home Site inspection. Implementation of any recommended changes or corrections and payment of any costs involved are the sole responsibility of Member.

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

- D. Care Coordination. Provider shall assign a Care Coordinator to Member. The Care Coordination Team, in consultation with Member and/or Member's Designated Representative, shall prepare a care plan to meet Member's particular needs from time to time during the term of the Agreement. The Care Coordination Team will make all decisions involving Member's participation in various medical and health care Services or permanent transfer from the Home Site to Facility Based Services following consultation with Member or Member's Designated Representative.

- E. Home Site Service. Consistent with the benefit level and required co-payments for the Plan selected by Member, Provider shall provide Home Site Services, as Determined To Be Appropriate by the Care Coordination Team. Member must exhibit at least one or more ADL Deficiencies to be eligible for the following Home Site Services, and Member must use a Plan Approved Provider to be eligible for coverage. Provider may require an examination by its Medical Director (or his/her designee) to determine eligibility for Services:
 - 1. **SKILLED HOME HEALTH CARE**
Provider will provide non-Medicare covered skilled Home Health Care Services, including personal care provided by a Home Health Aide as Determined To Be Appropriate by the Care Coordination Team.

 - 2. **HOMEMAKER SERVICES**
Provider will provide Homemaker Services as Determined To Be Appropriate by the Care Coordination Team.

 - 3. **COMPANION SERVICES**
Provider will provide Companion Services as Determined To Be Appropriate by the Care Coordination Team.

 - 4. **EMERGENCY RESPONSE SYSTEM**
If Determined To Be Appropriate by the Care Coordination Team and agreed to by the Member or Member's Designated Representative, Provider will provide an Emergency Response System.

5. MEALS
If Determined To Be Appropriate by the Care Coordination Team, Provider will provide a maximum of two meals per day to be delivered to the Home Site.
6. ADULT DAY CARE
Provider will provide Adult Day Care Services as Determined To Be Appropriate by the Care Coordination Team.

F. Facility Based Services

1. When Determined To Be Appropriate by the Care Coordination Team and prescribed by a physician, Provider will provide or cause to be provided, Facility Based Services, including Assisted Living in a private accommodation and Nursing Home Services in a semi-private accommodation. Provider may require an examination of Member by its Medical Director (or his/her designee) to determine eligibility for Facility Based Services.
2. ASSISTED LIVING AND NURSING HOME SERVICES
As Determined To Be Appropriate by the Care Coordination Team, Facility Based Services will be provided either in the Community's Skilled Nursing Home or in similar Plan Participating Facilities approved by Provider. Provider will not be responsible for any ancillary charges such as laundry, prescription drugs, medical supplies, telephone, or television. Such charges shall be Member's sole responsibility.

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

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

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

J. Transportation Services. If Member is unable to drive or instructed by his/her physician not to drive, Provider will provide transportation to and from medically necessary

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

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

III. FEES, TERMS AND CONDITIONS

- A. Membership Fee. Member agrees to pay the Provider a nontransferable, non-interest bearing Membership Fee of \$ _____ upon signing this Agreement as a condition of becoming a Member participant in the CCAH Program. The Membership Fee is a one-time fee and shall not be increased or changed during the duration of this Agreement. This Membership Fee is in payment for the _____ **PLAN.**
- B. Monthly Service Fee. In addition to the Membership Fee, Member agrees to pay a Monthly Service Fee for the term of this Agreement which shall be payable in advance by the 1st day of each month. As of the date of this Agreement, the Monthly Service Fee associated with the _____ **PLAN** will be \$ _____ per month. Provider may adjust the Monthly Service Fee during the term of this Agreement as described in Paragraph III. C. below.

- C. Adjustments in the Monthly Service Fee. Provider charges a Monthly Service Fee in order to provide the programs and services described in this Agreement and to cover the costs of debt service, insurance, maintenance, depreciation, administration, staffing, and other expenses associated with the operation and management of the CCAH Program. Provider shall have the authority to adjust the Monthly Service Fee from time to time during the term of this Agreement as Provider deems necessary in order to reflect changes in costs of providing the facilities, programs and services described herein consistent with operating on a sound financial basis and maintaining the quality of services. The Provider will make any such increases in the Monthly Service Fee or other charges upon sixty (60) days prior written notice to Member.
- D. Additional Service Fees. Provider may charge additional service fees to cover costs of programs and services that are not included in the Monthly Service Fee, as approved or requested by Member.
- E. Monthly Statements. Provider will furnish Member with monthly statements for payment of the Monthly Service Fee and Additional Service Fees owed by Member. Member shall pay all fees reflected on the monthly statement by the 10th day of the month. Provider may charge interest at a rate of One and One-half Percent (1.5%) per month on any unpaid balance owed by Member thirty (30) days after the monthly statement is furnished. In the event Member does not make payment on a timely basis, Member agrees to pay all costs and attorney fees, if any, in the collection of such indebtedness.
- F. Care in Other Facilities. Should Member need a level of care beyond that which the Community is licensed to provide (i.e., Acute Care or Psychiatric Hospital, etc.) or beyond Services covered under this Agreement and Member requires transfer to another facility, all expenses that will result from such transfer and care shall be borne entirely by Member.
- G. Care in Other Assisted Living or Nursing Home Facilities. Should Member be transferred to an Assisted Living Facility, or transferred to another Nursing Home Facility because an appropriate bed is not available in the Community's Nursing Home Facility, Member will continue to pay the Monthly Service Fee. Provider will be responsible for charges incurred at the other facility for the level of services defined within this Agreement.
- H. Third Party Reimbursement. The Provider reserves the right to bill Medicare and other third party payers such as insurance and long-term care insurance companies. Member shall be responsible for all fees and charges incurred while this Agreement remains in force and Member will pay any disputed or denied claims within ninety (90) days.
- I. New Spouse/Partner. In the event Member is or becomes single and then desires to get married or have a partner live with Member at the Home Site, Member may do so.

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

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

IV. AGREEMENT REQUIREMENTS AND PROCEDURES

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

- A. Condition of Membership in CCAH Program. The CCAH Program is available to persons who are 62 years of age or older and who meet all eligibility requirements established by Provider. Through the application process, Member submitted a Confidential Data Application and Personal Health History, as well as other information required by Provider, participated in one or more interviews with Provider and arranged for Member's physician to furnish a physical examination report to Provider. As a condition of membership in the CCAH Program, Member must continue to meet all eligibility requirements established by Provider, including but not limited to financial qualifications and qualifications to ensure that Provider can accommodate Member's health needs through the CCAH Program. Member agrees to provide such additional information that Provider may require from time to time to supplement the Confidential Data Application, Personal Health History and other information provided in the application.
- B. Representations. Member's application, including the Confidential Data Application and Personal Health History, is incorporated by reference into this Agreement. Member affirms that the representations made in the application, including the Confidential Data Application and Personal Health History, are true and correct as of the date made and that there have been no material changes in the information provided since such date. Member understands that any material misstatements or omissions may result in termination of this Agreement.
- C. Medical Insurance. Member shall procure and maintain in force, at Member's own expense, maximum coverage available to Member under any applicable program of Federal Social Security, commonly known as Medicare A and B (basic and supplemental coverage), if eligible, or under similar programs as may be offered in the future and at least one Medicare supplemental health insurance commonly called ("MediGap") policy satisfactory to Provider. If Member is not eligible for Medicare A and B, Member will be required to obtain a health insurance policy equivalent to Medicare (both A and B) and at least one other Medicare supplementary health insurance (commonly called "MediGap") policy, both satisfactory to the Provider. Member must also procure and maintain maximum coverage under Medicare Part D. If Member is not eligible to participate in Medicare Part D, Member agrees to maintain a health insurance policy that provides creditable prescription drug coverage. If Member fails or neglects to arrange for such medical insurance coverage, Provider, in Provider's sole discretion, may terminate this Agreement. Alternatively, Provider may, in Provider's sole discretion, make application on Member's behalf, pay Member's premium for the insurance and bill the costs to Member on the Monthly Service Fee statement. Member is responsible for procuring as well as maintaining such medical insurance coverage and Provider,

while authorized to do so, shall have no obligation to do so. Should Member incur a medical expense during a period of time for which such medical insurance was required by Provider but was not procured and/or maintained either by Member or by Provider, Member shall be responsible for any portion of such expense that would have been covered had such a medical insurance policy been procured and maintained. All changes in information regarding Member's insurance coverage whether adding or canceling a policy, must be submitted in writing to Provider within ten (10) calendar days.

- D. Transfer of Property. Member agrees not to make any gift or other transfer of assets for less than adequate consideration if such gift or other transfer is made for the purpose of avoiding Member's obligations under this Agreement, or if such gift or transfer would render Member unable to meet Member's financial obligations under this Agreement.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE

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

Agreement pertaining to such Home Site will terminate unless separate arrangements are made between the parties.

VI. TERMINATION AND REFUND PROVISIONS

- A. Member's Termination of Agreement During Thirty (30) Day Rescission Period. Member shall have the right to rescind this Agreement within thirty (30) days of the Effective Date ("Rescission Period"). If Member wishes to terminate this Agreement within the Rescission Period, Member must notify Provider in writing by registered or certified mail within such Rescission Period of Member's decision to rescind the Agreement. In the event of such rescission, Provider shall refund all money transferred by Member to Provider less the application fee within thirty (30) days of receipt by Provider of the notice of termination. Member, or Member's Designated Representative, must sign a receipt supplied by Provider, releasing Provider from any and all further obligations before a refund can be issued.
- B. Member's Voluntary Termination After Effective Date. At any time after the Rescission Period, Member may terminate this Agreement for any reason by giving the Provider at least thirty (30) days prior written notice of such termination. If a refund is due to Member, Provider will make the refund in accordance with subsections E and F of this Paragraph.
- C. Termination Upon Member's Death After Commencement of CCAH Program Services. In the event that Member dies at any time after commencement of CCAH Program Services, this Agreement shall terminate automatically; and any Refund due consistent with Paragraph E and F, below shall be payable to the Member's Estate.
- D. Termination by the Provider. Provider may terminate this Agreement at any time for any cause that Provider, in its discretion, deems good and sufficient. Good or sufficient cause shall include, but is not limited to the following: (1) there has been a material misrepresentation or omission made by Member in Member's Confidential Data Application or Personal Health History forms; (2) Member fails to make payment to Provider of any fees or charges due to Provider within sixty (60) days of the date when due; (3) Member permanently relocates outside the Designated Service Area or enters a continuing care retirement community at the residential level; or (4) Member breaches any of the terms and conditions of this Agreement. If a refund is due to Member following such termination, Provider will make the refund in accordance with subsection E and F, of this Paragraph.
- E. Refund. If this Agreement is terminated under Paragraph VI. B, C or D above, during the first forty-eight (48) months following the Effective Date, Provider will pay Member a refund, less an administration fee equal to four percent (4%) of the Membership Fee and less two percent (2%) of the Membership Fee for each month (full or partial without prorating) of Membership. If, however, the Member has transferred into Assisted Living or a Nursing Home Facility, the Refund will be reduced by four percent (4%) per

month. If either party terminates this Agreement after forty-eight (48) months following the Effective Date, Member will not be entitled to any refund of the Membership Fee.

- F. Right of Set-Off; Other Rights. Provider will have the right to set-off against any refund payable to Member or Member's estate under Paragraph VI. E above, any accrued Monthly Service Fees that may have been deferred, any fees or amounts payable to Provider under this Agreement and under any other Agreement between Member and Provider or any affiliate of Provider and any costs or expenses that might be due, payable or incurred by Member due to Member's violation of this Agreement.

VII. GENERAL

- A. Assignment. The rights and privileges of Member under this Agreement to the facilities, services, and programs of Provider are personal to Member and may not be transferred or assigned by Member. Provider reserves the right to assign this Agreement in the event of a corporate reorganization, sale or other event requiring assignment.
- B. Provider's Rights of Management. The absolute rights of management are reserved by Provider, its Board of Trustees and its administrators. Provider reserves the right to accept or reject any person for Membership. Members do not have the right to determine admissions or terms of admission of any other Member.
- C. Entire Agreement. This Agreement, including all exhibits, constitutes the entire Agreement between Provider and Member. Provider shall not be liable for or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent Provider, unless such statements, representations or promises are set forth in this Agreement. Any modification or amendment to this Agreement must be in writing and signed by Provider and Member.
- D. Successors and Assigns. This Agreement shall bind and inure to the benefit of Member's heirs, executors and administrators only in accordance with its terms.
- E. Indemnification by Member. Member will indemnify, protect and hold harmless Provider from any loss, damage, injury, or expense incurred by Provider, its directors, officers, employees, agents or contractors as a result of any negligent or willful acts of Member or Member's invitees or guests. Member may wish to obtain insurance to cover this obligation.
- F. Right of Entry. Member authorizes employees and agents of Provider to enter the Home Site for the purpose of providing services, inspection, and in the event of perceived medical or other emergency.
- G. Subordination. Member will not be liable for any indebtedness of Provider. Member agrees, however, that, except as provided under applicable law, Member's rights under

this Agreement are subordinate and inferior to all bond indentures, mortgages or other documents creating liens encumbering real or personal property of Provider.

- H. Right to Confidentiality. Except as may be required by law or by the order of court, Provider will hold all medical records and other information concerning Member's health condition confidential and will not disclose such information or records except for purposes of treatment, payment or Provider's health care operations. Member agrees that Provider may provide protected health information to health care professionals, third-party payers and others that have a need, in Provider's judgment, or right to know such information under applicable federal or state laws. In addition, Provider will hold Member's Confidential Financial Statement and associated materials confidential. This right to confidentiality shall continue in effect upon termination of this Agreement.
- I. Rules Adopted by Provider. Provider reserves the right to adopt or amend policies, procedures and rules regarding membership consistent with the provisions of this Agreement, and Member agrees to observe such policies, procedures and rules.
- J. Required Notice of Relocation from Home Site. Member shall not relocate from the Home Site without notifying Provider in writing. Provider has the right to do a functional Home Site Inspection. Member understands that Provider has the right to terminate the Agreement upon Member's relocation outside the Designated Service Area or entrance into a continuing care retirement Provider (CCRC) at the independent level.
- K. Power of Attorney and Designation of Health Care Representative. Member agrees to execute and maintain in effect a Durable Power of Attorney and Designation of Health Care Representative valid under Connecticut law. This Power of Attorney shall designate as Member's attorney-in-fact, a bank, lawyer, relative, or other responsible person or persons of Member's choice, to act for Member in managing Member's financial affairs, and filing for insurance and other benefits as fully and completely as Member would if acting personally. The Designation of Health Care Representative shall designate a family member or other representative to serve as Member's Designated Representative to make health care decisions on Member's behalf in the event of incapacity. The Durable Power of Attorney and Designation of Health Care Representative each shall be in a form that survives Member's incapacity or disability, and be otherwise satisfactory to Provider.
- L. Governing Laws. The laws of the State of Connecticut shall govern this Agreement.
- M. Partial Illegality. The invalidity of any restriction, condition or other provision of this Agreement or any part of the same, shall not impair or affect in any way the validity or enforceability of or otherwise affect the rest of this Agreement, and the Agreement shall be valid and enforced to the fullest extent permitted by law.

N. Appeal Process. For purposes of this subsection, absent unusual circumstances, “prompt” or “promptly” shall mean no more than seven (7) days from the date Member or Provider is informed in writing of the decision related to appeal.

1. MEMBER’S RIGHT TO APPEAL

Member has the right to appeal decisions in connection with Section II. Accommodations and Services and Section V. Transfers or Changes in Levels of Care.

2. WHO MAY APPEAL

Member or Member’s Designated Representative has the right to appeal. The family of a Member may advocate for or may encourage Member to appeal, but cannot themselves appeal, except in the case where the family member has been appointed Member’s Designated Representative and Member is deemed incapacitated. The Care Coordinator may act as an advocate for Member or may facilitate the appeal, but cannot appeal him/herself.

3. APPEAL PROCESS - LEVEL I

- a. Care Coordinator shall record all requests for appeal.
- b. Member shall promptly initiate appeal procedures by (1) telephoning Member’s Care Coordinator; or (2) informing Provider, in writing, of his/her desire to appeal.
- c. Director of Care Coordination shall perform a prompt, independent review of the case, and shall notify Member of review decision promptly thereafter.

4. APPEAL PROCESS - LEVEL II

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

5. APPEAL PROCESS - LEVEL III

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

6. NO FURTHER APPEAL

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

O. Arbitration. Any dispute, claim or controversy of any kind between the parties, arising out of, or in connection with, this Agreement or any amendment thereto, or the breach

hereof, shall be submitted to and determined by arbitration in Fairfield, Connecticut in accordance with the commercial arbitration rules of the American Arbitration Association. Both parties shall be bound by the decision of the arbitrator, and judgment upon such disposition may be entered in any state or federal court having jurisdiction over the matter unless the arbitration is fraudulent or so grossly erroneous as to necessarily imply bad faith. If the parties are unable to agree in good faith and within a reasonable time on the selection of an arbitrator, either party may request appointment of an arbitrator by the American Arbitration Association. The parties shall make a reasonable attempt to select an arbitrator with experience in retirement communities, long-term care or health care operations generally. Costs of arbitration shall be shared by both parties equally.

P. Statement of Nondiscrimination. Provider complies with all applicable federal and state laws that prohibit discrimination based on race, color, sex, religious beliefs, national origin, sexual orientation, veteran's status, and other protected classes of persons.

Q. Member acknowledges receipt of a *Disclosure Statement* not more than sixty (60) nor less than ten (10) days before signing this Agreement.

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

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

**THE JEWISH HOME FOR THE ELDERLY OF
FAIRFIELD COUNTY, INC.**

WITNESS:

Print Name: _____

By:

President & CEO or Authorized Representative

WITNESS:

MEMBER

Print Name: _____

Print Name: _____

Current Address: Street

City, State, Zip Code

Telephone Number

EXHIBIT II
PLAN OPTIONS AND MEMBERSHIP/MONTHLY FEES
(Effective through March 31, 2015)

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

All Inclusive

Age	Single		Couple	
	Membership Fee	Monthly Fee	Membership Fee **	Monthly Fee**
62	\$ 35,457	\$ 500	\$ 34,000	\$ 485
63	\$ 36,628	\$ 500	\$ 35,112	\$ 485
64	\$ 37,799	\$ 500	\$ 36,224	\$ 485
65	\$ 38,970	\$ 500	\$ 37,337	\$ 485
66	\$ 39,901	\$ 500	\$ 38,221	\$ 485
67	\$ 40,833	\$ 500	\$ 39,106	\$ 485
68	\$ 41,765	\$ 500	\$ 39,991	\$ 485
69	\$ 42,696	\$ 500	\$ 40,877	\$ 485
70	\$ 43,575	\$ 500	\$ 41,761	\$ 485
71	\$ 44,389	\$ 500	\$ 42,484	\$ 485
72	\$ 45,150	\$ 500	\$ 43,208	\$ 485
73	\$ 45,912	\$ 500	\$ 43,931	\$ 485
74	\$ 46,674	\$ 500	\$ 44,654	\$ 485
75	\$ 47,435	\$ 500	\$ 45,378	\$ 485
76	\$ 48,133	\$ 500	\$ 46,041	\$ 485
77	\$ 48,831	\$ 500	\$ 46,705	\$ 485
78	\$ 49,531	\$ 500	\$ 47,369	\$ 485
79	\$ 50,229	\$ 500	\$ 48,032	\$ 485
80	\$ 50,927	\$ 500	\$ 48,696	\$ 485
81	\$ 51,863	\$ 500	\$ 49,584	\$ 485
82	\$ 52,798	\$ 500	\$ 50,474	\$ 485
83	\$ 53,734	\$ 500	\$ 51,362	\$ 485
84	\$ 54,669	\$ 500	\$ 52,250	\$ 485
85	\$ 55,605	\$ 500	\$ 53,139	\$ 485
86	\$ 56,922	\$ 500	\$ 54,391	\$ 485
87	\$ 58,239	\$ 500	\$ 55,643	\$ 485
88	\$ 59,556	\$ 500	\$ 56,893	\$ 485
89	\$ 60,874	\$ 500	\$ 58,145	\$ 485
90	\$ 62,192	\$ 500	\$ 59,396	\$ 485
91	\$ 63,339	\$ 500	\$ 60,486	\$ 485
92	\$ 64,486	\$ 500	\$ 61,577	\$ 485
93	\$ 65,633	\$ 500	\$ 62,667	\$ 485
94	\$ 66,781	\$ 500	\$ 63,757	\$ 485
95	\$ 67,929	\$ 500	\$ 64,847	\$ 485

***Note that "Couple Fees" are per member of the couple*

Updated 10/1/2013

Security

Age	Single		Couple	
	Membership Fee	Monthly Fee	Membership Fee **	Monthly Fee**
62	\$ 27,453	\$ 440	\$ 26,396	\$ 427
63	\$ 28,348	\$ 440	\$ 27,245	\$ 427
64	\$ 29,241	\$ 440	\$ 28,095	\$ 427
65	\$ 30,135	\$ 440	\$ 28,943	\$ 427
66	\$ 30,851	\$ 440	\$ 29,624	\$ 427
67	\$ 31,567	\$ 440	\$ 30,304	\$ 427
68	\$ 32,283	\$ 440	\$ 30,984	\$ 427
69	\$ 32,999	\$ 440	\$ 31,665	\$ 427
70	\$ 33,716	\$ 440	\$ 32,344	\$ 427
71	\$ 34,304	\$ 440	\$ 32,904	\$ 427
72	\$ 34,892	\$ 440	\$ 33,462	\$ 427
73	\$ 35,481	\$ 440	\$ 34,021	\$ 427
74	\$ 36,069	\$ 440	\$ 34,580	\$ 427
75	\$ 36,657	\$ 440	\$ 35,139	\$ 427
76	\$ 37,194	\$ 440	\$ 35,649	\$ 427
77	\$ 37,731	\$ 440	\$ 36,159	\$ 427
78	\$ 38,267	\$ 440	\$ 36,669	\$ 427
79	\$ 38,805	\$ 440	\$ 37,179	\$ 427
80	\$ 39,341	\$ 440	\$ 37,689	\$ 427
81	\$ 40,049	\$ 440	\$ 38,362	\$ 427
82	\$ 40,758	\$ 440	\$ 39,035	\$ 427
83	\$ 41,466	\$ 440	\$ 39,707	\$ 427
84	\$ 42,173	\$ 440	\$ 40,380	\$ 427
85	\$ 42,882	\$ 440	\$ 41,053	\$ 427
86	\$ 43,867	\$ 440	\$ 41,988	\$ 427
87	\$ 44,852	\$ 440	\$ 42,924	\$ 427
88	\$ 45,836	\$ 440	\$ 43,860	\$ 427
89	\$ 46,821	\$ 440	\$ 44,795	\$ 427
90	\$ 47,805	\$ 440	\$ 45,731	\$ 427
91	\$ 48,660	\$ 440	\$ 46,542	\$ 427
92	\$ 49,515	\$ 440	\$ 47,354	\$ 427
93	\$ 50,370	\$ 440	\$ 48,166	\$ 427
94	\$ 51,224	\$ 440	\$ 48,977	\$ 427
95	\$ 52,079	\$ 440	\$ 49,790	\$ 427

**Note that "Couple Fees" are per member of the couple

Updated 10/1/2013

Co-Pay

Age	Single Membership Fee	Single Monthly Fee	Couple Membership Fee **	Couple Monthly Fee**
62	\$ 20,391	\$ 375	\$ 19,686	\$ 364
63	\$ 20,986	\$ 375	\$ 20,252	\$ 364
64	\$ 21,582	\$ 375	\$ 20,818	\$ 364
65	\$ 22,177	\$ 375	\$ 21,383	\$ 364
66	\$ 22,655	\$ 375	\$ 21,837	\$ 364
67	\$ 23,132	\$ 375	\$ 22,289	\$ 364
68	\$ 23,608	\$ 375	\$ 22,743	\$ 364
69	\$ 24,085	\$ 375	\$ 23,196	\$ 364
70	\$ 24,562	\$ 375	\$ 23,649	\$ 364
71	\$ 24,952	\$ 375	\$ 24,020	\$ 364
72	\$ 25,343	\$ 375	\$ 24,392	\$ 364
73	\$ 25,734	\$ 375	\$ 24,762	\$ 364
74	\$ 26,125	\$ 375	\$ 25,134	\$ 364
75	\$ 26,516	\$ 375	\$ 25,505	\$ 364
76	\$ 26,867	\$ 375	\$ 25,838	\$ 364
77	\$ 27,219	\$ 375	\$ 26,173	\$ 364
78	\$ 27,571	\$ 375	\$ 26,507	\$ 364
79	\$ 27,923	\$ 375	\$ 26,842	\$ 364
80	\$ 28,275	\$ 375	\$ 27,176	\$ 364
81	\$ 28,735	\$ 375	\$ 27,614	\$ 364
82	\$ 29,195	\$ 375	\$ 28,051	\$ 364
83	\$ 29,656	\$ 375	\$ 28,489	\$ 364
84	\$ 30,116	\$ 375	\$ 28,925	\$ 364
85	\$ 30,577	\$ 375	\$ 29,363	\$ 364
86	\$ 31,037	\$ 375	\$ 29,800	\$ 364
87	\$ 31,498	\$ 375	\$ 30,238	\$ 364
88	\$ 31,958	\$ 375	\$ 30,675	\$ 364
89	\$ 32,419	\$ 375	\$ 31,113	\$ 364
90	\$ 33,761	\$ 375	\$ 32,387	\$ 364
91	\$ 34,221	\$ 375	\$ 32,824	\$ 364
92	\$ 34,680	\$ 375	\$ 33,262	\$ 364
93	\$ 35,141	\$ 375	\$ 33,700	\$ 364
94	\$ 35,601	\$ 375	\$ 34,137	\$ 364
95	\$ 36,511	\$ 375	\$ 35,000	\$ 364

***Note that "Couple Fees" are per member of the couple*

Updated 10/1/2013

EXHIBIT III

CCAH PROGRAM PROJECTED INCOME STATEMENTS

Senior Choice at Home
Projected Income Statement

FISCAL YEAR	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenue: (in thousands)					
Earned Membership Fees	\$93	\$180	\$308	\$484	\$623
Monthly Fees	282	418	580	743	879
Other Revenue - Application Fees	5	7	10	13	16
Total Revenues	\$380	\$425	\$591	\$756	\$894
Expenses: (in thousands)					
Salaries & Benefits	\$179	\$182	\$236	\$241	\$246
Marketing	124	130	137	144	151
General & Administrative	110	116	122	128	134
Medical Transportation	0	1	1	2	3
Assisted Living	0	0	6	9	12
Companion Services	5	5	7	9	11
Live-In Companion	0	5	7	9	11
Emergency Response System	8	12	16	21	25
Total Expenses	\$426	\$451	\$532	\$562	\$592
Net Income	(\$46)	(\$26)	\$59	\$194	\$303
Average Population	52	77	107	137	162

EXHIBIT IV

THE JEWISH HOME FINANCIAL STATEMENTS

**JEWISH HOME FOR THE ELDERLY
OF FAIRFIELD COUNTY, INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.

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BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Directors
Jewish Home for the Elderly of Fairfield County, Inc.

We have audited the accompanying statements of financial position of Jewish Home for the Elderly of Fairfield County, Inc., as of September 30, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Home's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Home for the Elderly of Fairfield County, Inc., as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 23, 2013

JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Resident care and services (Note 2)	\$ 40,592,193	\$ 38,751,762
Community services (Note 2)	5,164,054	4,356,070
Other income	1,540,663	1,318,738
Total operating revenues	<u>47,296,910</u>	<u>44,426,570</u>
Operating Expenses		
Salaries and benefits	33,375,756	32,222,685
Food, medical supplies and other resident services	4,949,049	4,202,411
Occupancy and insurance	2,571,624	2,526,743
Other administrative	5,883,714	4,102,540
Depreciation	1,437,773	1,541,274
Interest and amortization	237,352	269,991
Total operating expenses (Note 11)	<u>48,455,268</u>	<u>44,865,644</u>
Excess of Expenses over Revenues	(1,158,358)	(439,074)
Contributions from Foundation and Auxiliary Organizations (Note 10)	1,428,504	1,942,473
Increase (Decrease) in Beneficial Interest in Unrestricted Net Assets of Foundation and Auxiliary Organizations (Note 9)	(202,790)	493,553
Community Contributions (Federation)	<u>59,000</u>	<u>60,600</u>
Increase in Unrestricted Net Assets Before Other Changes	126,356	2,057,552
Other Changes in Unrestricted Net Assets		
Change in pension liability (Note 7)	<u>122,400</u>	<u>(387,267)</u>
Increase in Unrestricted Net Assets	248,756	1,670,285

(Continued on next page)

JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Temporarily Restricted Net Assets		
Decrease in beneficial interest in temporarily restricted net assets of Foundation and Auxiliary organizations (Note 9)	\$ (52,627)	\$ (1,157,754)
Permanently Restricted Net Assets		
Increase (decrease) in beneficial interest in permanently restricted net assets of Foundation and Auxiliary organizations (Note 9)	<u>1,709,934</u>	<u>(694,629)</u>
Change in Net Assets	1,906,063	(182,098)
Net Assets - Beginning of Year	<u>25,537,977</u>	<u>25,720,075</u>
Net Assets - End of Year	<u>\$ 27,444,040</u>	<u>\$ 25,537,977</u>

The accompanying notes are an integral part of the financial statements

JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,906,063	\$ (182,098)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,437,773	1,541,274
Bad debt expense	1,395,849	503,024
Amortization of deferred finance costs	12,428	12,428
(Increase) decrease in beneficial interest in net assets of Foundation and Auxiliary organizations	(1,454,517)	1,358,830
(Increase) decrease in operating assets:		
Accounts receivable	(2,493,773)	(156,977)
Prepaid expenses and other assets	4,622	86,936
Agency assets - residents' trust funds	(5,568)	871
Cash value - life insurance and annuities	(3,660)	(24,192)
Increase (decrease) in operating liabilities:		
Accounts payable	617,564	(40,096)
Accrued taxes, expenses and other liabilities	423,411	67,477
Accrued pension cost	(249,538)	201,013
Agency liabilities - funds held for residents	5,568	(871)
Deferred revenue	200,279	299,812
Deferred compensation obligation	(84,309)	(84,309)
Net cash provided by operating activities	<u>1,712,192</u>	<u>3,583,122</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(1,473,528)</u>	<u>(1,503,220)</u>
Net cash used in investing activities	<u>(1,473,528)</u>	<u>(1,503,220)</u>
Cash Flows from Financing Activities		
Principal payments on notes payable and line of credit	(272,353)	(119,272)
(Increase) decrease in Foundation receivable, net	40,947	(92,831)
Net cash used in financing activities	<u>(231,406)</u>	<u>(212,103)</u>
Net Decrease in Cash and Cash Equivalents	7,258	1,867,799
Cash and Cash Equivalents - Beginning of Year	<u>2,595,644</u>	<u>727,845</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,602,902</u>	<u>\$ 2,595,644</u>
Cash Paid During the Year for Interest	224,925	257,564

The accompanying notes are an integral part of the financial statements

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

NOTE 1 - NATURE OF OPERATIONS

Jewish Home for the Elderly of Fairfield County, Inc. (the Home) is a nonstock corporation under Connecticut law and a not-for-profit health care facility that provides rest home and skilled nursing care, adult day care and nonmedical home care services to the aged and infirm. As of September 30, 2012, the Home is licensed for 360 skilled nursing beds. A substantial portion of the Home's revenue and related receivables is provided by Medicaid and Medicare programs.

The JHE Foundation, Inc. (the Foundation) and Auxiliaries are affiliated organizations that conduct fundraising activities for the benefit of the Home. The Foundation and Auxiliaries may make allocations to the Home at the discretion of their Boards.

The Home, the Foundation and Auxiliaries have a financial interrelationship. The Home reflects its beneficial interest in the net assets of the Foundation and Auxiliaries in its financial statements since the sole purpose of the Foundation and Auxiliaries is to raise support for the Home. Legally, the Home, the Foundation and Auxiliaries are separate entities and the Home can only obtain their net assets if approved by their respective Boards. The Home's beneficial interest in the Foundation and the Auxiliaries has been reflected in the accompanying statements of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Home, the accounts are maintained on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP), and, accordingly, the accounts are recorded in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets consist of net assets over which the governing Board has control to use in carrying out the operations of the Home in accordance with its charter and by-laws and are neither permanently nor temporarily restricted by donor-imposed restrictions.

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 endowment assets that have not been appropriated for expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets consist of net assets that have donor-imposed stipulations that do not expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Home. Such net assets are comprised of the Home's beneficial interest in the Foundation's endowments, the corpus of which must remain intact in perpetuity. Only the income from investment of these endowment funds can be expended either for general purposes or purposes specified by the donor.

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

NOTE 2 - 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of determination of bad debt allowance on accounts receivable, provisions for third-party payor settlements and actuarial assumptions used in determining the pension liability. It is management's opinion that the estimates applied in the accompanying financial statements are reasonable.

Cash and Cash Equivalents - Cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less. The Home maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Home'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 of \$1,450,631 and \$776,174 at September 30, 2012 and 2011, respectively, which is based on a review of significant balances and past experience.

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

Buildings and improvements	10-50 years
Furniture, fixtures and equipment	3-20 years
Computers and software	3-5 years
Vehicles	5 years

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

Deferred Revenue - Deferred revenue consists of revenue received in advance from private pay residents and for services in the Senior Choice Home and Adult Day Services programs.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Resident Care and Services Revenue - Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Rates charged for services rendered, other than private pay patients, are regulated by Medicaid, Medicare and other government programs.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided for in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Management believes that all applicable government reimbursement principles have been properly applied and that no material adjustments will occur as a result of an audit.

Patient Mix - Revenues per patient mix as of and for the years ended September 30, 2012 and 2011, was as follows:

	<u>As of September 30, 2012</u>	<u>As of September 30, 2011</u>	<u>For the Year Ended September 30, 2012</u>	<u>For the Year Ended September 30, 2011</u>
Medicaid	62%	64%	64%	70%
Medicare and managed care	14	14	14	12
Private*	24	22	22	18
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*including pending Medicaid patients

Average occupancy was 98% for each of the years ended September 30, 2012 and 2011.

Community Contributions - Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable.

Income Taxes - The Home is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes. The Home's tax returns for the years ended September 30, 2009 through 2012 are subject to examination by the Internal Revenue Service (IRS) and the State of Connecticut.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through January 23, 2013, which represents the date the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to the 2011 financial statements in order for them to be consistent with the current year presentation.

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

NOTE 3 - DEFERRED FINANCING COSTS

Deferred financing costs as of September 30, 2012 and 2011, represent costs incurred in connection with the commercial mortgage notes payable. These costs are being amortized over the life of the loans. Deferred financing costs as of September 30, 2012 and 2011, are reported net of accumulated amortization of \$97,224 and \$84,797, respectively.

Amortization expense for both of the years ended September 30, 2012 and 2011, of \$12,427 is included in interest and amortization in the accompanying statements of activities and changes in net assets. Expected amortization expense for September 30, 2013 is \$6,214.

NOTE 4 - DEFERRED COMPENSATION OBLIGATION

The Home's deferred compensation obligation is based on a discount rate of 6-1/2%, of payments to be made to the former President over a 15-year period, beginning in fiscal year 2009. As of September 30, 2012 and 2011, the obligation amounted to \$412,764 and \$497,073, respectively.

NOTE 5 - NOTES PAYABLE

Notes payable as of September 30, 2012 and 2011, consist of the following:

	<u>2012</u>	<u>2011</u>
First term loan in the amount of \$3,000,000, payable in monthly installments of \$19,225, including interest (4.0% and 5.24% as of September 30, 2012 and 2011) compounded monthly through December 2015, secured by the building and its related assets	\$ 2,615,868	\$ 2,776,493
Second term loan in an amount up to \$2,000,000, payable in monthly installments of \$11,881, including interest (4.0% and 5.24% as of September 30, 2012 and 2011) compounded monthly through February 2015, secured by the building and its related assets	1,828,185	1,939,913
	<u>4,444,053</u>	<u>4,716,406</u>
Less current portion	<u>195,041</u>	<u>125,067</u>
Total Notes Payable - Long Term	<u>\$ 4,249,012</u>	<u>\$ 4,591,339</u>

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

NOTE 5 - NOTES PAYABLE (Continued)

Future maturities for the note payable as of September 30, 2012 are as follows:

Year Ending September 30

2013	\$ 195,041
2014	203,100
2015	1,824,323
2016	<u>2,221,589</u>
	<u>\$ 4,444,053</u>

Revolving Line of Credit - The Home has an available bank line of credit of \$800,000 that expired March 31, 2012 with interest at 4%. The line of credit was renewed with interest at 4%, expiring February 28, 2013. There were no outstanding balances at September 30, 2012 and 2011.

NOTE 6 - LEASES

The Home leases property from One Post Road Fairfield, LLC, for its Adult Daycare and Outpatient Programs under an operating lease expiring August 31, 2019. Rent expense under this lease totaled \$358,816 and \$362,376 for the years ended September 30, 2012 and 2011, respectively.

The Home leases office equipment under operating leases that expire in 2017. Rental expense under these leases totaled \$50,548 and \$56,883 for the years ended September 30, 2012 and 2011, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows:

Year Ending September 30

2013	\$ 267,873
2014	268,488
2015	249,769
2016	241,643
2017	243,596
Thereafter	<u>494,554</u>
Total Minimum Lease Payments	<u>\$ 1,765,923</u>

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

NOTE 7 - BENEFIT PLANS

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

GAAP requires companies to record a liability on the statements of financial position for the underfunded portion of postretirement plans, defined as the amount by which the projected benefit obligation exceeds the fair value of plan assets.

The Home's funding policy is to make the minimum annual contributions required by applicable regulations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future.

The following table sets forth further information about the Home's defined benefit pension plan as of and for the years ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Funded status	\$ (1,542,894)	\$ (1,792,432)
Benefits paid	(703,490)	(751,163)
Employer contributions	372,000	396,217

Amounts recognized in the statements of financial position at September 30, 2012 and 2011, consist of the following:

	<u>2012</u>	<u>2011</u>
Pension Liability	\$ <u>(1,542,894)</u>	\$ <u>(1,792,432)</u>

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

	<u>2012</u>	<u>2011</u>
Net Loss	\$ <u>3,127,166</u>	\$ <u>3,249,566</u>

The accumulated benefit obligation was \$4,952,792 and \$5,086,880 at September 30, 2012 and 2011, respectively.

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

NOTE 7 - BENEFIT PLANS (Continued)

The following table details information for pension plans with an accumulated benefit obligation in excess of plan assets at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Projected benefit obligation	\$ 4,952,792	\$ 5,086,880
Accumulated benefit obligation	4,952,792	5,086,880
Fair value of plan assets	3,409,898	3,294,448

Other changes in plan assets and benefit obligations recognized in the statement of activities and changes in net assets consisted of the following for the years ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Net periodic benefit cost	\$ 244,862	\$ 209,963
Net loss	89,757	568,777
Amortization of net loss	<u>(212,157)</u>	<u>(181,510)</u>
Change in pension liability	<u>(122,400)</u>	<u>387,267</u>
Total Recognized in Net Periodic Benefit Cost (Salaries and Benefits) and Change in Pension Liability	\$ <u>122,462</u>	\$ <u>597,230</u>

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2013 has not yet been determined.

Assumptions used in determining the obligation and the net periodic costs of the defined benefit plan were as follows:

	<u>2012</u>	<u>2011</u>
Weighted-average assumptions:		
Discount rate as of end of year	6.00%	6.00%
Expected return on plan assets for the year	8.00%	8.00%

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

NOTE 7 - BENEFIT PLANS (Continued)

The Home's pension plan weighted-average asset allocations at September 30, 2012 and 2011, by asset category are as follows:

	2012	2011
Cash	11%	16%
Equity securities	7	31
Debt securities	81	41
Other	1	12
Total	100%	100%

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.

The Home's investment strategy is based on an expectation that equity securities and mutual funds will outperform debt securities over the long term. Accordingly, the composition of the Home's pension plan assets is broadly characterized as a 7%, 81%, 11% and 1% allocation between equity securities, debt securities, cash equivalents and other investments, respectively. The strategy utilizes actively managed U.S. equity securities and investment grade debt securities (which constitute 80% or more of debt securities) with lesser allocations to high-yield and international debt securities that are benchmarked against indices.

The Home attempts to mitigate investment risk by rebalancing between debt and equity classes as the Home's contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains or losses would not be realized unless the investments are sold.

Estimated Future Benefit Payments - The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2013	\$	358,954
2014		447,180
2015		503,931
2016		573,218
2017		638,573
2018-2022		1,387,021

Expected Cash Flow - The minimum funding requirement for fiscal 2012-13 is expected to be approximately \$250,000.

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

NOTE 7 - BENEFIT PLANS (Continued)

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 defined benefit plan 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.

The following tables set forth by level, within the fair value hierarchy, the Home's defined benefit plan assets at fair value as of September 30, 2012 and 2011:

Fair Value Measurements at September 30, 2012				
Asset Class	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 375,089	\$ 375,089	\$ -	\$ -
Equities - common stocks	238,693	238,693	-	-
Fixed income:				
Government	2,693,819	2,693,819	-	-
Corporate	68,198	-	68,198	-
Other	34,099	-	34,099	-
Total	\$ 3,409,898	\$ 3,307,601	\$ 102,297	\$ -

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

NOTE 7 - BENEFIT PLANS (Continued)

Fair Value Measurements at September 30, 2011				
Asset Class	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 527,112	\$ 527,112	\$ -	\$ -
Equities - common stocks	1,021,279	1,021,279	-	-
Fixed income:				
Government	1,186,001	1,186,001	-	-
Corporate	197,667	-	197,667	-
Other	362,389	-	362,389	-
	<u>\$ 3,294,448</u>	<u>\$ 2,734,392</u>	<u>\$ 560,056</u>	<u>\$ -</u>

Employee 401k Plan - The Home maintains a defined contribution plan. Employee contributions under the plan are determined by the participating employees, subject to certain IRS limitations, and the Home matches employee contributions at a rate of 50%, up to a maximum of 4% of compensation. The Home also offers a discretionary profit-sharing contribution. The Home's contribution expense totaled \$514,790 and \$268,863 for the years ended September 30, 2012 and 2011, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Home grants credit without collateral to its residents, most of whom are local residents, and some are funded under third-party payor agreements. The mix of gross receivables at September 30, 2012 and 2011, was as follows:

	2012	2011
Medicare	15%	17%
Medicaid	38	37
Private pay and other*	47	46
	<u>100%</u>	<u>100%</u>

*including pending Medicaid patients

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

NOTE 9 - NET ASSETS

In accordance with GAAP, the Home recognizes in its financial statements its financial interrelationship with the Foundation and Auxiliaries.

Summarized financial information of the Foundation and Auxiliaries at and for the years ended September 30, 2012 and 2011, was as follows:

	<u>2012</u>	<u>2011</u>
Total Assets	\$ 18,943,454	\$ 17,557,213
Total Liabilities	\$ 611,469	\$ 679,745
Net Assets:		
Unrestricted	\$ 1,367,127	\$ 1,569,917
Temporarily restricted	1,384,996	1,437,623
Permanently restricted	<u>15,579,862</u>	<u>13,869,928</u>
Total Net Assets	\$ <u>18,331,985</u>	\$ <u>16,877,468</u>
	<u>2012</u>	<u>2011</u>
Revenues, gains (losses) and support:		
Operating income	\$ 1,312,023	\$ 1,795,102
Investment gain (loss), net	2,564,427	(193,834)
Change in value of split-interest agreements	(42,709)	(25,399)
Other revenues	9,705	5,661
Total revenues, gains and support	<u>3,843,446</u>	<u>1,581,530</u>
Total expenses	<u>2,388,929</u>	<u>2,940,360</u>
Surplus (Deficit) of Revenues, Gains and Support over Expenses	\$ <u>1,454,517</u>	\$ <u>(1,358,830)</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

The Home is reimbursed annually for salaries and expenses, to the extent applicable, by the Foundation and the Auxiliaries. Reimbursements from the Foundation and Auxiliaries for the years ended September 30, 2012 and 2011, amounted to approximately \$283,000 and \$398,000, respectively.

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

NOTE 10 - RELATED PARTY TRANSACTIONS (Continued)

During the years ended September 30, 2012 and 2011, the Foundation and Auxiliary organizations made contributions to the Home of \$1,682,427 and \$2,219,899, respectively, of which \$194,923 and \$216,826, respectively, represent revenues related to the Elder Abuse Prevention Program and are included in other income on the statements of activities and changes in net assets.

The Home also receives a fee for providing billing services for Geriatric Professional Group, LLC (GPG), which provides physicians' services to residents of the Home. The Home had revenues from GPG of approximately \$43,000 and \$154,500 during the years ended September 30, 2012 and 2011, respectively. Amounts due to the Home from GPG at September 30, 2012 and 2011, are reflected in prepaid expenses and other assets in the accompanying statements of financial position and amounted to approximately \$650 and \$500, respectively.

NOTE 11 - CLASSIFICATION OF EXPENSES

The following schedule reflects the Home's classification of expenses by program for the years ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Resident care and services	\$ 36,013,321	\$ 34,476,867
Adult day care	1,044,867	1,201,417
Other community services	4,547,785	3,811,051
Management and general	<u>6,849,295</u>	<u>5,376,309</u>
Total Expenses	<u>\$ 48,455,268</u>	<u>\$ 44,865,644</u>

NOTE 12 - HEALTH CARE INDUSTRY

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Home is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

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

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Jewish Home for the Elderly of Fairfield County, Inc. d/b/a Jewish Senior Services, which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Jewish Home for the Elderly of Fairfield County, Inc. d/b/a Jewish Senior Services as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 22, 2014

JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

	2013	2012	
ASSETS			
Current Assets			
Cash and cash equivalents (Note 2)	\$ 3,376,643	\$ 2,602,902	
Accounts receivable, net (Notes 2, 8)	5,104,222	4,957,484	
Prepaid expenses and other assets	107,996	120,390	
Due from Foundation (Note 10)	249,626	195,335	
Agency assets - residents' trust funds (Note 2)	203,584	177,083	
Total current assets	<u>9,042,071</u>	<u>8,053,194</u>	
Property and Equipment			
Land	1,131,517	1,131,517	
Buildings and improvements	29,198,668	29,114,968	
Equipment	8,673,357	8,378,602	
Computers and software	1,384,789	1,702,202	
Vehicles	358,817	332,715	
Construction in process	3,543,429	1,183,122	
	<u>44,290,577</u>	<u>41,843,126</u>	
Less accumulated depreciation	<u>30,755,236</u>	<u>29,683,395</u>	
Property and equipment, net	<u>13,535,341</u>	<u>12,159,731</u>	
Other Assets			
Cash value - life insurance and annuities	745,005	703,832	
Deferred financing costs, net (Note 3)	-	6,214	
Beneficial interest in net assets of Foundation and Auxiliary organizations (Note 9)	23,140,047	18,331,985	
Total other assets	<u>23,885,052</u>	<u>19,042,031</u>	
Total Assets	<u>\$ 46,462,464</u>	<u>\$ 39,254,956</u>	
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 1,935,545	\$ 1,938,503	
Accrued taxes, expenses and other liabilities	2,839,947	2,437,963	
Current portion of deferred compensation obligation (Note 4)	84,309	84,309	
Deferred revenue (Note 2)	258,067	332,944	
Notes payable, current portion (Note 5)	214,926	195,041	
Agency liabilities - funds held for residents (Note 2)	203,584	177,083	
Total current liabilities	<u>5,536,378</u>	<u>5,165,843</u>	
Other Liabilities			
Notes payable, net of current portion (Note 5)	3,787,905	4,249,012	
Deferred revenue (Note 2)	951,193	524,712	
Deferred compensation obligation (Note 4)	244,146	328,455	
Accrued pension cost (Note 7)	2,028,060	1,542,894	
Total other liabilities	<u>7,011,304</u>	<u>6,645,073</u>	
Total liabilities	<u>12,547,682</u>	<u>11,810,916</u>	
Net Assets			
Unrestricted	13,967,722	10,479,192	
Temporarily restricted (Note 9)	6,873,265	1,384,986	
Permanently restricted (Note 9)	13,073,795	15,579,862	
Total net assets	<u>33,914,782</u>	<u>27,444,040</u>	
Total Liabilities and Net Assets	<u>\$ 46,462,464</u>	<u>\$ 39,254,956</u>	

The accompanying notes are an integral part of the financial statements

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Resident care and services (Note 2)	\$ 41,619,124	\$ 40,592,193
Community services (Note 2)	6,194,010	5,164,054
Other income	1,596,553	1,540,663
Less provision for bad debts	(187,951)	(1,395,849)
Total operating revenues, net	<u>49,221,736</u>	<u>45,901,061</u>
Operating Expenses		
Salaries and benefits	34,374,337	33,375,756
Food, medical supplies and other resident services	5,070,643	4,949,049
Other administrative	4,691,496	4,487,865
Occupancy and insurance	2,589,058	2,571,624
Depreciation	1,580,357	1,437,773
Interest and amortization	182,272	237,352
Total operating expenses (Note 11)	<u>48,488,163</u>	<u>47,059,419</u>
Surplus (Deficit) of Operating Revenues over Operating Expenses	733,573	(1,158,358)
Contributions from Foundation and Auxiliary Organizations (Note 10)	1,572,481	1,428,504
Increase (Decrease) in Beneficial Interest in Unrestricted Net Assets of Foundation and Auxiliary Organizations (Note 9)	1,825,850	(202,790)
Community Contributions (Federations)	<u>54,800</u>	<u>59,000</u>
Increase in Unrestricted Net Assets Before Other Changes	4,186,704	126,356
Other Changes in Unrestricted Net Assets		
Change in pension liability (Note 7)	<u>(698,174)</u>	<u>122,400</u>
Increase in Unrestricted Net Assets	3,488,530	248,756

(Continued on next page)

**JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Temporarily Restricted Net Assets		
Increase (decrease) in beneficial interest in temporarily restricted net assets of Foundation and Auxiliary organizations (Note 9)	\$ 5,488,279	\$ (52,627)
Permanently Restricted Net Assets		
Increase (decrease) in beneficial interest in permanently restricted net assets of Foundation and Auxiliary organizations (Note 9)	<u>(2,506,067)</u>	<u>1,709,934</u>
Change in Net Assets	6,470,742	1,906,063
Net Assets - Beginning of Year	<u>27,444,040</u>	<u>25,537,977</u>
Net Assets - End of Year	<u>\$ 33,914,782</u>	<u>\$ 27,444,040</u>

The accompanying notes are an integral part of the financial statements

JEWISH HOME FOR THE ELDERLY OF FAIRFIELD COUNTY, INC.
D/B/A JEWISH SENIOR SERVICES
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	\$ 6,470,742	\$ 1,906,063
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,580,357	1,437,773
Bad debt expense	187,951	1,395,849
Amortization of deferred finance costs	6,214	12,428
Loss on disposal of property and equipment	34,313	-
Increase in beneficial interest in net assets of Foundation and Auxiliary organizations	(4,808,062)	(1,454,517)
(Increase) decrease in operating assets:		
Accounts receivable	(334,689)	(2,493,773)
Prepaid expenses and other assets	12,394	4,622
Agency assets - residents' trust funds	(26,501)	(5,568)
Cash value - life insurance and annuities	(41,173)	(3,660)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,958)	617,564
Accrued taxes, expenses and other liabilities	401,984	423,411
Accrued pension cost	485,166	(249,538)
Agency liabilities - funds held for residents	26,501	5,568
Deferred revenue	351,604	200,279
Deferred compensation obligation	(84,309)	(84,309)
Net cash provided by operating activities	<u>4,259,534</u>	<u>1,712,192</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,990,280)	(1,473,528)
Net cash used in investing activities	<u>(2,990,280)</u>	<u>(1,473,528)</u>
Cash Flows from Financing Activities		
Principal payments on notes payable and line of credit	(441,222)	(272,353)
(Increase) decrease in Foundation receivable, net	(54,291)	40,947
Net cash used in financing activities	<u>(495,513)</u>	<u>(231,406)</u>
Net Increase in Cash and Cash Equivalents	773,741	7,258
Cash and Cash Equivalents - Beginning of Year	<u>2,602,902</u>	<u>2,595,644</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,376,643</u>	<u>\$ 2,602,902</u>
Cash Paid During the Year for Interest	\$ 176,058	\$ 224,925

The accompanying notes are an integral part of the financial statements

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

NOTE 1 - NATURE OF OPERATIONS

Jewish Home for the Elderly of Fairfield County, Inc. d/b/a Jewish Senior Services (the Home) is a nonstock corporation under Connecticut law and a not-for-profit health care facility that provides rest home and skilled nursing care, adult day care and nonmedical home care services to the aged and infirm. As of September 30, 2013, the Home is licensed for 360 skilled nursing beds. A substantial portion of the Home's revenue and related receivables is provided by Medicaid and Medicare programs.

The JHE Foundation, Inc. (the Foundation) and Auxiliaries are affiliated organizations that conduct fundraising activities for the benefit of the Home. The Foundation and Auxiliaries may make allocations to the Home at the discretion of their Boards.

The Home, the Foundation and Auxiliaries have a financial interrelationship. The Home reflects its beneficial interest in the net assets of the Foundation and Auxiliaries in its financial statements since the sole purpose of the Foundation and Auxiliaries is to raise support for the Home. Legally, the Home, the Foundation and Auxiliaries are separate entities and the Home can only obtain their net assets if approved by their respective Boards. The Home's beneficial interest in the Foundation and the Auxiliaries has been reflected in the accompanying statements of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Home, the accounts are maintained on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP), and, accordingly, the accounts are recorded in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets consist of net assets over which the governing Board has control to use in carrying out the operations of the Home in accordance with its charter and by-laws and are neither permanently nor temporarily restricted by donor-imposed restrictions.

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 endowment assets that have not been appropriated for expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets consist of net assets that have donor-imposed stipulations that do not expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Home. Such net assets are comprised of the Home's beneficial interest in the Foundation's endowments, the corpus of which must remain intact in perpetuity. Only the income from investment of these endowment funds can be expended either for general purposes or purposes specified by the donor.

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

NOTE 2 - 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less. The Home maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Home'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 of \$1,220,218 and \$1,450,631 at September 30, 2013 and 2012, respectively, which is based on a review of significant balances and past experience.

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

Buildings and improvements	10-50 years
Furniture, fixtures and equipment	3-20 years
Computers and software	3-5 years
Vehicles	5 years

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

Deferred Revenue - Deferred revenue consists of revenue received in advance from private pay residents and for services in the Senior Choice Home and Adult Day Services programs.

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

Resident Care and Services Revenue - Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Rates charged for services rendered, other than private pay patients, are regulated by Medicaid, Medicare and other government programs.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided for in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Management believes that all applicable government reimbursement principles have been properly applied and that no material adjustments will occur as a result of an audit.

Patient Mix - Revenues per patient mix as of and for the years ended September 30, 2013 and 2012, was as follows:

	<u>As of September 30, 2013</u>	<u>As of September 30, 2012</u>	<u>For the Year Ended September 30, 2013</u>	<u>For the Year Ended September 30, 2012</u>
Medicaid	68%	62%	70%	64%
Medicare and managed care	10	14	12	14
Private*	22	24	18	22
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*including pending Medicaid patients

Average occupancy was 97% and 98% for the years ended September 30, 2013 and 2012, respectively.

Community Contributions - Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable.

Income Taxes - The Home is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes. The Home's tax returns for the years ended September 30, 2010 through 2013 are subject to examination by the Internal Revenue Service (IRS) and the State of Connecticut.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through January-22, 2014, which represents the date the financial statements were available to be issued. The Home and the Foundation have secured a commitment letter from People's United Bank for financing of \$62 million of City of Bridgeport tax-exempt bonds to develop and construct a new campus on Park Avenue. The new campus will house all operations of the Home and the Foundation. The bond issuance and financing is expected to be finalized in fiscal 2014. Additionally, People's United Bank has approved an additional loan of \$7,000,000 secured by the

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Home's land to fund the transition of the existing building to the new campus. As of September 30, 2013, the Home had incurred approximately \$3.4 million of costs related to this project that are included in construction in progress on the accompanying statement of financial position. There are no other additional construction commitments related to this project as of January 22, 2014.

Reclassifications - Certain reclassifications have been made to the 2012 financial statements in order for them to be consistent with the current year presentation.

NOTE 3 - DEFERRED FINANCING COSTS

Deferred financing costs as of September 30, 2013 and 2012, represent costs incurred in connection with the commercial mortgage notes payable. These costs are being amortized over the life of the loans. Deferred financing costs as of September 30, 2013 and 2012, are reported net of accumulated amortization of \$103,438 and \$97,224, respectively. Amortization expense of \$6,214 and \$12,428 for the years ended September 30, 2013 and 2012, is included in interest and amortization in the accompanying statements of activities and changes in net assets.

NOTE 4 - DEFERRED COMPENSATION OBLIGATION

The Home's deferred compensation obligation is based on a discount rate of 6-1/2%, of payments to be made to the former President over a 15-year period, beginning in fiscal year 2009. As of September 30, 2013 and 2012, the obligation amounted to \$328,455 and \$412,764, respectively.

NOTE 5 - NOTES PAYABLE

Notes payable as of September 30, 2013 and 2012, consist of the following:

	<u>2013</u>	<u>2012</u>
First term loan in the amount of \$3,000,000, payable in monthly installments of \$19,225, including interest (4.0% as of September 30, 2013 and 2012) compounded monthly through December 2015, secured by the building and its related assets	\$ 2,366,635	\$ 2,615,868
Second term loan in an amount up to \$2,000,000, payable in monthly installments of \$11,881, including interest (4.0% as of September 30, 2013 and 2012) compounded monthly through February 2015, secured by the building and its related assets	1,636,196	1,828,185
	<u>4,002,831</u>	<u>4,444,053</u>
Less current portion	<u>214,926</u>	<u>195,041</u>
Total Notes Payable - Long Term	<u>\$ 3,787,905</u>	<u>\$ 4,249,012</u>

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

NOTE 5 - NOTES PAYABLE (Continued)

Future maturities for the notes payable as of September 30, 2013 are as follows:

Year Ending September 30

2014	\$ 214,926
2015	1,701,475
2016	<u>2,086,430</u>
	<u>\$ 4,002,831</u>

Revolving Line of Credit - The Home has an available bank line of credit of \$800,000 that expires February 28, 2014, renewable annually, with interest at 4%. There were no outstanding balances at September 30, 2013 and 2012.

NOTE 6 - LEASES

The Home leases property from One Post Road Fairfield, LLC, for its Adult Daycare and Outpatient Programs under an operating lease expiring August 31, 2019. Rent expense under this lease totaled \$392,082 and \$358,816 for the years ended September 30, 2013 and 2012, respectively.

The Home leases office equipment under operating leases that expire in 2019. Rental expense under these leases totaled \$55,069 and \$50,548 for the years ended September 30, 2013 and 2012, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows:

Year Ending September 30

2014	\$ 318,156
2015	299,437
2016	291,311
2017	293,264
2018	307,990
Thereafter	<u>236,232</u>
Total Minimum Lease Payments	<u>\$ 1,746,390</u>

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

NOTE 7 - BENEFIT PLANS

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

GAAP requires companies to record a liability on the statements of financial position for the underfunded portion of postretirement plans, defined as the amount by which the projected benefit obligation exceeds the fair value of plan assets.

The Home's funding policy is to make the minimum annual contributions required by applicable regulations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future.

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>
Funded status	\$ (2,028,060)	\$ (1,542,894)
Benefits paid	(565,363)	(703,490)
Employer contributions	423,000	372,000

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

	<u>2013</u>	<u>2012</u>
Pension Liability	\$ <u>(2,028,060)</u>	\$ <u>(1,542,894)</u>

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

	<u>2013</u>	<u>2012</u>
Net Loss	\$ <u>3,825,340</u>	\$ <u>3,127,166</u>

The accumulated benefit obligation was \$5,374,641 and \$4,952,792 at September 30, 2013 and 2012, respectively.

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

NOTE 7 - BENEFIT PLANS (Continued)

The following table details information for pension plans with an accumulated benefit obligation in excess of plan assets at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Projected benefit obligation	\$ 5,374,641	\$ 4,952,792
Accumulated benefit obligation	5,374,641	4,952,792
Fair value of plan assets	3,346,581	3,409,898

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

	<u>2013</u>	<u>2012</u>
Net periodic benefit cost	\$ 209,992	\$ 244,862
Net loss	894,116	89,757
Amortization of net loss	<u>(195,942)</u>	<u>(212,157)</u>
Change in pension liability	<u>698,174</u>	<u>(122,400)</u>
Total Recognized in Net Periodic Benefit Cost (Salaries and Benefits) and Change in Pension Liability	\$ <u>908,166</u>	\$ <u>122,462</u>

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2014 has not yet been determined.

Assumptions used in determining the obligation and the net periodic costs of the defined benefit plan were as follows:

	<u>2013</u>	<u>2012</u>
Weighted-average assumptions:		
Discount rate as of end of year	4.85%	6.00%
Expected return on plan assets for the year	8.00%	8.00%

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

NOTE 7 - BENEFIT PLANS (Continued)

The Home's pension plan weighted-average asset allocations at September 30, 2013 and 2012, by asset category are as follows:

	<u>2013</u>	<u>2012</u>
Cash	4%	11%
Equity securities	4	7
Debt securities	90	81
Other	2	1
	<u>100%</u>	<u>100%</u>

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.

The Home's investment strategy is based on an expectation that equity securities and mutual funds will outperform debt securities over the long term. Accordingly, the composition of the Home's pension plan assets is broadly characterized as a 4%, 90%, 4% and 2% allocation between equity securities, debt securities, cash equivalents and other investments, respectively. The strategy utilizes actively managed U.S. equity securities and investment grade debt securities (which constitute 80% or more of debt securities) with lesser allocations to high-yield and international debt securities that are benchmarked against indices.

The Home attempts to mitigate investment risk by rebalancing between debt and equity classes as the Home's contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains or losses would not be realized unless the investments are sold.

Estimated Future Benefit Payments - The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2014	\$ 392,000
2015	270,000
2016	171,000
2017	327,000
2018	256,000
2019-2023	1,792,000

Expected Cash Flow - The minimum funding requirement for fiscal 2013-14 is expected to be approximately \$200,000.

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

NOTE 7 - BENEFIT PLANS (Continued)

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 defined benefit plan 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.

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

Fair Value Measurements at September 30, 2013				
Asset Class	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 121,845	\$ 121,845	\$ -	\$ -
Equities - common stocks	131,158	131,158	-	-
Fixed income:				
Government	2,913,368	2,913,368	-	-
Corporate	113,910	-	113,910	-
Other	66,300	-	66,300	-
Total	\$ 3,346,581	\$ 3,166,371	\$ 180,210	\$ -

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

NOTE 7 - BENEFIT PLANS (Continued)

Fair Value Measurements at September 30, 2012				
Asset Class	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 375,089	\$ 375,089	\$ -	\$ -
Equities - common stocks	238,693	238,693	-	-
Fixed income:				
Government	2,693,819	2,693,819	-	-
Corporate	68,198	-	68,198	-
Other	34,099	-	34,099	-
	\$ 3,409,898	\$ 3,307,601	\$ 102,297	\$ -

Employee 401k Plan - The Home maintains a defined contribution plan. Employee contributions under the plan are determined by the participating employees, subject to certain IRS limitations, and the Home matches employee contributions at a rate of 50%, up to a maximum of 4% of compensation. The Home also offers a discretionary profit-sharing contribution. The Home's contribution expense totaled \$572,888 and \$514,790 for the years ended September 30, 2013 and 2012, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

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

	2013	2012
Medicare	13%	15%
Medicaid	35	38
Private pay and other*	52	47
	100%	100%

*including pending Medicaid patients

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

NOTE 9 - NET ASSETS

In accordance with GAAP, the Home recognizes in its financial statements its financial interrelationship with the Foundation and Auxiliaries.

Summarized financial information of the Foundation and Auxiliaries at and for the years ended September 30, 2013 and 2012, was as follows:

	2013	2012
Total Assets	\$ <u>23,797,864</u>	\$ <u>18,943,454</u>
Total Liabilities	\$ <u>657,817</u>	\$ <u>611,469</u>
Net Assets:		
Unrestricted	\$ 3,192,987	\$ 1,367,137
Temporarily restricted	6,873,265	1,384,986
Permanently restricted	<u>13,073,795</u>	<u>15,579,862</u>
Total Net Assets	\$ <u>23,140,047</u>	\$ <u>18,331,985</u>
	2013	2012
Revenues, gains (losses) and support:		
Operating income	\$ 6,246,001	\$ 1,312,023
Investment gain, net	1,173,187	2,564,427
Change in value of split-interest agreements	(26,472)	(42,709)
Other revenues	19,057	9,705
Total revenues, gains and support	<u>7,411,773</u>	<u>3,843,446</u>
Total expenses	<u>2,603,711</u>	<u>2,388,929</u>
Surplus of Revenues, Gains and Support over Expenses	\$ <u>4,808,062</u>	\$ <u>1,454,517</u>

NOTE 10 - RELATED-PARTY TRANSACTIONS

The Home is reimbursed annually for salaries and expenses, to the extent applicable, by the Foundation and the Auxiliaries. Reimbursements from the Foundation and Auxiliaries for the years ended September 30, 2013 and 2012, amounted to approximately \$425,000 and \$283,000, respectively.

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

NOTE 10 - RELATED-PARTY TRANSACTIONS (Continued)

During the years ended September 30, 2013 and 2012, the Foundation and Auxiliary organizations made contributions to the Home of \$1,787,811 and \$1,682,427, respectively, of which \$160,530 and \$194,923, respectively, represent revenues related to the Elder Abuse Prevention Program and are included in community services revenues on the statements of activities and changes in net assets.

The Home also receives a fee for providing billing services for Geriatric Professional Group, LLC (GPG), which provides physicians' services to residents of the Home. The Home had revenues from GPG of approximately \$21,500 and \$43,000 during the years ended September 30, 2013 and 2012, respectively. Amounts due to the Home from GPG at September 30, 2013 and 2012, are reflected in prepaid expenses and other assets in the accompanying statements of financial position and amounted to approximately \$1,200 and \$650, respectively.

NOTE 11 - CLASSIFICATION OF EXPENSES

The following schedule reflects the Home's classification of expenses by program for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Resident care and services	\$ 35,358,832	\$ 34,686,256
Adult day care	1,014,383	1,044,867
Other community services	5,143,087	4,473,976
Management and general	<u>6,971,861</u>	<u>6,854,320</u>
Total Expenses	<u>\$ 48,488,163</u>	<u>\$ 47,059,419</u>

NOTE 12 - HEALTH CARE INDUSTRY

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Home is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

MEMBER ACKNOWLEDGEMENT

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

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

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

Prospective Member Name (Print)

Prospective Member Signature Date

Legal Representative, if applicable
(Print)

Legal Representative Signature Date

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