



Seabury

Annual Filing



2014

**SEABURY RETIREMENT COMMUNITY
2014 ANNUAL FINANCIAL FILING
TABLE OF CONTENTS**

FINANCIAL ACTUARIAL INFORMATION

1. CURRENT RATE SCHEDULE
2. STATEMENT OF ACTUARIAL OPINION
 - Exhibit I Residential Turnover Rates
 - Exhibit II Average Age of Residents
 - Exhibit III Health Care Utilization Rates
 - Exhibit IV Occupancy Rates
 - Exhibit V Number of Health Care Admissions
 - Exhibit VI Days of Care
 - Exhibit VII Number of Permanent Transfers
3. CALCULATION OF PREPAID HEALTH CARE OBLIGATION
4. ALLOCATION OF DEPRECIATION AND CAPITAL EXPENSE TO HEALTH CARE RESIDENTS
5. SOURCES AND USE OF FUNDS, NOTES AND ASSUMPTIONS FOR PRO FORMA REVENUES AND EXPENSES
6. FORECASTED BALANCE SHEETS 2013-2018
7. FORECASTED STATEMENTS OF CASH FLOW 2013-2018
8. FORECASTED STATEMENTS OF REVENUE AND EXPENSES 2013-2018
9. FORECASTED FINANCIAL RATIO COVENANTS 2014-2018
10. GROWTH RATE ASSUMPTION 2014-2018
11. MONTHLY/DAILY FEE INCREASES 1994-2014
12. CERTIFIED AUDITED CONSOLIDATING FINANCIAL STATEMENTS

PLAN 2% - offers moderate entrance and monthly fees. After occupancy, the entrance fee is refundable upon termination (including withdrawal or death of the resident or remaining resident in the case of double occupancy) minus 2% per month for 50 months. After 50 months, no refund would be due.

	Single Entrance Fee	Double Entrance Fee	Single Monthly Fee	Double Monthly Fee
COTTAGES				
The Griffin* 1Bedroom/1Bath	\$140,820	\$199,335	\$2,955	\$3,985
The Cadwell* 2Bedroom/2Bath	\$246,286	\$307,436	\$4,121	\$5,151
The Bidwell* Deluxe 2Bedroom/2Bath	\$297,313	\$358,463	\$4,882	\$5,912
The Talcott* 2Bedroom/Den/2-1/2 bath	\$365,776	\$426,927	\$6,015	\$7,045
The Heublein** 2Bed/2 Bath/ 2 Car Garage	\$399,660	\$457,864	\$6,069	\$7,099
APARTMENTS				
The Ely Studio	\$98,706	N/A	\$2,231	N/A
The Batterson I & II 1Bedroom/1Bath	\$132,528	\$191,043	\$2,736	\$3,766
The Loomis I & II 1Bedroom/Den/1Bath	\$185,376	\$246,524	\$3,253	\$4,283
The Goodwin 2Bedroom/2Bath	\$199,542	\$260,691	\$3,529	\$4,559
The Newberry 2Bedroom/2Bath	\$228,654	\$289,803	\$3,961	\$4,991
The Filley* Deluxe 1Bedroom/Den/1-1/2Bath	\$266,048	\$327,197	\$4,290	\$5,320
The Prosser 2Bedroom/2Bath	\$267,277	\$328,426	\$4,429	\$5,459
The Barnard 2Bedroom/Den/2Bath	\$271,565	\$332,714	\$4,444	\$5,474
The Wintonbury 2Bedroom/Den/2 Bath	\$275,400	\$336,600	\$4,516	\$5,546
The Griswold* 2Bedroom/2Bath	\$276,282	\$337,432	\$4,565	\$5,595
The Petersen* 2Bedroom/Den/2Bath	\$345,102	\$404,470	\$5,771	\$6,801

*These Residences may have existing fireplaces. If fireplaces are not in place, one may be added at the resident's expense.
 **The Heublein Villas have fireplaces, stone counters, upgraded flooring, a body spa and a two-car garage.

A portion of your entrance and monthly fee may be considered as a deductible medical expense for federal income tax purposes.



Fee Schedule

PLAN 85% - offers an entrance fee that is higher and a monthly fee that is lower than Seabury's other rate schedules, in exchange for a refund of up to 85% of the entrance fee (15% is retained by Seabury and not refundable in any event). At any time following occupancy, the entrance fee is refundable upon termination (including withdrawal or death of the resident or remaining resident in the case of double occupancy) up to 85% of the entrance fee.

COTTAGES	Single Entrance Fee	Double Entrance Fee	85% Refund		Single Monthly Fee	Double Monthly Fee
			Single	Double		
The Griffin* 1Bedroom/1Bath	\$246,315	\$303,127	\$209,368	\$257,658	\$2,174	\$3,204
The Cadwell* 2Bedroom/2Bath	\$399,594	\$458,962	\$339,655	\$390,118	\$3,062	\$4,092
The Bidwell* Deluxe/2Bedroom/2Bath	\$487,959	\$547,328	\$414,765	\$465,229	\$3,612	\$4,642
The Talcott* 2Bedroom/Den/2-1/2 Bath	\$599,509	\$658,878	\$509,583	\$560,046	\$4,882	\$5,912
The Heublein** 2Bed/2Bath/2Car Garage	\$639,254	\$697,458	\$543,366	\$592,839	\$4,926	\$5,956
APARTMENTS						
The Ely Studio	\$160,515	N/A	\$136,438	N/A	\$1,648	N/A
The Batterson I & II 1Bedroom/1Bath	\$222,089	\$278,899	\$188,776	\$237,064	\$2,017	\$3,047
The Loomis I & II 1Bedroom/Den/1Bath	\$291,719	\$351,088	\$247,961	\$298,425	\$2,408	\$3,438
The Goodwin 2Bedroom/2Bath	\$335,931	\$385,299	\$285,541	\$327,504	\$2,618	\$3,648
The Newberry 2Bedroom/2Bath	\$375,086	\$434,455	\$318,823	\$369,287	\$2,947	\$3,977
The Filley* Deluxe/1Bedroom/Den/1-1/2Bath	\$435,064	\$494,432	\$369,804	\$420,267	\$3,413	\$4,443
The Prosser 2Bedroom/2Bath	\$438,577	\$497,945	\$372,790	\$423,253	\$3,291	\$4,321
The Barnard 2Bedroom/Den/2Bath	\$445,631	\$505,000	\$378,786	\$429,250	\$3,294	\$4,324
The Wintonbury 2 Bedroom/Den/2 Bath	\$451,350	\$511,275	\$383,648	\$434,584	\$3,347	\$4,377
The Griswold* 2Bedroom/2Bath	\$451,830	\$511,199	\$384,056	\$434,519	\$3,747	\$4,777
The Petersen* 2Bedroom/Den/2Bath	\$581,543	\$640,911	\$494,312	\$544,774	\$4,599	\$5,629

*These Residences may have existing fireplaces. If fireplaces are not in place, one may be added at the resident's expense.
 ** These Residences have fireplaces, stone counters, upgraded flooring, and a two-garage.

A portion of your entrance and monthly fee may be considered as a deductible medical expense for federal income tax purposes.





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Seabury Retirement Community

Statement of Actuarial Opinion November 26, 2013

I, Dave Bond, am a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries, the Managing Partner in the firm CCRC Actuarial, LLC, and I meet the qualification standards to render Statements of Actuarial Opinion for continuing care retirement communities. I have been retained by Seabury Retirement Community to render a Statement of Actuarial Opinion, in accordance with Section 17b-527 of the Regulations implementing the Continuing Care Statutes, regarding the following actuarial projections included in Seabury Retirement Community's 2013 Annual Financial Filing:

- Exhibit I Residential Turnover Rates
- Exhibit II Average Age of Residents
- Exhibit III Health Care Utilization Rates
- Exhibit IV Occupancy Rates
- Exhibit V Number of Health Care Admissions
- Exhibit VI Days of Care
- Exhibit VII Number of Permanent Transfers

I have examined the above items as shown in Seabury Retirement Community's Annual Financial Filing. These items are attached to this Statement of Actuarial Opinion. In the course of my review, I relied upon the accuracy and completeness of data and supporting documentation prepared by Seabury Retirement Community. In the course of my examination, nothing came to my attention that causes me to believe that the underlying data information is unreasonable or inappropriate. My examination included such review as I consider necessary of the data, methods, and underlying assumptions used by and the resulting actuarial projections reported by Seabury Retirement Community with respect to the above items as shown in Seabury Retirement Community's 2013 Annual Financial Filing.

In my opinion, the above items as shown in Seabury Retirement Community's 2013 Annual Financial Filing:

- are based upon methods which are consistent with sound actuarial principles and practices; and
- are based upon methods and underlying assumptions that appear reasonable and appropriate in this instance.

Should you have any questions or concerns regarding this information, please do not hesitate to contact our offices.

Respectfully,

Dave Bond, F.S.A., M.A.A.A.
Managing Partner
dave.bond@ccrcactuaries.com

Residential Turnover Rates

The Independent Living Unit residential turnover rates for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
7.9%	8.7%	9.2%	9.4%	9.6%	9.7%

Average Age of Residents

The projected average age for the next five years for independent living residents is as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
85	85	85	86	86

Health Care Utilization Rates

Health care utilization rates, including admission rates and days per 100 residents by level of care for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	Skilled Nursing Facility				<u>Days per 100 Residents</u>
	<u>Utilization Rate</u>		<u>Admission Rate</u>		
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
2013	21.0	7.6%	27.0	11.2%	2,757
2014	24.2	8.8%	37.3	16.2%	3,218
2015	26.6	9.8%	35.3	15.8%	3,569
2016	28.1	10.3%	35.3	15.9%	3,766
2017	28.9	10.6%	34.2	15.5%	3,860
2018	29.4	10.8%	34.1	15.5%	3,925

<u>Year</u>	Assisted Living Units				<u>Days per 100 Residents</u>
	<u>Utilization Rate</u>		<u>Admission Rate</u>		
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
2013	18.0	6.5%	6.0	2.5%	2,363
2014	21.8	7.9%	10.0	4.3%	2,898
2015	23.4	8.6%	9.8	4.4%	3,146
2016	24.3	8.9%	9.6	4.3%	3,257
2017	24.9	9.1%	9.4	4.3%	3,332
2018	25.3	9.3%	9.3	4.2%	3,377

Occupancy Rates

Occupancy rates for independent living units for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
97%	97%	95%	95%	95%	95%

Number of Health Care Admissions

The number of health care admissions, by level of care, for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Skilled Nursing</u>	<u>Assisted Living</u>
2013	27.0	6.0
2014	37.3	10.0
2015	35.3	9.8
2016	35.3	9.6
2017	34.2	9.4
2018	34.1	9.3



Days of Care

The number of days of care, by level of care, for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Skilled Nursing</u>	<u>Assisted Living</u>
2013	7,665	6,570
2014	8,815	7,939
2015	9,691	8,541
2016	10,257	8,870
2017	10,530	9,089
2018	10,713	9,216

Number of Permanent Transfers

The number of permanent transfers to the skilled nursing or assisted living facility for the most recently completed fiscal year are:

<u>Facility transferred to:</u>	<u>Transferring from:</u>		<u>Total</u>
	<u>Independent Living</u>	<u>Assisted Living</u>	
Skilled Nursing	1	6	7
Assisted Living	6	N/A	6

Seabury Retirement Community
Calculation of Prepaid Health Care Obligation

As of September 30, 2013

Present Value of Health Care Operating Expenses - Lifecare Only	\$29,224,000
Present Value of Health Care Capital Expenses - Lifecare Only	<u>2,935,000</u>
Total Health Care Expenses	\$32,159,000
Present Value of Health Care Revenue - Lifecare Only	\$13,510,322
Total Health Care Expenses	\$32,159,000
Less Health Care Revenue	<u>13,510,322</u>
Total Prepaid Health Care Obligation	\$18,648,678
Total Number of Lifecare Residents at September 30, 2013	193
Total Health Care Obligation per Resident	\$96,625.27

Seabury Retirement Community

Allocation of Depreciation and Capital Expense to Health Care Residents

All \$ in Thousands

Fiscal Year	ILU	PCF	SNF	Total People	Percentage of People In Health Care	Depreciation & Capital Expense *	Present Value of Depreciation & Capital Expense **	Depreciation & Capital Expense Allocated to Health Care	Present Value of Depreciation & Capital Expense Allocated to Health Care
2014	147.0	16.0	16.0	179.0	18%	1563	1,563	279	279
2015	130.3	17.6	18.6	166.5	22%	1483	1,406	322	306
2016	114.7	18.3	19.9	152.9	25%	1370	1,231	342	308
2017	100.1	18.2	20.2	138.5	28%	1248	1,063	346	295
2018	86.7	17.5	19.8	124.0	30%	1123	907	338	273
2019	74.4	16.5	18.9	109.8	32%	998	764	322	246
2020	63.4	15.2	17.7	96.3	34%	878	637	300	218
2021	53.6	13.7	16.2	83.5	36%	764	525	274	188
2022	45.0	12.2	14.6	71.8	37%	658	429	246	160
2023	37.4	10.7	13.0	61.1	39%	561	346	218	134
2024	30.9	9.2	11.4	51.5	40%	474	277	190	111
2025	25.4	7.9	9.9	43.2	41%	396	220	163	91
2026	20.7	6.6	8.6	35.9	42%	329	173	139	73
2027	16.7	5.5	7.3	29.5	43%	271	135	118	59
2028	13.5	4.5	6.2	24.2	44%	221	104	98	46
2029	10.7	3.7	5.2	19.6	45%	179	80	81	36
2030	8.5	3.0	4.3	15.8	46%	144	61	67	28
2031	6.7	2.4	3.6	12.7	47%	114	46	54	22
2032	5.2	1.9	2.9	10.0	48%	91	35	44	17
2033	4.0	1.5	2.4	7.9	49%	71	26	35	13
2034	3.1	1.2	1.9	6.2	50%	55	19	28	9
2035	2.3	1.0	1.5	4.8	52%	43	14	22	7
2036	1.8	0.7	1.2	3.7	51%	32	10	16	5
2037	1.3	0.6	1.0	2.9	55%	25	7	14	4
2038	1.0	0.4	0.7	2.1	52%	18	5	9	3
2039	0.7	0.3	0.6	1.6	56%	14	4	8	2
2040	0.5	0.2	0.4	1.1	55%	10	2	5	1
2041	0.4	0.2	0.3	0.9	56%	7	2	4	1
2042	0.3	0.1	0.2	0.6	50%	5	1	3	1
2043	0.2	0.1	0.2	0.5	60%	4	1	2	1
Total						13,149	10,092	4,086	2,935

SOURCES AND USE OF FUNDS
Notes and Assumptions for Pro Forma Revenues and Expenses

REVENUE ASSUMPTIONS

Seabury is using an average occupancy rate of 95% for independent living apartments and cottages. A rate increase of 3.5% is suggested for Life Care contract holders. Our skilled nursing occupancy is projected at 97%, with a payer mix projected at 13 private pay, 22 continuing care contract holders, 5 Medicare and 18 Medicaid residents. A rate increase of 4% will establish a new daily fee of \$435 for skilled care private pay.

Views occupancy is projected to average 95%, with a 3.5% rate increase suggested for the budget. The payer mix is projected to be 26 private pay, 13 continuing care contract holders, and 8 on Old Age Assistance. Earned entry fees are at \$1,725,000. ALSA revenue has a 3.5% increase.

Budgeted staffing for FY 2014 is 266.12 FTEs, which is an increase of 2.23 FTEs from the FY 2013 budget. Total salaries are projected at \$12,017,531 for the 2014 operating budget.

EXPENDITURES

CHHI/Seabury's 2014 operating budget is projecting \$25,143,821 in expenses and \$24,483,581 in revenues, for a net negative balance on receipts over disbursements of (\$660,240) before capital expenditures. The Federal Accounting Standards Board, also known as FASB, has issued an accounting pronouncement effective in 2014 that specifies we can no longer record earnings from the refundable portion of entrance fees. The effect of this accounting pronouncement is a reduction of \$675,000 to our budgeted earned entry fees revenue. Without this accounting change, our budgeted net income from operations for 2014 would be \$14,760. After capital expense, the budget shows a negative balance of (\$2,600,534).

SEABURY MEMORY CARE CENTER, INC.
2014 SOURCES & USE OF FUNDS

The 2013 Meadows operating budget is projecting revenues of \$3,818,527, with expenses of \$3,546,500 and capital expenditures of \$55,287, for excess revenues over disbursements of \$216,740. The average annual census is projected to be 34 private pay, 12 Seabury Life Care residents and 10 Old Age Assistance for a total occupancy average of 56 residents. We are suggesting a 3.5% increase for Seabury Memory Care Center private pay residents. We are keeping the Old Age Assistance payments the same as last year, because it will be unlikely that the State will raise reimbursement rates to providers.

SEABURY AT HOME, INCORPORATED
2014 SOURCES & USE OF FUNDS

Seabury At Home's operating budget projects revenues of \$927,418, with expenses of \$858,060 and capital expenditures of \$7,200, for excess revenues over disbursements of \$62,158. The projected membership growth rate is a conservative 2.5 new members per month for 30 new members, and a total by year end of 126 members. Seabury At Home has several membership plans, and the projected breakdown is as follows: 3 Platinum, 11 Gold, and 16 Gold Plus.

SEABURY CHARITABLE FOUNDATION
2014 SOURCES & USE OF FUNDS

The SCF proposed budget reflects sources of funds of \$61,942 from unrestricted gifts, \$70,000 in annuities, \$47,886 from the golf tournament, and \$144,000 from interest and dividends, for a total of \$323,828. Use of funds for 2014 for the three largest categories will be \$114,288 in resident charitable care, \$86,793 in contract services, and \$46,364 in investment management fees. Total budgeted expenses are \$321,249 resulting in an excess of receipts over disbursements of \$2,579.

SEABURY HOME OF HARTFORD INCORPORATED
 BUDGETED BALANCE SHEETS
 FOR THE YRS. ENDING SEPTEMBER 30, 2013 - 2018
 (IN THOUSANDS OF DOLLARS)

7/8/2013

	ESTIMATED ACTUAL 2013	BUDGET 2014	FORECAST 2015	FORECAST 2016	FORECAST 2017	FORECAST 2018
ASSETS						
CURRENT ASSETS:						
CASH*	3,435	2,226	1,676	1,350	1,409	1,383
ASSET REPLACEMENT FUNDS*	1,863	2,163	2,463	2,763	3,063	3,363
ACCOUNTS RECEIVABLE	1,936	1,994	2,084	2,177	2,275	2,378
INVENTORIES	15	15	15	15	15	15
OTHER	211	211	211	211	211	211
ESCROW DEPOSITS HELD	382	382	382	382	382	382
CURRENT PORTION OF TRUSTEE HELD FUNDS	0	0	0	0	0	0
TOTAL CURRENT ASSETS	7,842	6,991	6,831	6,898	7,355	7,732
LOAN RECEIVABLE FROM SEABURY AT HOME	1,735	1,700	1,700	1,700	1,700	1,700
LOAN RECEIVABLE FROM COTTAGE 102	44	34	25	15	6	0
ENDOWMENT FUNDS*	12,430	12,430	12,430	12,430	12,430	12,430
TRUSTEE HELD FUNDS*	0	0	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT - NET	33,836	32,947	31,422	29,800	28,074	26,734
CONSTRUCTION IN PROGRESS - CAMPUS EXPAN	96	96	96	96	96	96
DEFERRED COSTS - NET	298	257	216	175	134	93
BENEFICIAL INTEREST IN PERPETUAL TRUST:	1,868	1,868	1,868	1,868	1,868	1,868
DEFERRED COMPENSATION PLAN	35	52	70	87	105	122
TOTAL ASSETS	58,184	56,375	54,658	53,069	51,768	50,775
LIABILITIES AND FUND BALANCE						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE/ACCRUED EXPENSES	1,734	1,769	1,804	1,840	1,877	1,914
ACCRUED INTEREST	44	38	33	27	21	15
CURRENT PORTION OF DEBT	1,955	2,020	2,090	2,170	2,240	2,315
CURRENT PORTION OF ENTRY FEES	0	0	0	0	0	0
ESCROW DEPOSITS HELD	382	382	382	382	382	382
TOTAL	4,115	4,209	4,309	4,419	4,520	4,626
DEFERRED ENTRANCE FEES	30,843	40,596	41,487	42,495	43,632	44,913
LONG-TERM DEBT, LESS CURRENT PORTION	13,845	11,825	9,735	7,565	5,325	3,010
LESS DISCOUNT ON SERIES 1998 BONDS	0	0	0	0	0	0
TOTAL LONG TERM DEBT	13,845	11,825	9,735	7,565	5,325	3,010
LIABILITY GARAGE FEES	78	76	75	73	72	70
DEFERRED COMPENSATION PLAN	35	52	70	87	105	122
INTEREST RATE SWAP OBLIGATION	1,070	1,070	1,070	1,070	1,070	1,070
FUND BALANCE	8,198	(1,453)	(2,088)	(2,640)	(2,956)	(3,036)
TOTAL	58,184	56,375	54,658	53,069	51,768	50,775

ARCH HOME OF HARTFORD INCORPORATED
 FORECASTED STATEMENTS OF CASH FLOW
 FOR THE YRS. ENDING SEPTEMBER 30, 2013 - 2018
 (IN THOUSANDS OF DOLLARS)

7/8/2013

	ESTIMATED ACTUAL 2013	BUDGET 2014	FORECAST 2015	FORECAST 2016	FORECAST 2017	FORECAST 2018
CASH FLOW FROM OPERATING ACTIVITIES:						
NET INCOME (LOSS)	52	(660)	(635)	(552)	(316)	(81)
ADJUSTMENTS:						
DEPRECIATION/AMORTIZATION	2,696	2,870	2,965	3,020	3,042	3,097
EARNED ENTRY FEES	(2,400)	(1,725)	(1,725)	(1,725)	(1,725)	(1,725)
ENTRY FEES RECEIVED	4,382	4,567	4,793	5,016	5,241	5,467
ENTRY FEES REFUNDED	(2,013)	(2,080)	(2,177)	(2,283)	(2,379)	(2,461)
CHANGES IN CURRENT LIABILITIES	(25)	27	29	28	30	29
CHANGES IN CURRENT ASSETS	12	(58)	(90)	(93)	(98)	(103)
NET CASH PROVIDED FROM OPERATING ACTI	2,704	2,941	3,160	3,411	3,795	4,223
CASH FLOW FROM INVESTING ACTIVITIES:						
LOAN PAYMENT FROM SEABURY AT HOME	67	35	0	0	0	0
LOAN PAYMENT COTTAGE 102	(44)	10	9	10	9	6
LOAN RECEIVABLE COTTAGE 102	(112)	0	0	0	0	0
CAPITAL IMPROVEMENTS AND EQUIPMENT	(1,762)	(1,940)	(1,398)	(1,357)	(1,275)	(1,716)
REPAIRS OF WINTONBURY AVENUE HOUSE	175	0	0	0	0	0
CONSTRUCTION IN PROGRESS COTTAGES	(435)	0	0	0	0	0
CONSTRUCTION IN PROGRESS CAMPUS EXPA	(96)	0	0	0	0	0
NET CASH USED IN INVESTING ACTIVITIES	(2,207)	(1,895)	(1,389)	(1,347)	(1,266)	(1,710)
CASH FLOW FROM FINANCING ACTIVITIES:						
AMORTIZATION OF BOND DISCOUNT	0	0	0	0	0	0
PAYMENT OF PREVIOUS BONDS	0	0	0	0	0	0
ISSUANCE OF TD BANK BONDS	0	0	0	0	0	0
REPAYMENT OF DEBT	(1,890)	(1,955)	(2,020)	(2,090)	(2,170)	(2,240)
CHANGE IN DEFERRED COSTS	0	0	0	0	0	0
LOSS ON EARLY EXTINGUISHMENT OF DEBT	0	0	0	0	0	0
NET CASH USED IN FINANCING ACTIVITIES	(1,890)	(1,955)	(2,020)	(2,090)	(2,170)	(2,240)
MISCELLANEOUS ADJUSTMENT	0	0	(1)	0	0	1
ANNUAL CASH FLOW	(1,393)	(909)	(250)	(26)	359	274
CASH BEGINNING OF YEAR	19,121	17,728	16,819	16,569	16,543	16,902
CASH END OF YEAR*	17,728	16,819	16,569	16,543	16,902	17,176

*NOTE: ACCOUNTS INCLUDED IN CASH END OF YEAR ARE INDICATED
 ON THE BALANCE SHEET WITH AN ASTERISK (*).

CHURCH HOME OF HARTFORD INCORPORATED
 FORECASTED STATEMENTS OF REVENUE AND EXPENSES
 FOR THE YRS. ENDING SEPTEMBER 30, 2013 - 2018
 (IN THOUSANDS OF DOLLARS)

7/8/2013

	ESTIMATED ACTUAL 2013	BUDGET 2014	FORECAST 2015	FORECAST 2016	FORECAST 2017	FORECAST 2018
OPERATING REVENUES:						
MONTHLY FEES	\$7,713	8,000	\$8,360	\$8,736	\$9,129	\$9,540
EARNED ENTRY FEES	2,400	1,725	1,725	1,725	1,725	1,725
CONGREGATE REVENUE	1,333	1,370	1,395	1,438	1,482	1,547
HOME FOR AGED REVENUE	998	1,148	1,181	1,215	1,251	1,289
SKILLED NURSING	5,653	5,939	5,883	5,816	5,850	5,881
HOME HEALTH/AT HOME	1,512	1,761	1,796	1,832	1,869	1,906
MEADOWS ALSA SERVICES	3,009	3,268	3,333	3,400	3,468	3,537
OTHER REVENUE	1,284	1,024	1,044	1,065	1,087	1,108
INTEREST INCOME - ALL FUNDS	223	223	227	232	237	241
WATERMAN TRUST INCOME	26	26	26	26	26	26
TOTAL REVENUES	24,151	24,484	24,972	25,486	26,124	26,801
OPERATING EXPENSES:						
GENERAL AND ADMINISTRATIVE	4,336	4,467	4,556	4,647	4,740	4,835
MARKETING	682	754	769	784	800	816
SPECIAL SERVICES/RESIDENT SERVICES	942	1,044	1,065	1,086	1,108	1,130
HOUSEKEEPING/LAUNDRY	696	718	732	747	762	777
MAINTENANCE/PLANT/INSURANCE/REAL EST	3,090	3,094	3,156	3,219	3,283	3,349
FOOD SERVICES	2,395	2,399	2,447	2,496	2,546	2,597
HEALTH CARE	4,702	4,938	5,037	5,137	5,240	5,345
HOME HEALTH/AT HOME	1,408	1,520	1,550	1,581	1,613	1,645
MEADOWS ALSA SERVICES	2,588	2,841	2,898	2,956	3,015	3,075
DEPRECIATION / AMORTIZATION	2,696	2,870	2,965	3,020	3,042	3,097
INTEREST	564	499	431	363	290	215
TOTAL EXPENSES	24,099	25,144	25,607	26,038	26,440	26,882
OPERATING INCOME (LOSS)	52	(660)	(635)	(552)	(316)	(81)
LOSS ON EARLY EXTINGUISHMENT OF DEBT	0	0	0	0	0	0
NET INCOME (LOSS)	52	(660)	(635)	(552)	(316)	(81)
FUND BALANCE, BEGINNING OF YEAR	8,146	8,198	(1,453)	(2,088)	(2,640)	(2,956)
FUND BALANCE ADJ - LIABILITY ENTRANCE	0	(8,991)	0	0	0	0
FUND BALANCE, END OF YEAR	\$8,198	(\$1,453)	(\$2,088)	(\$2,640)	(\$2,956)	(\$3,036)

ARCH HOME OF HARTFORD INCORPORATED
 FORECASTED FINANCIAL RATIO COVENANTS
 FOR THE YRS. ENDING SEPTEMBER 30, 2014 - 2018

7/8/2013

		BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
		2014	2015	2016	2017	2018
DEBT SERVICE COVERAGE RATIO (ANNUALIZED)						

SEMI-ANNUAL COVENANT REQUIRMENT	1.10	1.41	1.49	1.56	1.68	1.83
CASH TO DEBT RATIO (ANNUALIZED)						

SEMI-ANNUAL COVENANT REQUIREMENT	.45	1.39	1.66	2.14	3.10	5.58

GROWTH RATE ASSUMPTIONS

7/8/2013

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Rate Increases:</u>					
ILU	3.5%	4.5%	4.5%	4.5%	4.5%
Congregate	4%	4.5%	4.5%	4.5%	4.5%
HFA	4%	4.5%	4.5%	4.5%	4.5%
Nursing	4%	4.5%	4.5%	4.5%	4.5%
Other Income	2%	2%	2%	2%	2%
Entrance Fees	0%	3%	3%	3%	3%
<u>Interest Income:</u>					
Marketable Securities	3%	3%	3%	3%	3%
Operating Accounts	0.1%	0.1%	0.1%	0.1%	0.1%
<u>Expenses:</u>					
Salaries	2%	2%	2%	2%	2%
Other	2%	2%	2%	2%	2%

Projected occupancy is 95% for ILU, 95% for Congregate/HFA, and 97% for Nursing throughout the Five Year Forecast.

Forecasted additional Life Care Contract holders permanently transferring to the Health Center are as follows:

	Current	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Congregate/HFA		13	0	2	1	1	0
Nursing		20	2	2	2	1	1

Church Home of Hartford Incorporated
Monthly/Daily Fee Increases

<u>Budget Year</u> <u>Ending 9/30</u>	<u>Seabury</u> <u>ILU</u> <u>% Increase</u>	<u>Seabury</u> <u>SNF</u> <u>% Increase</u>	<u>Seabury</u> <u>AL</u> <u>% Increase</u>	<u>Seabury</u> <u>Meadows</u> <u>% Increase</u>	<u>Seabury</u> <u>At Home</u> <u>% Increase</u>
1994	5.0	5.0	5.0		
1995	5.0	7.0	6.0		
1996	4.0	4.0	0.0		
1997	5.0	6.0	5.5		
1998	3.5	5.0	3.25		
1999	2.0	2.9	2.9		
2000	2.0	2.9	2.9		
2001	3.0	3.0	3.0		
2002	5.0	5.0	5.0		
2003	3.0	2.9	6.6		
2004	4.0	4.0	4.0		
2005	2.0	3.0	3.0	3.0	
2006	4.5	4.5	4.5	4.0	
2007	5.5	5.5	5.5	4.0	
2008	4.0	4.0	4.0	3.0	
2009	3.0	3.0	3.0	3.0	
2010	4.0	5.0	5.0	5.0	0.0
2011	3.0	5.0	3.0	3.0	0.0
2012	2.5	2.0	2.5	0.0	0.0
2013	3.0	3.0	3.0	3.0	2.0
2014	3.5	4.0	4.0	3.5	2.0
Average last five years	3.2	3.8	3.5	2.9	0.8
Average since inception	3.6	4.1	3.9	3.1	0.8

**CHURCH HOME OF HARTFORD
INCORPORATED AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Directors
Church Home of Hartford Incorporated and Subsidiaries

We have audited the accompanying consolidated financial statements of Church Home of Hartford Incorporated, which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

	ASSETS		LIABILITIES AND NET ASSETS		
	2013	2012		2013	2012
Current Assets			Current Liabilities		
Cash and cash equivalents	\$ 10,752,212	\$ 9,523,347	Current portion of bonds payable	\$ 1,955,000	\$ 1,890,000
Entrance fee deposits	435,276	449,823	Current portion of loans payable	281,656	266,723
Accounts receivable, net	1,200,400	991,222	Accounts payable and accrued expenses	1,923,376	1,934,179
Entrance fees receivable	2,351,046	1,545,152	Entrance fee deposits	438,776	453,323
Prepaid expenses and other current assets	456,006	262,132	Total current liabilities	4,598,808	4,544,225
Total current assets	15,194,940	12,771,676	Annuities Payable	424,210	441,406
Investments	22,140,862	20,508,346	Bonds Payable, Net of Current Portion	13,845,000	15,800,000
Property and Equipment, at Cost			Loans Payable, Net of Current Portion	1,115,895	1,397,551
Land and improvements	4,745,187	4,787,452	Deferred Compensation	34,363	17,000
Buildings and improvements	63,524,571	61,716,324	Deferred Revenue from Entrance Fees	38,420,607	35,201,609
Furniture, fixtures and equipment	4,310,885	4,856,409	Future Service Obligation	-	94,903
Vehicles	196,202	189,140	Interest Rate Swap Obligation	622,037	1,070,038
Construction in progress	322,802	408,773	Total liabilities	59,060,920	58,566,732
Less accumulated depreciation	73,099,647	71,938,098	Net Assets		
Net property and equipment	35,668,983	34,088,183	Unrestricted	15,147,289	12,133,520
Other Assets			Temporarily restricted	652,485	538,997
Deferred costs, net of accumulated amortization	310,193	354,014	Permanently restricted	2,307,637	2,238,204
Deferred compensation investments	34,363	17,000	Total net assets	18,107,411	14,910,721
Beneficial interest in perpetual trusts	1,937,638	1,868,205	Total Liabilities and Net Assets	\$ 77,168,331	\$ 73,477,453
Pledges receivable	85,448	88,297			
Other receivables	34,223	-			
Total other assets	2,401,865	2,327,516			
Total Assets	\$ 77,168,331	\$ 73,477,453			

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

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,196,690	\$ 3,417,135
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	6,090,037	3,846,997
Depreciation and amortization	2,876,780	2,739,907
Change in interest rate swap obligation	(448,001)	112,127
Amortization of deferred revenue from entrance fees	(2,871,039)	(2,693,011)
Change in net unrealized gain on investments	(1,382,708)	(1,166,395)
Change in interest in perpetual trusts	(69,433)	(205,458)
Loss on disposal of assets	185,539	-
(Increase) decrease in operating assets:		
Entrance fee deposits	14,547	226,466
Accounts receivable and pledges receivable	(206,329)	164,439
Entrance fees receivable	(805,894)	220,308
Prepaid expenses and other current assets	(222,374)	553,698
Other receivables	(34,223)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(10,797)	343,921
Future service obligation	(94,903)	(157,916)
Entrance fee deposits	(14,547)	(226,466)
Annuities payable	(17,196)	104,292
Net cash provided by operating activities	<u>6,186,149</u>	<u>7,280,044</u>
Cash Purchases from Investing Activities		
Purchases of investments, net	(249,809)	(2,280,298)
Purchases of property and equipment	(2,693,877)	(1,506,450)
Proceeds from sale of property and equipment	143,125	-
Net cash used in investing activities	<u>(2,800,561)</u>	<u>(3,786,748)</u>
Cash Flows from Financing Activities		
Principal payment on debt	(2,156,723)	(2,082,669)
Net cash used in financing activities	<u>(2,156,723)</u>	<u>(2,082,669)</u>
Net Increase in Cash and Cash Equivalents	1,228,865	1,410,627
Cash and Cash Equivalents - Beginning of Year	<u>9,523,347</u>	<u>8,112,720</u>
Cash and Cash Equivalents - End of Year	<u>\$ 10,752,212</u>	<u>\$ 9,523,347</u>
Cash Paid During the Year for Interest	\$ 653,322	\$ 731,902

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

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION (Continued)

In March 2006, the Company formed Seabury At Home, which began operations in 2008. Seabury At Home is incorporated under the Nonstock Corporation Act of the State of Connecticut and is a separate legal entity from the Company. The purpose of Seabury At Home is to sponsor, initiate, develop, operate and maintain facilities and programs for the delivery of health care, personal care and support services to the elderly designed to promote and extend opportunities for independent living and personal health. As the Company is the sole member and beneficiary of Seabury At Home, the activities of Seabury At Home have been consolidated with those of the Company in the accompanying consolidated financial statements. All significant transactions between the Company and Seabury At Home have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement - In 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2012-01, *Continuing Care Retirement Communities-Refundable Advance Fees* (ASU 2012-01). ASU 2012-01 requires that refundable entrance fees be accounted for as a liability on a company's books and only permits amortization of those fees into revenue under certain circumstances. This standard will be effective for the Company's fiscal year ending September 30, 2014. Application of ASU 2012-01 as of October 1, 2012 and for the year ended September 30, 2013 would affect the following financial statement line items.

Changes in the consolidated statement of activities and changes in net assets for the year ended September 30, 2013 would be as follows:

	<u>As Computed prior to ASU 2012-01</u>	<u>As Reported under ASU 2012-01</u>	<u>Effect of Change</u>
Unrestricted Revenues			
Amortization of entrance fees	\$ 2,871,039	\$ 1,994,692	\$ (876,347)
Income from Operations	1,272,743	396,396	(876,347)
Increase in Unrestricted Net Assets	3,013,751	2,137,404	(876,347)
Change in Net Assets	3,196,672	2,320,325	(876,347)
Net Assets - Beginning of Year	14,910,721	5,220,255	(9,690,466)
Net Assets - End of Year	18,107,393	7,540,580	(10,566,813)

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 allowance for doubtful accounts receivable, useful lives of property and equipment, amortization of deferred revenue from entrance fees (see Note 4), accrued expenses and annuities payable. It is management's opinion that the estimates applied in the accompanying consolidated 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.

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 \$162,832 and \$97,000 at September 30, 2013 and 2012, respectively, which is based on a review of significant balances and past experience.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gain (loss) on investments includes the Company's gains and losses on investments bought and sold as well as held during the year.

Realized and unrealized gains and losses and investment income on donor-restricted endowment assets are classified as increases or decreases in temporarily restricted net assets until appropriated for expenditure. The Company adopted a policy to review, for potential adjustment to cost, any investment that has decreased from cost to market by greater than 25% for a period of nine months or longer. No adjustments were necessary for the fiscal years ended September 30, 2013 and 2012. Refer to Note 5 for further detail on investments as of September 30, 2013 and 2012.

Property and Equipment - 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	10-30 years
Furniture, fixtures and equipment	3-20 years
Vehicles	4 years

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures in excess of \$2,500 for renewals and betterments are capitalized.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable Reserve - Pursuant to the agreed settlement with the State of Connecticut for the addition of 30 skilled nursing beds during fiscal 1996, the Company was required to segregate \$500,000 of its investments in a contingency fund account restricted to provide for the expenses of the continuum of care to be made available to private payor health center residents of Seabury that may not be covered by the residents' assets. This amount was increased by \$100,000 in each fiscal year through the fiscal year ended September 30, 2001 so that the reserve at September 30, 2013 and 2012, is in excess of the required \$1,000,000. This amount is included in unrestricted net assets in the accompanying consolidated statements of financial position.

Beneficial Interest in Perpetual Trusts - The Company is the beneficiary of several trust funds. Although the principal balances in the trust funds are permanently restricted, the income earned on the trust funds is unrestricted. The income is used for general expenses to maintain and operate the facilities. For the fiscal years ended September 30, 2013 and 2012, \$85,878 and \$76,754, respectively, is included in unrestricted investment income. Changes in market value for the Company's portion of the trusts were \$69,433 and \$205,458 for the years ended September 30, 2013 and 2012, respectively.

Charitable Gift Annuity - The Foundation is the recipient of charitable gift annuities. Under the terms of the charitable gift annuity agreement with the individual donors, the Foundation is required to make quarterly payments to the donors over their remaining life. The proceeds from the gifts are unrestricted and are recognized as revenue to the extent that the fair market value of a gift on the date of receipt exceeds the present value of the estimated future annuity payments. During the fiscal years ended September 30, 2013 and 2012, the Foundation recognized \$45,023 and \$49,296, respectively, in unrestricted contribution and gift revenue related to these gifts. The present value of the estimated future annuity payments is reflected as an annuity payable in the accompanying consolidated statements of financial position. During 2013 and 2012, the Foundation's liability for annuities payable was increased by approximately \$63,000 and \$111,000, respectively, representing the estimated future liability related to donors whose original liability had reached \$-0- based on actuarial assumptions when the gift was first received but who were still receiving payments at September 30, 2013 and 2012.

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

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

Subsequent Events - In preparing these consolidated financial statements, management has evaluated subsequent events through December 20, 2013, which represents the date the consolidated financial statements were available to be issued.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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

Interest Rate Swaps - Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rate assumptions for nonperformance risk, and correlations of such inputs.

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

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

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

Description	September 30, 2013	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 3,116,403	\$ 3,116,403	\$ -	\$ -
Fixed income mutual funds	2,559,308	2,559,308	-	-
U.S. Government securities	1,963,479	1,963,479	-	-
Corporate bonds	1,023,194	-	1,023,194	-
Equity mutual funds	3,871,838	3,871,838	-	-
Common stocks	9,606,640	9,606,640	-	-
Total investments	22,140,862	21,117,668	1,023,194	-
Beneficial interest in perpetual trusts	1,937,638	-	-	1,937,638
Interest rate swap	(622,037)	-	-	(622,037)

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of the changes in the balances of interest rate swap agreements measured at fair value on a recurring basis using significant unobservable inputs:

	Interest Rate Swap
Balance - September 30, 2011	\$ (957,911)
Change in interest rate swap obligation	(112,127)
Balance - September 30, 2012	(1,070,038)
Change in interest rate swap obligation	448,001
Balance - September 30, 2013	\$ (622,037)

Financial Instruments Not Measured at Fair Value - The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

The fair value of bonds and loans payable as of September 30, 2013 and 2012, approximates the total outstanding principal balance.

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

NOTE 4 - LIFE CARE AGREEMENT

A life care agreement is signed by all residents of Seabury and all enrollees of Seabury At Home. Some of the principal terms and conditions of the Seabury agreement are as follows:

In consideration for the resident's payment of a life care entrance fee, the Company agrees to furnish to the resident a living unit in the residence complex for his or her personal use and occupancy for the balance of the resident's lifetime unless sooner terminated under the provisions of the agreement. If the agreement includes two persons, the term "resident" shall include both persons, and on the death of one all rights pass to, and are retained by, the survivor for the survivor's lifetime. The life care agreements vary in terms of refund policy and monthly service fees.

An agreed-upon payment schedule for full payment of the life care entrance fee is obtained from the resident prior to occupancy. The fee consists of a refundable and nonrefundable portion. The refundable portion varies depending upon which of the five contract plans is selected. Three of these plans are full life care and two plans are non-life care. Of the three life care plans, two offer a declining refund at 2% per month and another plan offers a fixed 67% refund of the original life care entrance fee. The non-life care plans offer an 85% or 95% refund, respectively, of the original life care entrance fees if the occupant never resides in the nursing home facility. If the resident enters the nursing facility, the refundable amount is reduced by the nursing facility's standard daily private pay rate. Under the resident agreements of these five plans, amounts are refundable after the living unit is reoccupied and the new life care entrance fee is paid in full.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LIFE CARE AGREEMENT (Continued)

As noted above, the Company also provides medical facilities and nursing care in the health center. Costs incurred in providing this care are paid for by enrollees through the continuing payment of monthly service fees per the agreement as well as a deductible as noted in the agreement, if applicable.

The Company's actuaries annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents of Seabury and enrollees of Seabury At Home and compare that amount to the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded with a corresponding charge to income. As of September 30, 2013 and 2012, an obligation of \$-0- and \$94,903, respectively, has been recorded for Seabury at Home. As of September 30, 2013 and 2012, no such obligation existed for Seabury.

NOTE 5 - INVESTMENTS

Fair values of investments as of September 30, 2013 and 2012, are summarized as follows:

	<u>2013</u>	<u>2012</u>
Investments:		
Cash equivalents	\$ 3,116,403	\$ 3,638,368
Fixed income mutual funds	2,559,308	2,627,292
Government bonds	1,963,479	4,337,499
Corporate bonds	1,023,194	409,133
Equity mutual funds	3,871,838	3,566,139
Individual securities	<u>9,606,640</u>	<u>5,929,915</u>
	<u>\$ 22,140,862</u>	<u>\$ 20,508,346</u>

Investment income on cash and cash equivalents, perpetual trusts and investments is comprised of the following for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividend income from investments	\$ 386,899	\$ 357,577
Net realized gain on sales of investments	<u>381,733</u>	<u>1,116,107</u>
Income from investments	768,632	1,473,684
Interest and dividend income from perpetual trusts	<u>85,878</u>	<u>76,754</u>
Total Investment Income	<u>\$ 854,510</u>	<u>\$ 1,550,438</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (Continued)

The following is a schedule of long-term debt principal payments over the next five fiscal years and thereafter:

<u>Fiscal Year</u>	<u>CHEFA Revenue Bonds</u>	<u>Simsbury Bank</u>
2013	\$ 1,955,000	\$ 281,656
2014	2,020,000	297,425
2015	2,090,000	314,077
2016	2,170,000	331,662
2017	2,240,000	172,731
Thereafter	<u>5,325,000</u>	<u>-</u>
	<u>\$ 15,800,000</u>	<u>\$ 1,397,551</u>

Under provisions of the CHEFA Bond agreement, substantially all revenues of the Company are pledged as collateral on the bonds.

Covenants - The Company, under provisions of the CHEFA Bond Agreement, is required to maintain a debt service coverage ratio and cash-to-debt ratio. In the opinion of management, the Company is in compliance with these covenants at September 30, 2013.

NOTE 8 - DEFERRED COSTS

Deferred costs as of September 30, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Refinancing - 2008	\$ 27,304	\$ 27,304
Refinancing - 2010	410,905	410,905
Less accumulated amortization	<u>(128,016)</u>	<u>(84,195)</u>
	<u>\$ 310,193</u>	<u>\$ 354,014</u>

The 2008 refinancing costs represent costs incurred in connection with the refinancing of the Meadows loan with Simsbury Bank. These costs are being amortized over the term of the Simsbury Bank loan. Amortization for each of the next five years is \$2,730.

The 2010 refinancing costs represent costs incurred in connection with the refinancing of the CDA bonds. These costs are being amortized over the term of the new CHEFA bonds. Amortization for each of the next five years is \$41,091.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT (Continued)

The total endowment funds of the Company at September 30, 2013 and 2012, are as follows:

	Church Home of Hartford, Inc. Permanently Restricted Endowment Funds	Church Home of Hartford, Inc. Temporarily Restricted Endowment Funds	Church Home of Hartford, Inc. Board- Designated Endowment Funds	Seabury Charitable Foundation Board- Designated Endowment Funds	Seabury Memory Care, Inc. Board- Designated Endowment Funds	Total
Endowment net assets - September 30, 2011	\$ 370,000	\$ 370,722	\$ 11,054,377	\$ 4,819,212	\$ 447,343	\$ 17,061,654
Reclassifications	-	134,328	(134,328)	-	-	-
Investment return:						
Interest and dividends	-	-	243,608	108,801	5,168	357,577
Realized gains	-	-	868,887	247,220	-	1,116,107
Unrealized gains	-	-	661,210	505,185	-	1,166,395
Total investment return	-	-	1,773,705	861,206	5,168	2,640,079
Net increase (decrease) in amounts designated	-	-	931,211	(224,598)	100,000	806,613
Endowment net assets - September 30, 2012	370,000	505,050	13,624,965	5,455,820	552,511	20,508,346
Reclassifications	-	114,153	(114,153)	-	-	-
Investment return:						
Interest and dividends	-	-	229,966	142,910	5,911	378,787
Realized gains	-	-	223,477	187,639	-	411,116
Unrealized gains	-	-	1,043,422	339,286	-	1,382,708
Total investment return	-	-	1,496,865	669,835	5,911	2,172,611
Net decrease in amounts designated	-	-	(421,202)	(118,893)	-	(540,095)
Endowment Net Assets - September 30, 2013	\$ 370,000	\$ 619,203	\$ 14,586,475	\$ 6,006,762	\$ 558,422	\$ 22,140,862

The Company maintains a spending policy on board-restricted endowment funds, which limits the appropriation to up to 5% of the market value of endowment investment assets.

The Company maintains a spending policy on the earnings of donor-restricted funds in which the amount of funds to be appropriated will be determined annually as part of the budgeting process.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2013

ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	Total
Current Assets						
Cash and cash equivalents	\$ 3,575,654	\$ 53,002	\$ 1,158,481	\$ 5,965,075	\$ -	\$ 10,752,212
Entrance fee deposits	432,276	-	-	-	-	432,276
Accounts receivable, net	1,045,272	-	155,128	-	-	1,200,400
Accounts receivable, related party	406,727	-	-	-	(406,727)	-
Entrance fees receivable	1,272,231	-	-	1,078,815	-	2,351,046
Prepaid expenses and other current assets	418,889	-	33,543	3,574	-	456,006
Total current assets	7,154,049	53,002	1,347,152	7,047,464	(406,727)	15,194,940
Investments	15,575,678	6,006,762	558,422	-	-	22,140,862
Property and Equipment, at Cost						
Land and improvements	4,429,495	-	-	315,692	-	4,745,187
Buildings and improvements	59,196,970	-	3,800,516	526,685	-	63,523,171
Furniture, fixtures and equipment	4,135,992	-	146,782	28,111	-	4,310,885
Vehicles	196,202	-	-	-	-	196,202
Construction in progress	171,664	-	-	151,138	-	322,802
Less accumulated depreciation	68,130,123	-	3,947,698	1,021,636	-	73,099,457
Net property and equipment	34,054,138	-	1,479,334	868,105	-	36,401,577
Other Assets	34,076,195	-	2,468,364	-	-	37,430,664
Deferred costs, net of accumulated amortization	297,906	-	12,287	-	-	310,193
Deferred compensation investments	34,363	-	-	-	-	34,363
Beneficial interest in perpetual trusts	1,937,638	-	-	-	-	1,937,638
Loan receivable, related party	1,735,200	-	-	-	(1,735,200)	-
Pledges receivable	-	85,448	-	-	-	85,448
Other receivables	34,223	-	-	-	-	34,223
Total other assets	4,039,333	85,448	12,287	-	(1,735,200)	2,401,868
Total Assets	\$ 60,845,255	\$ 6,145,212	\$ 4,386,225	\$ 7,933,569	\$ (2,141,930)	\$ 77,168,331

LIABILITIES AND NET ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	Total
Current Liabilities						
Current portion of bonds payable	\$ 1,955,000	\$ -	\$ -	\$ -	\$ -	\$ 1,955,000
Current portion of loans payable	1,823,338	11,993	281,656	21,779	-	2,138,766
Accounts payable and accrued expenses	438,776	-	213,076	173,651	(406,727)	438,776
Entrance fee deposits	4,217,114	11,993	580,998	193,430	(406,727)	4,598,808
Total current liabilities	-	424,210	-	-	-	424,210
Annuities Payable	13,845,000	-	-	-	-	13,845,000
Bonds Payable, Net of Current Portion	-	-	-	-	-	-
Loans Payable, Net of Current Portion	34,363	-	1,115,895	1,735,203	(1,735,203)	1,115,895
Deferred Compensation	31,839,774	-	-	-	-	31,839,774
Deferred Revenue from Entrance Fees	622,037	-	-	6,380,833	-	6,992,870
Interest Rate Swap Obligation	50,538,288	436,203	1,696,893	8,511,466	(2,141,930)	59,060,920
Total liabilities	-	424,210	1,696,893	8,511,466	(2,141,930)	10,490,639
Net Assets						
Unrestricted	7,354,550	5,681,304	2,689,332	(377,897)	-	15,147,289
Temporarily restricted	624,780	27,705	-	-	-	652,485
Permanently restricted	2,307,637	-	-	-	-	2,307,637
Total net assets	10,286,967	5,709,009	2,689,332	(377,897)	-	18,107,411
Total Liabilities and Net Assets	\$ 60,845,255	\$ 6,145,212	\$ 4,386,225	\$ 7,933,569	\$ (2,141,930)	\$ 77,168,331

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Church Home of Hartford Incorporated			Seabury Charitable Foundation, Inc.		Seabury Memory Care Center, Inc.	Seabury at Home, Inc.		Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted		
Revenues, Gains and Other Support										
Health center patients, net of contractuals	\$ 7,198,746	\$ -	\$ -	\$ 7,198,746	\$ -	\$ -	\$ -	\$ -	(79,105)	\$ 7,119,641
Health care services - Memory Care	2,435,395	-	-	2,435,395	-	-	-	-	(2,435,395)	3,139,234
Assisted living services	-	-	-	-	-	3,737,338	-	-	(598,104)	10,003,438
Resident services	10,003,438	-	-	10,003,438	-	-	-	-	-	835,971
Home health revenue	835,971	-	-	835,971	-	-	-	-	-	330,497
Seabury at Home revenue	-	-	-	-	-	-	354,206	-	(23,709)	330,497
Services to Seabury at Home, Inc.	580,586	-	-	580,586	-	-	-	-	(380,586)	-
Amortization of deferred revenue from entrance fees	-	-	-	-	-	-	-	-	-	-
Investment income	2,698,022	-	-	2,698,022	-	-	173,017	-	-	2,871,039
Other income	548,046	-	-	548,046	-	299,240	7,224	-	-	854,510
Contributions and gifts	578,466	-	-	578,466	-	64,375	304,905	-	(162,237)	812,536
Contributions from the Seabury Charitable Foundation, Inc.	-	-	-	-	23,787	94,869	-	-	-	94,869
Net assets released from restrictions	132,232	-	-	132,232	-	-	-	-	(128,338)	3,894
Total revenues, gains and other support	<u>25,010,902</u>	<u>-</u>	<u>-</u>	<u>25,010,902</u>	<u>(24,452)</u>	<u>458,484</u>	<u>832,128</u>	<u>(4,007,474)</u>	<u>-</u>	<u>26,065,629</u>
Expenses										
Medical and other resident care	7,635,979	-	-	7,635,979	-	-	450,989	(1,701,109)	-	7,635,405
General and administrative	8,032,416	-	-	8,032,416	-	282,393	194,182	(1,837,527)	-	7,707,858
Dietary	2,393,553	-	-	2,393,553	-	-	-	(249,155)	-	2,566,932
Repairs and maintenance	2,514,839	-	-	2,514,839	-	-	-	(67,360)	-	2,719,503
Housekeeping and laundry	610,299	-	-	610,299	-	-	-	(126,780)	-	614,533
Interest expense, net	563,785	-	-	563,785	-	-	-	-	-	648,070
Depreciation and amortization	2,679,801	-	-	2,679,801	-	-	39,534	-	-	2,876,780
Contributions to Church Home of Hartford Incorporated and Seabury Memory Care	-	-	-	-	-	25,543	-	(25,543)	-	-
Total expenses	<u>24,430,672</u>	<u>-</u>	<u>-</u>	<u>24,430,672</u>	<u>307,936</u>	<u>307,936</u>	<u>684,705</u>	<u>(4,007,474)</u>	<u>-</u>	<u>24,769,081</u>
Income (Loss) from Operations	580,230	-	-	580,230	(665)	150,548	147,423	-	-	1,296,548
Change in Net Unrealized Gain on Investments	929,269	114,153	-	1,043,422	-	339,286	-	-	-	1,382,708
Change in Interest in Perpetual Trusts	-	-	69,433	69,433	-	-	-	-	-	69,433
Change in Interest Rate Swap Obligation	448,001	-	-	448,001	-	-	-	-	-	448,001
Change in Net Assets	1,957,500	114,153	69,433	2,141,086	(665)	489,834	147,423	-	-	3,196,690
Net Assets - Beginning of Year	5,397,050	510,627	2,238,204	8,145,881	28,370	5,219,175	(725,320)	-	-	14,910,721
Net Assets - End of Year	<u>\$ 7,354,550</u>	<u>\$ 624,780</u>	<u>\$ 2,307,637</u>	<u>\$ 10,286,967</u>	<u>\$ 27,705</u>	<u>\$ 5,709,009</u>	<u>\$ (577,897)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,107,411</u>

ACKNOWLEDGEMENT OF RECEIPT

SEABURY

DISCLOSURE STATEMENT

**PURSUANT TO CONNECTICUT STATUTE P.A. 98-250,
EFFECTIVE JULY 1, 1998, THE FOLLOWING NOTICE MUST BE
PROVIDED BEFORE THE SIGNING OF A RESIDENCY AND
CARE AGREEMENT.**

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

I acknowledge that I have read the above statement.

Signature

Date

Seabury Staff Signature

Date

DISCLOSURE STATEMENT

SEABURY

Sponsored by Church Home of Hartford, Incorporated

January 2014

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

Note: Church Home of Hartford's fiscal year ends on September 30.

TABLE OF CONTENTS

	<u>Page</u>
Section I, Name and Address of Provider	1
Section II, Officers and Directors	2-3
Section III, Executive Team	4
Section IV, Business Experience	4
Section V, Significant Event	4
Section VI, Judicial Proceedings	5
Section VII, Affiliation	5
Section VIII, Description of Property	5
Section XIX, Benefits Included	8
Section X, Interest on Deposits	8
Section XI, Termination of Contract	8
Section XII, Rights of Surviving Spouse	8
Section XIII, Marriage of a Resident	8
Section XIV Disposition of Personal Property	8
Section XV, Tax Consequences	9
Section XVI, Reserve Funding and Escrows	9
Section XVII, Financial Statements	9
Section XVIII, Pro Forma Income Statements	9
Section XIX, Entrance Fees/ Periodic Charges	9
Section XX, Pre-Paid Obligations, Actuarial Value	10
Section XXI, Department of Social Service – Filings	10
<u>Appendix</u> : (Exhibits Updated as Required)	
Exhibit A, Residence & Care Agreement	
Exhibit B, Audited Financial Statements, including 2 previous years	
Exhibit C, Pro Forma Income Statements	
Exhibit D, Entrance Fees/Periodic Charges	
Exhibit E, Entrance Fee Escrow Agreement	

I. NAME AND ADDRESS OF PROVIDER

CHURCH HOME OF HARTFORD, INCORPORATED

d/b/a

SEABURY

200 Seabury Drive
Bloomfield, CT 06002

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

VISION

Striving for excellence in senior living in association with the Episcopal Diocese of Connecticut.

MISSION

We are committed to meeting the physical, spiritual and emotional needs of the people we serve by providing services, accommodations, and resources that will assure the highest quality of life for residents, clients and employees through a philosophy of "Wellness, Compassion and Assistance." We are committed to enabling people to lead their lives fully with dignity and joy by the use of resources available to us according to the highest level of good stewardship. We shall make every effort to furnish financial assistance when needed to assure use of our facilities and services. We are committed to carrying out our purpose, by fully accepting God's love and all that means both for us and all whom we serve.

OPERATING STATEMENT

"We are dedicated to providing the highest quality of life to the people we serve through excellence in personalized service."

II. OFFICERS AND DIRECTORS

Church Home of Hartford Incorporated (CHHI) is a non-profit corporation established in 1876 and affiliated with the Episcopal Diocese of Connecticut. CHHI is responsible for the general oversight of Seabury, a traditional Continuing Care Retirement Community (CCRC), providing housing, services, and healthcare to residents. CHHI serves as the sole member for Seabury At Home Incorporated, established in 2006, to serve Connecticut seniors that desire to remain at home as they age. The Seabury At Home Board of Directors is responsible for the oversight of Seabury At Home. Members of the CHHI and Seabury at Home Boards of Directors are listed below.

No individuals or other entities hold any ownership interest in either corporation.

CHURCH HOME OF HARTFORD BOARD OF DIRECTORS

<p>Mr. Thomas E. Andersen *2014 Bartlett Brainard Eacott, Incorporated 70 Griffith Road South Bloomfield, CT 06002-1352</p>	<p>Rev. Paul R. Briggs II *2015 St. Mary's Church 41 Park Street Manchester, CT 06040</p>
<p>Mrs. Connie Bain ** EO Ex Officio, Auxiliary President 15 Park View Drive East Hartford, CT 06108</p>	<p>Dr. H. David Crombie *2014 33 Hudson Lane Windsor, CT 06095</p>
<p>Mr. Donald C. Berry, Jr. *2015 343 Seabury Drive Bloomfield, CT 06002</p>	<p>Dr. Jonathan A. Dixon *2015 Hartford Hospital Rheumatology Clinic 85 Seymour Street, Suite #601 Hartford, CT 06106</p>
<p>Dr. Richard M. Bridburg *2016 9 Hickory Lane West Hartford, CT 06107</p>	<p>The Right Rev. Ian T. Douglas **EO Chairman, Ex Officio Episcopal Diocesan House 1335 Asylum Avenue Hartford, CT 06105 New address 4/1/14: 290 Pratt Street, Meriden, CT 06451</p>

Mr. David O. Elliott *2014 25 Country Lane Collinsville, CT 06019	Mr. A. Raymond Madorin *2015 President 300 Mountain Spring Road Farmington, CT 06032
Dr. Donna R. Galluzzo *2014 HMS Healthcare Management Solutions, Inc. 8 Research Parkway Wallingford, CT 06492	Mr. Gale A. Mattison *2015 Vice President 12 Sandhurst Drive West Hartford, CT 06107
Mr. Paul Glover III *2015 ISG Holdings 20 Waterside Drive Farmington, CT 06032	Mr. Harold L. Rives III *2016 New England Guild Wealth Advisors 139 Simsbury Road Avon, CT 06001
Dr. Laura Harckham *2015 Secretary 400 Seabury Drive, Apt. 5188 Bloomfield, CT 06002	Mr. Robert Stanwood *2016 21 Stuart Drive Bloomfield, CT 06002
Mrs. Bette-Jane Hardersen *2016 Assistant Treasurer 22 Burnwood Drive Bloomfield, CT 06002-2202	Mr. William J. Thompson *2015 Treasurer Milliman, Inc. 80 Lamberton Road Windsor, CT 06095
	*Term Expires ** Ex Officio

Executive Vice President & CEO Richard C. Heath is responsible for the day-to-day management of the organization.

III. EXECUTIVE MANAGEMENT TEAM

<p>Renée J. Bernasconi, CMP <i>Chief Strategy Officer & Sr. Vice President, Marketing & Communications</i> Length of service: 17 years</p>	<p>Pegeen L. Sullivan <i>Vice President, Community Life</i> Length of service: 9 years</p>
<p>Richard C. Heath, MS, LNHA <i>Executive Vice President & CEO</i> Length of service: 2 years</p>	<p>Steven F. Yanofsky, MBA, RHP <i>Chief Financial Officer & Vice President, Finance</i> Length of service: 21 years</p>
<p>Karen J. Sprout <i>Vice President, Human Resources</i> Length of service: 9 years</p>	
<p>Marjorie A. Sullivan, RNC, RHP <i>Chief Operating Officer & Sr. Vice President, Health Services</i> Length of service: 21 years</p>	

IV. BUSINESS EXPERIENCE

Church Home of Hartford, Incorporated has provided housing with support services for older adults in the Hartford area continuously since 1876.

V. SIGNIFICANT EVENT

Church Home of Hartford, Incorporated, d.b.a. Seabury, experienced a fire due to a lightning strike in July 2009. The fire was confined to the roof over the Natatorium, with significant water damage to the Fitness Center and 45 apartments. A safe evacuation of the apartment wing resulted in no injuries to residents. Residents were however, displaced temporarily. An enhanced lightning protection system was installed, during reconstruction. Church Home of Hartford, Incorporated suffered no financial impact from this event.

VI. JUDICIAL PROCEEDINGS

Church Home of Hartford, Incorporated nor any member of its Board of Directors is now or has ever been the subject of any judicial proceeding relating to a felony charge or to any form of fraud or misappropriation of property. Neither have they had any business or health care licenses or permits revoked by any jurisdiction.

VII. AFFILIATION

Church Home of Hartford, Incorporated is affiliated with the Episcopal Diocese of Connecticut and is a recognized mission of the Diocese; however, the Diocese will have no responsibility for the financial and contractual obligations of Church Home of Hartford, Incorporated.

Church Home of Hartford, Incorporated is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and a corporate member for the Seabury Memory Care Center Incorporated (Seabury Meadows) and Seabury At Home Incorporated.

Seabury At Home Incorporated was incorporated in 2006 and began operating as a continuing care retirement community without walls in October 2008. The common areas and amenities of the retirement community are available to Seabury At Home Members. The assisted living and nursing home facilities are available on an as-needed and as-available basis.

VIII. DESCRIPTION OF PROPERTY

Seabury is a Continuing Care Retirement Community, providing housing, services, and health care. The Community is located in Bloomfield, Connecticut, on a parcel of sixty acres north of Wintonbury Avenue at the intersection of School Street.

This site is three miles from the Bloomfield commercial center. Surrounded by flood control areas, wetlands, and reserved open space, the rural character of the site will be preserved and protected from urban growth and development. The main buildings are constructed on a knoll, which provides views of the surrounding countryside in all directions.

The major buildings of Seabury are linked together, providing weather-protected interior circulation between the residents' apartments and the services provided in the community center and health care buildings. Cottage clusters are also built around the main complex, creating a campus atmosphere.

Seabury is composed of the following individual components:

- The Commons – containing all social, recreational, and support services, including: administrative suite, auditorium, beauty-barber shop, café, creative arts studio, convenience shop, exercise room, library, chapel, game room, greenhouse, woodshop, community and private dining rooms, food preparation, maintenance, housekeeping, and laundry.
- Apartment Building – 156 apartments include studios, one- and two-bedroom and two bedrooms with a den.
- Cottage Clusters - 35 cottages include one- and two-bedroom and two bedrooms with a den, and 5 villas that are two-bedrooms with a den.
- Davis Center and Brewer Center – 60 skilled nursing care beds.
- The Views – 49 assisted living beds, 22 of which are licensed Residential Care Facility beds.
- Rehabilitation Services – Physical, Occupational and Speech therapies.
- The Health Clinic – On the premises where residents may be examined and treated as outpatients. Staffed by nurses and physicians who have scheduled office hours at the clinic.
- Seabury Meadows – 58 beds, Alzheimer's/Assisted Living facility operated by Seabury Memory Care Center Incorporated. There are 14 licensed Residential Care Facility beds.

The total number of independent living apartments and cottages is 196 and includes underground parking, natatorium, and fitness center.

Seabury has established its Strategic Repositioning Plan for the future. This plan includes: 57-80 new independent living apartments, a parking garage (approx. 75 spaces), new expanded Bistro addition, expanded main kitchen, renovation of private dining room, new chapel (seating for 250/270), combination of West Wing residences (34 to 17 apartments), new salon/spa, renovated and expanded Administration Suite, renovated front entry façade, renovated foyer, reception, lobby and mail area.

In addition to the independent living expansion, the second phase will include a health care expansion: a new health center entrance, renovation of existing spaces to accommodate updated Assisted Living dining, kitchen, and living/activities spaces, and updated Skilled rooms (adding showers) and Assisted Living apartments, living/family rooms, salon, dining and pantry spaces. Expansion to existing Rehab and Therapy Suite and the Clinic Suite will also be included in this phase.

A new Community Outreach Services building will be constructed on the Seabury campus at 218 Wintonbury Avenue. This will include offices for Seabury's Community Outreach Services, Primary Care, Out-patient Rehabilitation, and Adult Day Care.

- Seabury At Home – Office building located at 222 Wintonbury Avenue (on the Seabury campus).
- Seabury Visiting Nurses – Seabury has its own Home Care Agency, licensed by the State of Connecticut. Home health care services may be arranged at your request and at your expense, for short-term assistance in your Independent Living Apartment or Cottage. Some home health agency services may be covered by Medicare or supplemental insurance. Seabury Visiting Nurses is Medicare certified.
- Seabury Care Now – was developed in October, 2010, and is a non-medical homemaker-companion agency registered with the Connecticut Department of Consumer Protection. This agency provides homemaker, companion, and personal care assistance to residents on campus, Seabury At Home members and clients off campus.

IX. BENEFITS INCLUDED

Services provided without additional charge under the Continuing Care Contract are set forth in the Seabury Residence and Care Agreement (Exhibit A, Section II).

X. INTEREST ON DEPOSITS

Reservation fees and all advance partial payments thereof shall earn interest at the escrow agent's variable rate. This interest, less the escrow agent's processing fees, shall be allocated to Seabury applicants and either refunded to them or credited to their Seabury account in accordance with the terms of the Reservation or Residence and Care Agreements.

XI. TERMINATION OF CONTRACT

Procedures and terms for termination are described in the Residence and Care Agreement (Section VII).

XII. RIGHTS OF SURVIVING SPOUSE

The rights of a surviving spouse who is a resident of Seabury are set forth in Section VIII of the Residence and Care Agreement. A surviving spouse who is not a resident of Seabury has no rights to the services and benefits of a spouse who is a resident of Seabury (refer to Section III, Item Number 15, page 7, of the Residence and Care Agreement – Exhibit A).

XIII. MARRIAGE OF A RESIDENT

Section VIII of the Residence and Care Agreement describes the effect of a resident's marriage or remarriage on the Continuing Care Contract.

XIV. DISPOSITION OF PERSONAL PROPERTY

The Residence and Care Agreement describes the disposition of personal property in the event of death or transfer to a nursing facility, or termination of the contract by Seabury (refer to Section VI and VII of the Agreement).

XV. TAX CONSEQUENCES

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

XVI. RESERVE FUNDING AND ESCROWS

RESERVE FUND ESCROW:

Funds have been set aside in a money market fund sufficient to cover the total cost of operations of the facility for a one-month period, excluding long-term debt service.

ENTRANCE FEE ESCROW:

Church Home of Hartford, Incorporated has established an entrance fee escrow account with Bank of America, 777 Main Street, Hartford, CT 06115, and will deposit within 72 hours of receipt all deposits, advance payments, and entrance fees received on behalf of applicants to Seabury. These funds will be invested as directed by the Investment Committee of Church Home of Hartford, Incorporated. Refund procedures are described in the "Termination and Refunds" section of the Residence and Care Agreement (Exhibit A).

XVII. FINANCIAL STATEMENTS

Audited and certified financial statements of Church Home of Hartford, Incorporated, including the current balance sheet and income statements, are provided in Exhibit B.

XVIII. PRO FORMA INCOME STATEMENTS

The income projected for Seabury for five years is set forth in Exhibit C.

XIX. ENTRANCE FEES/PERIODIC CHARGES

Entrance and monthly fees projected for Seabury are set forth in Exhibit D.

XX. PREPAID OBLIGATIONS, ACTUARIAL VALUE

Church Home of Hartford, Incorporated will incur prepaid health care obligations for residents of Seabury when Residence and Care Agreements for independent living are signed. The actuarial present value “y” of those obligations is projected to total approximately -\$27.3 million.

XXI. DEPARTMENT ON SOCIAL SERVICES – FILINGS

Church Home of Hartford, Incorporated has filed with the Department of Social Services all materials, which it understands are required by State Regulations for the Management of Continuing Care Facilities. These materials include a Disclosure Statement and the Seabury Residence and Care Agreement. These materials are available for review at the Department of Social Services, located at 25 Sigourney Street, Hartford, CT 06106.

EXHIBIT A

RESIDENCE & CARE AGREEMENT

RESIDENCE AND CARE AGREEMENT

SEABURY

Sponsored by Church Home of Hartford, Incorporated,

a not-for-profit organization affiliated with

the Episcopal Diocese of Connecticut

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

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1-2
II. OUR RESPONSIBILITIES TO YOU AS A RESIDENT	2-5
III. YOUR RESPONSIBILITIES AS A RESIDENT	5-10
IV. HEALTH SERVICES	10-14
V. FEES.....	14-16
VI. TRANSFER FROM YOUR INDEPENDENT LIVING APARTMENT OR COTTAGE, THE DAVIS CENTER, BREWER CENTER, THE VIEWS OR SEABURY MEADOWS.....	16-19
VII. TERMINATION OF AGREEMENT; REFUNDS	19-24
VIII. CO-RESIDENTS' RIGHTS AND RESPONSIBILITIES	24-25
IX. MISCELLANEOUS	25-28
EXHIBIT A	29-30

SEABURY

RESIDENCE AND CARE AGREEMENT

I. INTRODUCTION

1. General - This is the Residence and Care Agreement between you (whom we shall refer to as "you") and Church Home of Hartford, Incorporated, d/b/a Seabury (which we shall refer to as "we," "us," "Seabury," or the "facility").

We have divided this Agreement into several parts in order to make it easier to read and to find any particular part.

2. Acceptance to Seabury

As a condition of residence at Seabury, applicants are required to be at least fifty (50) years of age or older, and in good health at the time of occupancy of an apartment or cottage. You will be required to provide a recent medical history and have a physical evaluation within ninety (90) days before occupancy by medical professionals designated by Seabury. Seabury will comply with the Health Insurance Portability and Accountability Act (HIPAA) of 1996, the HITECH Act of 2009, and amendments under the new HIPAA Omnibus Rule of 2013. Your consent to share medical information for the purpose of treatment and billing will be required as a resident of Seabury. As a further condition of residence at Seabury, applicants are required to qualify financially immediately prior to occupancy. You or Seabury may terminate this Agreement prior to occupancy as set forth in Section VII of this Agreement. If this Agreement is terminated for health reasons, Seabury will assist you and your family to identify possible alternatives.

3. Term of This Agreement

This Agreement takes effect upon its signing.

Your occupancy of the Reserved Apartment or Cottage will begin on a scheduled date to which you and Seabury agree in writing, set forth in the attached Exhibit A (the "Scheduled Occupancy Date"). You and Seabury

may mutually agree on a different occupancy date. The date that you accept the keys to your apartment or cottage is referred to as the "Occupancy Date."

Regardless of your Scheduled or Actual Occupancy Date, you are not entitled to Health Services as described in Section IV of this Agreement until the Entrance Fee has been paid.

This Agreement ceases to be in effect on the date it is terminated in accordance with the terms of this Agreement (refer to Section VII, page 15). Your right to occupancy ends on the Termination Date.

II. OUR RESPONSIBILITIES TO YOU AS A RESIDENT

Seabury shall provide to you the following services and facilities on the conditions set forth in this Section and Section IV of this Agreement. Unless otherwise specified, charges for these services are included in the Monthly Fee set forth in Exhibit A attached to this Agreement (the "Monthly Fee").

1. Apartment or Cottage - You have the right to occupy and use the apartment or cottage selected by you and offered by us subject to certain conditions as hereinafter provided.
2. Furnishings - We will furnish wall-to-wall carpeting or comparable flooring, blinds, sink, stove, garbage disposal, refrigerator, dishwasher, emergency call system, grab bars in the tub and/or shower, and individual thermostatic controls for heating and air-conditioning. All other furnishings shall be provided by you.
3. Structural Changes - Any structural or physical change of any kind within or about your Independent Living Apartment or Cottage shall require our prior approval, and thereafter may be subject to our supervision. The cost of any changes you request, and the cost of restoring the Independent Living Apartment or Cottage to original condition upon termination of this Agreement if deemed necessary by us, shall be at your expense. All built-in changes shall immediately become and remain the property of the facility.
4. Parking - One (1) space will be provided for each resident residing in the Independent Living Apartment or Cottage who owns and uses a properly registered and functional automobile. We reserve the right to require you to

remove any automobile that is not being used, or if the condition or appearance of the automobile is inappropriate. There are 33 underground parking spaces for a fee, with priority given to East Wing residents.

5. Common Facilities - You may use, in common with other residents, common facilities of Seabury including but not limited to the dining room, lounges, lobbies, social and recreation rooms, and designated outdoor activity areas. There will be additional charges for your use of special services, such as beauty/barber shop, and convenience store/gift shop.
6. Mail - A mailbox for each Independent Living Apartment or Cottage will be provided in a central location.
7. Storage - Storage space at a central location will be allocated to your Independent Living Apartment or Cottage. Additional storage is available for a fee.
8. Guests - You will be free to invite guests to your Independent Living Apartment or Cottage for daily and overnight visits. Guest rooms are available at a reasonable rate for overnight stays by your guests from time to time. Seabury reserves the right to make rules regarding visits and guest behavior and may limit or terminate a visit at any time for reasons it deems appropriate in its sole discretion.
9. Food and Meals:
 - Dining Room and Café Service - Seabury provides a meal allowance which is the equivalent of 20 meals per month, in the Main Dining Room. The meal allowance may also be used for meals in the Café. You may purchase additional meals for an extra charge. Seabury will periodically publish a schedule of "meal rates" to establish the cost of such additional meals. When you give Seabury advance notice that you are going to be away from Seabury for more than seven (7) consecutive days, you will be credited for the missed meals, according to a schedule periodically published by Seabury (the "Away Meal Credit"). You may purchase Café grocery items separately.
 - Meals in Independent Living Apartment or Cottages - Tray service is available to you in your independent Apartment or Cottage for an

additional charge. You will be charged for additional meals over 20 meals per month.

- Dietary Service - When authorized by us, meals accommodating special diets will be provided at an additional charge.
 - Dining Room Services for Guests - Dining room service will be available to your guests. Guests will be charged for meals at the currently published meal rate and charges for such meals will be applied toward your twenty meals per month or will be included in your monthly service charge statements (referred to as the “Monthly Statement”).
10. Housekeeping - Housekeeping services shall be provided in your Independent Living Apartment or Cottage by Seabury on a bi-weekly basis. These housekeeping services include vacuuming, floor maintenance, necessary cleaning of bathroom and kitchen, and other such tasks we deem necessary under the circumstances. Additional housekeeping services are available for a fee.
 11. Laundry - Seabury will provide washers and dryers for your use.
 12. Security - Seabury will use reasonable care in providing security on the premises for you and your property, but will not be responsible for loss or damage to personal property. You should maintain private insurance on your own property.
 13. Programs - Seabury will provide programs of social and recreational activities. Religious services will be available for interested persons. There may be an additional charge for some programs.
 14. Transportation - Seabury will provide regularly scheduled local transportation to doctors' appointments and shopping. Additional special transportation for personal or group use and trips will be available at additional cost. If a private aide is necessary to accompany you for transport, you will be charged.
 15. Maintenance and Repair - Necessary repairs, maintenance, and replacement of property and equipment owned by Seabury, wherever located, will be

performed and provided by us. Necessary repairs, maintenance, and replacement of your personal property will be your responsibility.

16. Grounds - We will furnish basic grounds-keeping care, including lawn service. You, at your own expense, may plant and maintain areas designated by Seabury, subject to the prior written approval of Seabury administration.
17. Utilities - Seabury shall provide utilities such as water, heating, electricity, air conditioning, Wi-Fi access to internet, and expanded basic cable TV service (this service is not included when residing at Seabury Meadows) to the extent that such utilities are available to us. You shall be required to have telephone service in your Independent Living Apartment or Cottage and will be responsible for the costs of its connection, maintenance, and use. You will be responsible for the cost of installing, maintaining, and using any cable TV beyond basic expanded cable including any personal Internet services.
18. Real Estate Taxes - Seabury will be responsible for the payment of all real estate taxes assessed on the facility.
19. Medical Director - Seabury will retain the services of a qualified physician ("Medical Director") to be responsible for the appropriateness and quality of all health services and health-related activities provided by Seabury.

III. YOUR RESPONSIBILITIES AS A RESIDENT

1. Commencing Occupancy - You agree that, unless this Agreement is terminated by you or Seabury prior to occupancy, you will commence occupancy of the reserved Apartment or Cottage by the scheduled occupancy date set forth in the attached Exhibit A (the "Reserved Apartment or Cottage" and the "Scheduled Occupancy Date"). If Seabury is unable to make the Reserved Apartment or Cottage available on the Scheduled Occupancy Date, a revised Scheduled Occupancy Date shall be established by written, mutual agreement. If you fail to occupy the available Reserved Apartment or Cottage by the Scheduled Occupancy Date, you shall nevertheless become obligated on that date to begin and continue to pay the Monthly Fee applicable for your Reserved Apartment or Cottage less the published Meal Credit.

2. Policies, Rules and Regulations - You agree to abide by the policies, rules and regulations of Seabury, including such changes as may be subsequently adopted. These policies will be set forth in a Resident Handbook and will be made available to you through the management of Seabury.
3. Rights of Residents - Your rights as a resident under this Agreement are those rights and privileges expressly granted to you in this Agreement or by Connecticut law.
4. Right of Entry - You shall permit authorized employees entry into your Independent Living Apartment or Cottage at all reasonable times for inspection, housekeeping and maintenance, and at any time in case of emergencies. Seabury recognizes your right to privacy and will limit entry to your Independent Living Apartment or Cottage except in case of emergencies and as described above.
5. Real Property - Your rights and privileges, as granted herein, do not include any right, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements owned or operated by Seabury.
6. Subordination of Rights - Seabury shall not subordinate your escrowed Entrance Fee payments to any other obligations of the facility except as allowed in accordance with Connecticut General Statutes Section 17b-525. As set forth in Section V of this Agreement, escrowed Entrance Fees are released to Seabury upon your Actual or Scheduled Occupancy Date, whichever first occurs.

Except for the terms stated above for escrowed Entrance Fee payments, any of your rights, privileges or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust and leasehold interests granted to secure any loans or advances made to Seabury, its related entities, or its successors, now outstanding or made in the future, in the real property and improvements constituting Seabury, and subordinate and inferior to all amendments, modifications, replacements, refunding or refinancing thereof. You agree that, upon the request of Seabury, you will execute and deliver any and all documents which are alleged to be necessary, or required to effect or evidence such subordination.

7. Responsibility for Damages - You will be responsible for any costs incurred in replacing, maintaining, or repairing any loss or damage to the real or personal property of Seabury caused by the negligence or willful misconduct of you, your guests, agents, employees, or pet. You are strongly encouraged to obtain insurance at your own expense to cover this obligation.
8. Protection of Personal Property - Seabury is not responsible for the loss of any personal property belonging to you due to theft, fire or any other cause, unless said property is specifically entrusted in writing to our care and control and accepted by us, and then only for our gross negligence in failing to safeguard and account for such property. You are strongly encouraged to obtain insurance at your own expense to protect against such losses.
9. Indemnification - You will indemnify Seabury and hold it harmless for any injury to other residents, employees, or any third person which arises from your negligent or intentional action. You may wish to obtain insurance at your own expense to cover this obligation.
10. Medicare, Supplemental Insurance Requirements and Third-party Reimbursement - You are, or shall be when eligible, enrolled in Hospital Insurance Benefit Program under Part A of Public Law 89-97 (Medicare Part A), or its equivalent. You authorize, as necessary, any provider of such medical and other health services, including Seabury, to receive reimbursement under Medicare Part A or its equivalent as provided under these programs.

During the next enrollment period following the filing of your application for admission to Seabury, you will pay the premiums, and secure and maintain your enrollment in the supplemental medical insurance benefits program under Part B of Public Law 89-87 (Medicare Part B). If you are not eligible for these programs, you agree to obtain and maintain equivalent insurance coverage acceptable to Seabury.

If at any time you become entitled to payments for health services from governmental agencies, you agree to make prompt application for such payments. Seabury will not be responsible for the cost of any health care for which you are entitled to reimbursement from a governmental agency or other third party, i.e. workers' compensation, liability or PIP (personal injury protection), no fault insurance, etc. You agree that upon receiving third-party reimbursement, you will repay Seabury for any third-party reimbursable

costs, which Seabury incurred or paid on your behalf while your reimbursement approval was pending.

Seabury will assist you in submitting an application for health services or benefits under any programs for which you might qualify. In addition, Seabury will assist you in filing claims for payment for services rendered by Seabury. Upon request, you agree to execute an assignment of benefits to Seabury.

You are required to secure and maintain a supplemental insurance policy (such as Blue Cross, Medicare, Extended Major Medical) to pay Medicare co-insurance deductible amounts and to provide major medical coverage, or show evidence of your ability to meet your future obligations to Seabury. This coverage is not provided by Seabury.

11. Furnishings - You will be responsible for furnishing your Independent Living Apartment or Cottage. All furniture and appliances provided by you are subject to our approval in order to keep the Independent Living Apartment or Cottages safe and sanitary.
12. Linens - You will provide your own bed and bath linens.
13. Housekeeping - You agree to maintain your Independent Living Apartment or Cottage in a clean, safe and orderly condition, in conformance with all applicable health regulations, and to perform all usual light housekeeping. You further agree to arrange for the performance of light housekeeping at your own expense in the event Seabury determines, in Seabury's sole discretion, that you are unable or unwilling to perform such tasks yourself. Special housekeeping services will be provided by Seabury in the event of incidents such as spills or accidents, at an additional charge to you.
14. Right to Organize - Residents shall have the right to organize and operate a residents' association at Seabury, and shall have the right to meet privately to conduct business as an association. The officers of the residents' association shall serve as liaison between the residents and Seabury. Seabury shall hold meetings with the residents for the purpose of free discussion of subjects of interest. Notice of meetings will be posted.
15. Non-Transferable - Your rights under this Agreement to the Independent Living Apartment or Cottage, facilities and services provided for herein are

personal to you and cannot be transferred or assigned by you to any other person or entity.

16. Preservation of Your Assets - You agree to manage your financial resources so as not to threaten or impair your ability or the ability of your estate to satisfy the financial obligations set forth in this Agreement. At the request of Seabury, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Seabury, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Seabury. Failure to comply with the requirements of this Paragraph may cause you to be ineligible for the subsidy assistance described in Section V, Paragraph 5 of this Agreement.
17. Financial Statements - Just as you have provided to Seabury a financial statement as part of the admissions process, you agree to continue to provide financial statements, including copies of your federal, state and gift tax returns or other financially related information as requested by Seabury.
18. Representations Made by You in Connection With Application for Residency - Your application and the statements of your finances and health history which you filed with Seabury are incorporated into this Agreement, and all statements therein are deemed to be true as of the date made. You represent and warrant that there have been no material changes in the information provided since the date of application. Any material misstatement, or any material omission to state a fact called for, may result in the termination of this Agreement by Seabury.
19. Power of Attorney - You agree to execute and maintain in effect a limited Durable Power of Attorney valid under Connecticut law. This Power of Attorney shall designate, as your attorney-in-fact, a bank, lawyer, relative, or other responsible person or persons of your choice to act for you in managing your financial affairs and filing for your insurance or other benefits, as fully and completely as you would if acting personally. It shall be in a form which survives your incapacity or disability, and be otherwise satisfactory to Seabury. You will deliver a fully executed copy of this Power of Attorney to us prior to occupancy of your Independent Living Apartment or Cottage.

20. Pets - Pets or animals of any kind will be allowed on the premises only in strictest compliance with Seabury's written policies and with the prior written consent of the facility. Seabury retains the right to modify pet policies at any time as it deems necessary, to assure the safety and comfort of all residents. If you have a pet in your Independent Living Apartment or Cottage, you agree to pay for the cost of replacing the carpeting in your Independent Living Apartment or Cottage as required by Seabury in its sole discretion, and for the cost of repairing any damage to the Independent Living Apartment or Cottage caused by your pet.
21. Smoke-Free Environment – You agree to maintain a smoke-free environment including your apartment or cottage in accordance with Seabury's smoke-free policy. You are responsible for your guests and will ensure that they adhere to this policy when at Seabury.
22. Funeral Arrangements – You agree to make proper arrangements for funeral and burial. We will not be responsible for making such arrangements. You agree that Seabury shall be reimbursed by your estate for any expenses incurred by Seabury for such arrangements.

IV. HEALTH SERVICES

1. Health Services - Comprised of the Davis Center and the Brewer Center (skilled nursing), the Views (assisted living/residential care), and Seabury Meadows (assisted living Memory Support Center). When you receive health services in any of the above named areas, you will continue to pay the Monthly Fee and additional charges according to your selected fee plan.

When in the Davis Center and the Brewer Center, or Seabury Meadows, you will be served three meals per day and agree to pay such additional charges as may be due thereby. When in the Views, you agree to pay such additional charges for additional meals beyond 20 meals, per month. There is no additional charge for special diets in the Davis Center and the Brewer Center.

In the rare event that space for you is not available in the Davis Center and the Brewer Center or Seabury Meadows, Seabury will arrange and pay for your temporary care in another skilled nursing facility or memory care facility that can provide such care until space becomes available. Your Monthly Fee will continue to be payable according to your fee plan, and you

will be liable for any additional charges imposed by the other skilled nursing facility or memory care facility that would be payable under the terms of this Agreement governing charges while a resident of the Davis Center and the Brewer Center, or Seabury Meadows. If space is not available in the Views (assisted living/residential care), temporary care may be arranged at your expense.

2. Health Services Available in Your Independent Living Apartment or Cottage - Health services will be provided in your Independent Living Apartment or Cottage only in accordance with the provisions of this Section.
3. The Health Clinic - Seabury will provide a Health Clinic (the "Clinic") on the premises where residents may be examined and treated as outpatients. Arrangements will be made for one or more physicians selected by Seabury (the "Clinic Physicians") to keep scheduled office hours at the Clinic. There is no fee for appointments with the Clinic nursing staff; however, additional charges are made for supplies and treatments (for example, administration of eye drops, injections, and dressing changes) as set forth in the schedule of charges for Assisted Living Services. Residents will be charged for office visits to the Clinic Physicians or other, non-nursing health professionals at the Clinic. There is no obligation to use the Clinic or the Clinic Physicians or staff. You remain free to engage the services of the physician or other health professionals of your choice at your expense.
4. Emergency and Other Care in Your Independent Living Apartment or Cottage - Seabury's security staff and nursing staff, if required, will be available to provide emergency assistance in your Independent Living Apartment or Cottage in accordance with Seabury's policies governing the provision of such care by our staff.

Subject to approval by the Medical Director, temporary health care services and oversight by our Clinic nursing staff may be provided in your Independent Living Apartment or Cottage in cases of temporary illness at no charge to you.

Subject to our approval and the approval of the Medical Director, home health agency services and assisted living services may be arranged at your request and at your expense, to provide home health or assisted living services on a scheduled and intermittent basis in your Independent Living Apartment or Cottage. Some home health agency services may be covered

by Medicare or supplemental insurance. In the event that you are in need of frequent or continuous supervision or health services, you will be transferred to the appropriate level of care in accordance with the provisions of Section VI of this Agreement. You have the right to have scheduled and intermittent home health services provided by the licensed home health agency of your choice.

You may arrange to employ licensed private duty nurses, certified nurses aides or companions provided, however, that such nurses, aides, and companions may not be employed for continuous care or supervision in your Independent Living Apartment or Cottage. You will pay all expenses, including meals, for your employees, who will be subject to all rules and regulations of Seabury. The employment of private duty nurses, aides, and companions requires Seabury's prior approval.

5. Therapy Services - You or your medical insurance will pay for all therapy and ancillary health services. Seabury may make arrangements for the services of a physical therapist, occupational therapist, podiatrist, or other therapy and ancillary health professionals to be available on the premises by appointment, but you are free to engage the services of the therapy and ancillary health professionals of your choice at their offices.
6. Hospital Coverage and Transfer Agreements - Seabury is not obligated to pay any charges for hospitalization or costs related thereto. In the event it becomes necessary for you to be transferred to a hospital, Seabury will provide the information necessary to meet the provisions of any hospital admissions agreement, and you agree that Seabury has the right to provide such information, which may include part or all of your medical records.

Seabury is not designed or staffed to care for persons afflicted with certain diseases, or conditions: for example, psychosis, substance abuse/addiction, contagious disease or certain types of subacute care. If you require care for a disease or condition which Seabury determines: a) it cannot properly treat, or b) is a potential danger to the health and welfare of other residents or staff, you agree that Seabury has the authority, after consultations described in the transfer provisions of this Agreement, to transfer you elsewhere for hospitalization or nursing care as may be deemed necessary by the Medical Director, whether or not the condition is deemed to be temporary in nature. If the transfer is deemed permanent by the Medical Director, your

Independent Living Apartment or Cottage may be released and refunds made in accordance with the termination provisions of this Agreement.

7. Exclusions - You agree to pay the costs of the following services, whether provided at Seabury or elsewhere, to the extent that they are not covered by other insurance or assistance programs.

- charges of any physician, APRN, podiatrist, chiropractor, or therapist;
- prescription drugs and medical supplies;
- vision, hearing, and dental care, including all supplies, equipment and appliances;
- orthopedic appliances;
- mental health and substance abuse services;
- ancillary charges imposed by any outside health provider or institution;
- other health-related costs which are customarily considered extra charges by facilities providing services similar to those provided by the Davis Center and the Brewer Center, or the Views;
- Intravenous (IV) insertion;
- ventilator care;
- ambulance and other specialized medical transportation services, including the cost of a private aide, if needed, for transport.

In addition, you may require intensive subacute rehabilitative or other subacute care that Seabury does not customarily provide in the Davis Center and the Brewer Center. Because the need for such care may involve a wide variety of conditions and circumstances that cannot be specified in advance in all cases, Seabury reserves the right to determine, in Seabury's sole discretion, whether it is able to provide such care in the Davis Center and the Brewer Center, in any individual case and to require placement in another facility as appropriate. Usually, such care is covered by Medicare, Medicare managed care or supplemental insurance. To the extent that such care is not covered by such insurance, you are responsible for any charges for such care.

8. Illness or Injury Away from Seabury - In the event you suffer an illness or injury while away from Seabury, we shall have no responsibility to pay for your health care or nursing care resulting from such illness or injury, unless such care is first authorized by Seabury after consultation with the treating

physician. However, after you return to Seabury, we shall assume the responsibility to provide those services deemed necessary by your physician and by the Medical Director, in accordance with the terms of this Agreement. For purposes of this paragraph, you shall be considered to be away from Seabury if the injury or illness occurs when you are not within a twenty (20) mile radius of the facility.

V. FEES

1. Statement of Fees - The Entrance Fee and Monthly Fee set forth in attached Exhibit A represent payment for the services to be provided by Seabury under this Agreement.
2. Fees - The Reservation Fee and Entrance Fee for the Reserved Apartment or Cottage shall be determined and payable as follows:
 - The Reservation Fee shall equal five or ten percent (5% or 10%) of the Entrance Fee set forth in Exhibit A. It shall be paid before execution of this Residence and Care Agreement and will be credited to the total Entrance Fee.
 - Any additional partial advance payments ("Advance Payments") will be credited to the total Entrance Fee.
 - The balance of the Entrance Fee shall be due and payable at or before your Actual or Scheduled Occupancy Date, whichever first occurs.
 - Checks for all fees should be made payable to Seabury.
3. Escrow of Fees - All Reservation Fees and Advance Payments received from you shall be deposited within 72 hours of receipt with the facility's escrow agent (the "Escrow Agent"), which is:
 - Bank of America
 - Corporate Trust Department
 - 777 Main Street
 - Hartford, Connecticut 06115

All Reservation Fees and Advance Payments received and held by the Escrow Agent shall earn interest at the Escrow Agent's current variable market rate. Such interest, less the Escrow Agent's processing fees, shall be allocated to you and refunded or credited to you in accordance with Section

VI of this Agreement. In some instances, processing fees could be greater than interest earned.

You shall be responsible for any taxes due on payments or credits of interest paid.

All Reservation Fees and Advance Payments deposited with the Escrow Agent are released to Seabury as of the Actual or Scheduled Occupancy Date, whichever first occurs. Interest earned on your Reservation Fee and Advance Payments, less the Escrow Agent's processing fees, will be credited to your Seabury account as of that date.

4. Monthly Fees - You agree to pay Seabury the total Monthly Fee in advance on or before the fifth day of each month beginning with the Actual or Scheduled Occupancy Date, whichever first occurs. The Monthly Fee shall be prorated for any applicable period of less than one month. The Monthly Fee may be adjusted by Seabury at the sole discretion of Seabury upon at least sixty (60) days' notice to you.

Seabury will endeavor to maintain the Monthly Fee at the lowest possible rate consistent with sound financial practice and maintenance of the quality of services, including health care services called for herein. When we do adjust those fees, you will pay the adjusted fee.

You agree to pay the Monthly Fee whether you are residing in your Independent Living Apartment or Cottage, the Davis Center, the Brewer Center, the Views, or Seabury Meadows, or in another facility as set forth in Section IV of this Agreement.

If you are transferred after first occupancy to an Independent Living Apartment or Cottage for which the Monthly Fee is less than the Monthly Fee applicable to your original Independent Living Apartment or Cottage, the lower Monthly Fee will be charged while you reside in the smaller Independent Living Apartment or Cottage. Upon your transfer to the Davis Center, the Brewer Center, the Views, or Seabury Meadows, the Monthly Fee payable while you are a resident of the Davis Center and the Brewer Center, the Views, or Seabury Meadows, will be the Monthly Fee for the Independent Living Apartment or Cottage you occupied for the longest period of time prior to entering the Health Services area.

You will be invoiced monthly for any items and services provided for you that Seabury is not obligated to provide as part of your Monthly Fee, and you must pay those invoices within five days after receipt.

You agree to pay Seabury interest at reasonable rates, which we shall establish for overdue Monthly Fees and service charges.

5. Subsidy Assistance - If your funds become substantially reduced or depleted, and your income reduced to the extent that you are eligible to receive public benefits, including, but not limited to, Social Security Supplemental Income, Medicaid, etc., you agree to apply for these entitlements for benefits. Failure to do so may result in the termination of this Agreement by Seabury and release of its obligations hereunder. In the event that you are unable to meet your financial obligations to Seabury after qualifying for all available public benefits, Seabury will continue to provide the services to which you are entitled under this Agreement, but may require you to move to a smaller or less costly accommodation in order to reduce the cost of uncompensated services. Uncompensated services will be provided only to the extent and for as long as Seabury deems the provision of such services to be consistent with the objectives of Seabury and its prudent financial management of Seabury. The total cumulative amount of uncompensated services, and other subsidies provided to you by Seabury shall be deducted from any refund due to you or your estate upon termination of this Agreement.

VI. TRANSFER FROM YOUR INDEPENDENT LIVING APARTMENT OR COTTAGE OR HEALTH SERVICES AREA

There may come a time when you must move from your Independent Living Apartment or Cottage to the Health Services area (the Davis Center, the Brewer Center, the Views, or Seabury Meadows) or to another facility as provided in Section IV of this Agreement. We are aware that this is a critical transition and will follow the following procedures during any transfer:

1. Consultations - Except in case of emergency, Seabury agrees not to transfer you from your Independent Living Apartment or Cottage or the Davis Center, the Brewer Center, the Views, or Seabury Meadows for health-related or other reasons unless we have consulted with you, or with anyone else you designate as a primary contact. In the case of an emergency transfer, the consultations described above will be scheduled by Seabury within ten days after the transfer.

2. Consents - When Seabury determines it to be appropriate, after consultations called for in the above Paragraph, to transfer you from your Independent Living Apartment or Cottage to another Independent Living Apartment or Cottage, to the Davis Center, the Brewer Center, the Views, or Seabury Meadows, or to a suitable public or private facility for hospitalization, subacute or nursing care, or other health-related services, Seabury shall have the authority and right to transfer you without having to obtain your consent.

In the event Seabury determines that your continued occupancy of your Independent Living Apartment or Cottage constitutes a danger to other residents or to yourself, violates the terms of this Agreement, or is detrimental to the peace or health of other residents, or to your health, Seabury shall have full authority to transfer you to another Independent Living Apartment or Cottage, to the Davis Center, the Brewer Center, the Views, or Seabury Meadows, or to another suitable public or private facility without having to obtain your further consent.

Seabury shall determine, in its sole discretion, whether a transfer is appropriate.

3. Temporary Transfer - When Seabury determines that the condition which requires your transfer has the potential to be resolved in a manner which may allow you to return to your Independent Living Apartment or Cottage within sixty (60) days from the date of the transfer, the Independent Living Apartment or Cottage will be held for your return. If Seabury initiated your transfer, the return to your Independent Living Apartment or Cottage is subject to the approval of Seabury. You agree to pay the Monthly Fee applicable to your Independent Living Apartment or Cottage during any temporary absence.
4. Permanent Transfer - When Seabury determines that the condition which required your transfer is not temporary in nature, your Independent Living Apartment, Cottage, or Views apartment shall be released and made available to a new resident.

You agree to the removal of your property from the Independent Living Apartment or Cottage, Views apartment, or storage room within fifteen (15) days after permanent transfer. If after fifteen days your furniture and personal belongings remain in any of the areas listed above, you will

continue to pay the monthly fee and be responsible for all additional charges for room and services in the Davis Center, Brewer Center, the Views, or Seabury Meadows. In addition, you will also pay your current monthly fee for the Apartment or Cottage or room until such property is removed. After 30 days, the facility may store such property at your expense for 60 days, after which such property may be disposed of without liability.

5. Relocation or Transfer from one Independent Living Apartment or Cottage to another Independent Living Apartment or Cottage by a resident shall be handled in the following manner:
 - a. Prospects and residents will be given priority status on the Priority Wait List by date of their request. This request must be made in writing.
 - b. **Entry Fee:** If the resident requests a move to a more expensive Independent Living Apartment or Cottage than the one presently occupied, he or she must pay the difference between the current entry fee of the more expensive Independent Living Apartment or Cottage and the current entry fee of the Independent Living Apartment or Cottage presently occupied. If the resident chooses to downsize to a less expensive Independent Apartment or Cottage, there will be no refund or market rate adjustment on the entry fee. There will be no adjustment at all for a move to the same size Independent Living Apartment or Cottage. It should be noted that for fee plans that have a 2% amortization schedule on the entry fee, there will not be a new amortization on any additional entry fee payments. The additional entry fee will be amortized from the original occupancy date.
 - c. **Monthly Fees:** If you transfer after first occupancy to a larger or smaller Independent Living Apartment or Cottage, you will be charged the current monthly fee on the Independent Living Apartment or Cottage to which you have transferred. Upon your transfer to the Davis Center, the Brewer Center, the Views, or Seabury Meadows, the Monthly Fee payable while you are a resident of the above Health Services area will be the Monthly Fee for the Independent Living Apartment or Cottage you occupied for the longest period of time prior to entering the Health Services area.
 - d. **Relocation Fee:** When transferring to another Independent Living Apartment or Cottage, there will be a charge of one month's rental fee at

the previous Independent Living Apartment or Cottage rate. The reason for this additional charge is to cover the loss of revenue to Seabury while refurbishing two Independent Living Apartments or Cottages.

- e. If a resident requests a move for health reasons, this request must be approved by Seabury's Medical Director, Vice President of Health Services, and the Admissions Committee of the Board of Directors in order to qualify for immediate relocation.

VII. TERMINATION OF AGREEMENT; REFUNDS

1. Termination By You Prior to the Scheduled Occupancy Date - You have certain rights as set forth in this Paragraph regarding termination of this Agreement between the date this Agreement is executed by you and your Actual or Scheduled Occupancy date, whichever first occurs (the "Statutory Rescission Period").

You may terminate this Agreement for any reason within thirty (30) days following the date you signed this Agreement without penalty of forfeiture. You are not required to move to Seabury before expiration of this thirty-day period.

From thirty (30) days following the execution of this Agreement until the end of the Statutory Rescission Period, you may terminate this Agreement due to death, illness, injury or incapacity that prevents you from occupying your Independent Living Apartment or Cottage in accordance with the terms of this Agreement.

You must provide Seabury timely written notice via registered or certified mail of termination pursuant to this Paragraph. If the termination is due to death, illness, injury, or incapacity, Seabury reserves the right to require you to provide information to validate your claim that you are prevented from occupying the Reserved Apartment or Cottage.

Within sixty (60) days of Seabury's receipt of your written notice or acceptance of your claim as validated, Seabury will refund to you your Reservation Fee and Advance Payments, if any, together with accrued interest, less any processing fees charged by the Escrow Agent.

Seabury reserves the right to deduct from any refund due pursuant to this Paragraph (a) a processing fee of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee, whichever is greater and (b) any costs specifically incurred by Seabury on your behalf and in accordance with your written request.

If you terminate your Agreement pursuant to this Paragraph, Seabury shall, at its option, have the right to reassign the Reserved Apartment or Cottage, and you then have no further right to the Reserved Apartment or Cottage.

2. Termination By You After the Actual or Scheduled Occupancy Date - You may terminate this Agreement after your Actual or Scheduled Occupancy Date by giving written notice to Seabury by registered or certified mail no less than thirty (30) days prior to termination.

This Agreement shall terminate upon your death.

Any Entrance Fee refund due you will be made in accordance with Paragraph 6, or Paragraph 7, or Paragraph 8 of this Section, as applicable.

3. Termination by Seabury - Seabury shall have the right to terminate this Agreement for any cause, which, in its sole discretion, shall be good and sufficient. Good and sufficient cause shall include, but is not limited to, the following:

- You are not accepted by Seabury due to financial or medical reasons;
- Failure to perform your obligations under this Agreement, including the obligation to pay the Monthly Fees and other charges within ninety (90) days after they are due for payment;
- Failure to abide by the rules and regulations of Seabury, including such reasonable amendments as may be adopted from time to time;
- Material misstatements or failure to state a material fact in your application, financial statement, or health history statement filed with Seabury;
- Dissipation or commitment of your financial resources in a discretionary manner which impairs your ability to meet your financial obligation to Seabury;

- Permanent transfer to another public or private institution;
- Your behavior resulting in a threat to the safety, health, peace, or well being of yourself or others.

Seabury shall give you reasonable notice of termination in writing via hand delivery, or registered, or certified mail. Seabury's determination that your continued occupancy presents a threat to the safety of others or of yourself shall be a factor in determining the reasonableness of that notice period.

4. Conditions of Refund and Duties Upon Termination - If we terminate this Agreement prior to your Actual or Scheduled Occupancy date, whichever shall first occur, refund of your Reservation Fee and Advance Payments, if any, will be made in accordance with Paragraph 1 of this Section. If we or you terminate this Agreement after the Actual or Scheduled Occupancy Date, the refund of the portion of the Entrance Fee to which you are entitled shall promptly be due to you in accordance with the provisions of Paragraphs 6 or 7 of this Section. At the sole discretion of Seabury, payment of the refund may be made contingent on the reservation or occupancy of your Independent Living Apartment or Cottage by a new resident.

Monthly Fees are to be paid through the Termination Date, and for any part of a month in which your furnishings or belongings remain in your Independent Living Apartment or Cottage or Health Services room. In no event shall Seabury be obligated to refund more than one month's payment of the Monthly Fee. No refund of any portion of the Entrance Fee shall be due as a result of your transfer to the Davis Center, the Brewer Center, the Views, or Seabury Meadows, or to another institution or facility unless this Agreement is terminated in accordance with its terms.

Upon termination by either you or Seabury, you agree to pay Seabury all amounts owed to it and any reasonable expenses incurred in connection with the termination, including, but not limited to:

- Costs of any repairs or replacement of property assigned to your use;
- Painting or other refurbishment of your Living Apartment or Cottage in excess of that required by normal wear;

- The cumulative amount of any uncompensated services or other subsidies provided to you by Seabury.

Seabury may set off any amounts owed it by you against any refund due.

Timely notice of termination by you after your Actual or Scheduled Occupancy Date must be given by hand delivery, or registered, or certified mail. The notice must specify the Termination Date.

5. Removal of Property - You agree to the removal of your property from the Independent Living Apartment or Cottage or room within fifteen (15) days after termination of the Agreement. After fifteen (15) days, the facility will store such property at your or your estate's expense for thirty days, after which it may be disposed of without liability.
6. Provisions Applicable Only for Plan 67% Refund Option - If you have selected the Plan 67% Refund Option as shown on the attached Exhibit A, you or your estate shall be due a refund equal to sixty-seven percent (67%) of the Entrance Fee upon termination by you or by Seabury after the Actual or Scheduled Occupancy Date.
7. Provisions Applicable Only for Plan 2% Refund Option - If you have selected the Plan 2% Refund Option as shown on the attached Exhibit A, you or your estate shall be due a refund equal to the Entrance Fee less two percent thereof for each calendar month between the date you signed this Agreement and the Termination Date, upon termination by you after the Actual or Scheduled Occupancy Date. No refund shall be due if you terminate this Agreement more than fifty (50) months after the date you signed this Agreement.

If Seabury terminates this Agreement after your Actual or Scheduled Occupancy Date, you or your estate shall be due a refund equal to the amount of the Entrance Fee less one percent thereof for each calendar month between the date you signed this Agreement and the Termination Date. No refund shall be due if Seabury terminates this Agreement more than one hundred months after the date you signed this Agreement.

For purposes of computing Entrance Fee refunds, a partial calendar month of more than fifteen (15) days shall be treated as a full month and a partial calendar month of fifteen (15) or fewer days shall be ignored. The date you

signed this Agreement and Termination Date shall be counted as full calendar days.

8. Provisions Applicable for Plan 85% Refund Option - If you have selected Plan 85% as shown on Exhibit A, you or your estate shall be due a refund equal to 85% of the entrance fee if you or your spouse have never transitioned to another level of care on a temporary or permanent basis.

If you transition to another level of care, you will continue to pay the Monthly Fee. You will also be responsible for the difference between the Monthly Fee and the private pay charges then in effect for the Views (assisted living), Seabury Meadows (assisted living Memory Support Center), or the Davis Center and the Brewer Center (skilled nursing) determined by the level in which you are residing (unless your care is paid for by Medicare). The difference between your Monthly Fee and the cost of Assisted Living, Seabury Meadows or Skilled Nursing will be deducted from your 85% refund. Maintaining your Independent Living Apartment or Cottage while residing in a different level of care will necessitate additional fees.

Limit of Financial Responsibility: If your 85% Entrance Fee refund is exhausted by deductions for health care charges, you will then need to pay only the Monthly Fee for your Apartment or Cottage (or previous Apartment or Cottage) in Independent Living, plus additional meal charges.

Under Plan 85%, deductions from your 85% Entrance Fee refund for health care charges will be computed as described below:

a. Permanent Transfer to the Davis Center and the Brewer Center, the Views, or Seabury Meadows

If you transition to the Views (assisted living), Seabury Meadows (assisted living Memory Support Center), or the Davis Center and the Brewer Center (skilled nursing) and no longer have an assigned Independent Living Apartment or Cottage, you will continue to pay the Monthly Fee for your previous Independent Living Apartment or Cottage. Charges for the Views (assisted living), Seabury Meadows (assisted living Memory Support Center), or the Davis Center and the Brewer Center (skilled nursing) in excess of your Monthly Fee will be deducted from our 85% Entrance Fee refund (unless your care is paid for by Medicare).

b. Temporary Transfer to the Davis Center and the Brewer Center (skilled nursing)

If you receive care in the Davis Center and the Brewer Center (skilled nursing) temporarily (i.e., you maintain your Independent Living Apartment or Cottage and are expected to return to it), you will continue to pay your Monthly Fee. The full charges for care in the Davis Center and the Brewer Center (skilled nursing) will be deducted from your 85% Entrance Fee refund (unless your care is paid for by Medicare).

c. Shared Apartment or Cottages

The terms described above also apply to persons who share an Independent Living Apartment or Cottage; however, the total Monthly Fee due to Seabury will continue to include the Second Person Fee.

VIII. CO-RESIDENTS' RIGHTS AND RESPONSIBILITIES

1. Co-residents - Residents who will occupy the same Independent Living Apartment or Cottage ("Co-residents") shall each sign a separate Residence and Care Agreement with Seabury. Under the terms of this Agreement, married couples shall have rights and obligations identical to those of any other Co-residents.
2. Joint Liability - Each Co-resident shall be jointly and severally liable for all payments, which shall be due under the terms of this Agreement.
3. Termination of Agreement with One Co-resident - In the event that the Agreement of one Co-resident terminates for any reason, the total Entrance Fee shall be deemed to have been paid on behalf of the remaining resident, whose Agreement shall remain in effect. Any refund of Entrance Fee paid for Co-residents will be refunded for the benefit of the remaining resident, or their estate upon termination of the Agreement with the remaining resident.

When the Agreement of one Co-resident terminates, the remaining resident shall have the option for a period of thirty (30) days thereafter to elect:

- to retain the same Independent Living Apartment or Cottage and to pay the then current single resident Monthly Fee applicable to that Independent Living Apartment or Cottage; or
 - to move to a different type of Independent Living Apartment or Cottage, if and when available, in accordance with the terms set forth in Section VI.
4. Transfer of One Co-resident to the Davis Center, the Brewer Center, the Views, or Seabury Meadows - When one Co-resident transfers permanently from the Independent Living Apartment or Cottage to the Health Services area or to another facility, the Co-residents will continue to pay the Co-resident Monthly Fee applicable to the Independent Living Apartment or Cottage which they occupied at the time of transfer, subject to adjustment by Seabury in accordance with Section IV of this Agreement.

For a period of thirty (30) days from the date of transfer, the resident remaining in the Independent Living Apartment or Cottage shall have the option to move to a different type of Independent Living Apartment or Cottage, if and when available, in accordance with the terms set forth in Section VI.

5. Addition of a Co-resident or Marriage - When a single resident occupies an Independent Living Apartment or Cottage in which Seabury policy permits double occupancy, the resident can allow another person to join him/her in occupancy of the Independent Living Apartment or Cottage, if in the sole judgment of Seabury the new resident qualifies for acceptance. Before commencing occupancy, the new Co-resident shall be required to sign a separate Residence and Care Agreement, which will call for payment of the difference between the then current single resident entrance fee and the present double occupancy entrance fee, and the applicable monthly fee for apartment or cottage.

IX. MISCELLANEOUS

1. Confidentiality - Seabury has the responsibility to keep all of the personal, medical, and financial information you have supplied to Seabury in confidence. You agree that Seabury can provide such information to health care professionals, third-party payors, and others who have a need, in our judgment, or a right to know such information under federal or state law.

2. Management Authority - Seabury retains all authority regarding admission, adjustment of fees, and all aspects of the management of Seabury. You do not have the right to prevent the admission of a new resident or the termination of another resident's Residence and Care Agreement, nor do you have the right to protest the fees charged to, or financial assistance rendered to any other resident.
3. Waiver - In the event that Seabury does not, in any one or more instances, insist upon your strict performance, observance, or compliance with any of the terms or provisions of this Agreement, or if we waive a breach by you of this Agreement, it shall not be construed to be a waiver of our right to insist upon your strict compliance with all other terms and provisions of this Agreement.
4. Governing Laws - This Agreement, including its validity and the capacity of the parties to this Agreement, its form, interpretation of its language, and any questions concerning its performance and discharge, shall be governed by and construed in accordance with the laws and judicial decisions of the State of Connecticut.
5. Attorneys' Fees and Costs - If Seabury is obliged to take legal action to enforce this Agreement, to collect sums due to Seabury pursuant to this Agreement, or to recover damages of any kind, you are liable for the costs of such action, including but not limited to reasonable attorneys' fees.
6. Full and Complete Agreement - This Agreement has precedence over any representations previously made by Seabury representatives and over any descriptions of services in promotional materials or presentations. This Agreement constitutes the entire contract between you and Seabury, and supersedes all previous understandings and agreements between you and Seabury. No waiver or modification shall be valid unless made in writing, signed by you and by Seabury and attached to this Agreement.
7. Interpretation - Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement. Should any provision herein, for any reason, be held invalid or unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement, and such invalid and unenforceable provision shall be construed

as if it were omitted. The remainder of the Agreement shall remain in full force and effect.

8. Right of Subrogation - Should you be injured by a third party and such injury requires us to provide health care services under this Agreement, we shall be subrogated, to the extent allowed by Connecticut law, to your rights against such other third party to the extent necessary to reimburse us for the costs incurred in providing health care services under this Agreement.
9. Gender of Pronouns - All references in this Agreement by masculine pronouns and adjectives also include the feminine and vice versa.
10. Successors and Assigns - The duties owed Seabury under this Agreement shall inure to the benefit of its successors and assigns.
11. Statement of Non Discrimination - Seabury complies with applicable federal and state laws that prohibit discrimination based on race, color, sex, religious beliefs, national origin and other protected classes of persons.
12. Notices - Until you reside at Seabury and when required by the terms of this Agreement, notices shall be given in writing and shall be given to Seabury or to you at the addresses set forth in Exhibit A, or at such address as we or you shall specify in writing to each other.

Your signature below certifies that you have read, understand and accept this Agreement and that you or your financial advisor have received the most current Disclosure Statement containing the current audited financial statements.

Signature - Resident

Date

CHURCH HOME OF HARTFORD, INCORPORATED

By: _____
Authorized Representative

Date

Parking Fee (Rental Option) Garage Carport
Space Number # _____ # _____ \$ _____

Other Charges: _____ \$ _____

TOTAL MONTHLY FEE \$ _____

Refund Option Selected

Plan 2%

Plan 67%

Plan 85%

Addresses for Required Notice

to Seabury:

Executive Vice President and CEO

Seabury

200 Seabury Drive

Bloomfield, Connecticut 06002

to You:

Your signature below certifies that you have read, understand and accept this Exhibit A.

Signature - Resident

Date

EXHIBIT B

AUDITED FINANCIAL STATEMENTS

INCLUDING CONSOLIDATED STATEMENTS OF
ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PREVIOUS TWO YEARS.

**CHURCH HOME OF HARTFORD
INCORPORATED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012**

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Directors
Church Home of Hartford Incorporated and Subsidiaries

We have audited the accompanying consolidated financial statements of Church Home of Hartford Incorporated, which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ 10,752,212	\$ 9,523,347
Entrance fee deposits	435,276	449,823
Accounts receivable, net	1,200,400	991,222
Entrance fees receivable	2,351,046	1,545,152
Prepaid expenses and other current assets	456,006	262,132
Total current assets	<u>15,194,940</u>	<u>12,771,676</u>
Investments	<u>22,140,862</u>	<u>20,508,346</u>
Property and Equipment, at Cost		
Land and improvements	4,745,187	4,787,452
Buildings and improvements	63,524,571	61,716,324
Furniture, fixtures and equipment	4,310,885	4,856,409
Vehicles	196,202	189,140
Construction in progress	322,802	408,773
Less accumulated depreciation	<u>73,099,647</u>	<u>71,958,098</u>
Net property and equipment	<u>35,668,983</u>	<u>34,088,183</u>
	<u>37,430,664</u>	<u>37,869,915</u>
Other Assets		
Deferred costs, net of accumulated amortization	310,193	354,014
Deferred compensation investments	34,363	17,000
Beneficial interest in perpetual trusts	1,937,638	1,868,205
Pledges receivable	85,448	88,297
Other receivables	34,223	-
Total other assets	<u>2,401,865</u>	<u>2,327,516</u>
Total Assets	<u>\$ 77,168,331</u>	<u>\$ 73,477,453</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current Liabilities		
Current portion of bonds payable	\$ 1,955,000	\$ 1,890,000
Current portion of loans payable	281,656	266,723
Accounts payable and accrued expenses	1,923,376	1,934,179
Entrance fee deposits	438,776	453,323
Total current liabilities	<u>4,598,808</u>	<u>4,544,225</u>
Annuities Payable	424,210	441,406
Bonds Payable, Net of Current Portion	13,845,000	15,800,000
Loans Payable, Net of Current Portion	1,115,895	1,397,551
Deferred Compensation	34,363	17,000
Deferred Revenue from Entrance Fees	38,420,607	35,201,609
Future Service Obligation	-	94,903
Interest Rate Swap Obligation	622,037	1,070,038
Total liabilities	<u>59,060,920</u>	<u>58,566,732</u>
Net Assets		
Unrestricted	15,147,289	12,133,520
Temporarily restricted	652,485	538,997
Permanently restricted	2,307,637	2,238,204
Total net assets	<u>18,107,411</u>	<u>14,910,721</u>
Total Liabilities and Net Assets	<u>\$ 77,168,331</u>	<u>\$ 73,477,453</u>

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

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,196,690	\$ 3,417,135
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	6,090,037	3,846,997
Depreciation and amortization	2,876,780	2,739,907
Change in interest rate swap obligation	(448,001)	112,127
Amortization of deferred revenue from entrance fees	(2,871,039)	(2,693,011)
Change in net unrealized gain on investments	(1,382,708)	(1,166,395)
Change in interest in perpetual trusts	(69,433)	(205,458)
Loss on disposal of assets	185,539	-
(Increase) decrease in operating assets:		
Entrance fee deposits	14,547	226,466
Accounts receivable and pledges receivable	(206,329)	164,439
Entrance fees receivable	(805,894)	220,308
Prepaid expenses and other current assets	(222,374)	553,698
Other receivables	(34,223)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(10,797)	343,921
Future service obligation	(94,903)	(157,916)
Entrance fee deposits	(14,547)	(226,466)
Annuities payable	(17,196)	104,292
Net cash provided by operating activities	<u>6,186,149</u>	<u>7,280,044</u>
Cash Purchases from Investing Activities		
Purchases of investments, net	(249,809)	(2,280,298)
Purchases of property and equipment	(2,693,877)	(1,506,450)
Proceeds from sale of property and equipment	143,125	-
Net cash used in investing activities	<u>(2,800,561)</u>	<u>(3,786,748)</u>
Cash Flows from Financing Activities		
Principal payment on debt	(2,156,723)	(2,082,669)
Net cash used in financing activities	<u>(2,156,723)</u>	<u>(2,082,669)</u>
Net Increase in Cash and Cash Equivalents	1,228,865	1,410,627
Cash and Cash Equivalents - Beginning of Year	<u>9,523,347</u>	<u>8,112,720</u>
Cash and Cash Equivalents - End of Year	<u>\$ 10,752,212</u>	<u>\$ 9,523,347</u>
Cash Paid During the Year for Interest	\$ 653,322	\$ 731,902

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

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION (Continued)

In March 2006, the Company formed Seabury At Home, which began operations in 2008. Seabury At Home is incorporated under the Nonstock Corporation Act of the State of Connecticut and is a separate legal entity from the Company. The purpose of Seabury At Home is to sponsor, initiate, develop, operate and maintain facilities and programs for the delivery of health care, personal care and support services to the elderly designed to promote and extend opportunities for independent living and personal health. As the Company is the sole member and beneficiary of Seabury At Home, the activities of Seabury At Home have been consolidated with those of the Company in the accompanying consolidated financial statements. All significant transactions between the Company and Seabury At Home have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement - In 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2012-01, *Continuing Care Retirement Communities-Refundable Advance Fees* (ASU 2012-01). ASU 2012-01 requires that refundable entrance fees be accounted for as a liability on a company's books and only permits amortization of those fees into revenue under certain circumstances. This standard will be effective for the Company's fiscal year ending September 30, 2014. Application of ASU 2012-01 as of October 1, 2012 and for the year ended September 30, 2013 would affect the following financial statement line items.

Changes in the consolidated statement of activities and changes in net assets for the year ended September 30, 2013 would be as follows:

	<u>As Computed prior to ASU 2012-01</u>	<u>As Reported under ASU 2012-01</u>	<u>Effect of Change</u>
Unrestricted Revenues			
Amortization of entrance fees	\$ 2,871,039	\$ 1,994,692	\$ (876,347)
Income from Operations	1,272,743	396,396	(876,347)
Increase in Unrestricted Net Assets	3,013,751	2,137,404	(876,347)
Change in Net Assets	3,196,672	2,320,325	(876,347)
Net Assets - Beginning of Year	14,910,721	5,220,255	(9,690,466)
Net Assets - End of Year	18,107,393	7,540,580	(10,566,813)

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 allowance for doubtful accounts receivable, useful lives of property and equipment, amortization of deferred revenue from entrance fees (see Note 4), accrued expenses and annuities payable. It is management's opinion that the estimates applied in the accompanying consolidated 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.

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 \$162,832 and \$97,000 at September 30, 2013 and 2012, respectively, which is based on a review of significant balances and past experience.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gain (loss) on investments includes the Company's gains and losses on investments bought and sold as well as held during the year.

Realized and unrealized gains and losses and investment income on donor-restricted endowment assets are classified as increases or decreases in temporarily restricted net assets until appropriated for expenditure. The Company adopted a policy to review, for potential adjustment to cost, any investment that has decreased from cost to market by greater than 25% for a period of nine months or longer. No adjustments were necessary for the fiscal years ended September 30, 2013 and 2012. Refer to Note 5 for further detail on investments as of September 30, 2013 and 2012.

Property and Equipment - 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	10-30 years
Furniture, fixtures and equipment	3-20 years
Vehicles	4 years

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures in excess of \$2,500 for renewals and betterments are capitalized.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable Reserve - Pursuant to the agreed settlement with the State of Connecticut for the addition of 30 skilled nursing beds during fiscal 1996, the Company was required to segregate \$500,000 of its investments in a contingency fund account restricted to provide for the expenses of the continuum of care to be made available to private payor health center residents of Seabury that may not be covered by the residents' assets. This amount was increased by \$100,000 in each fiscal year through the fiscal year ended September 30, 2001 so that the reserve at September 30, 2013 and 2012, is in excess of the required \$1,000,000. This amount is included in unrestricted net assets in the accompanying consolidated statements of financial position.

Beneficial Interest in Perpetual Trusts - The Company is the beneficiary of several trust funds. Although the principal balances in the trust funds are permanently restricted, the income earned on the trust funds is unrestricted. The income is used for general expenses to maintain and operate the facilities. For the fiscal years ended September 30, 2013 and 2012, \$85,878 and \$76,754, respectively, is included in unrestricted investment income. Changes in market value for the Company's portion of the trusts were \$69,433 and \$205,458 for the years ended September 30, 2013 and 2012, respectively.

Charitable Gift Annuity - The Foundation is the recipient of charitable gift annuities. Under the terms of the charitable gift annuity agreement with the individual donors, the Foundation is required to make quarterly payments to the donors over their remaining life. The proceeds from the gifts are unrestricted and are recognized as revenue to the extent that the fair market value of a gift on the date of receipt exceeds the present value of the estimated future annuity payments. During the fiscal years ended September 30, 2013 and 2012, the Foundation recognized \$45,023 and \$49,296, respectively, in unrestricted contribution and gift revenue related to these gifts. The present value of the estimated future annuity payments is reflected as an annuity payable in the accompanying consolidated statements of financial position. During 2013 and 2012, the Foundation's liability for annuities payable was increased by approximately \$63,000 and \$111,000, respectively, representing the estimated future liability related to donors whose original liability had reached \$-0- based on actuarial assumptions when the gift was first received but who were still receiving payments at September 30, 2013 and 2012.

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

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

Subsequent Events - In preparing these consolidated financial statements, management has evaluated subsequent events through December 20, 2013, which represents the date the consolidated financial statements were available to be issued.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

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

Interest Rate Swaps - Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rate assumptions for nonperformance risk, and correlations of such inputs.

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

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

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

Description	September 30, 2013	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 3,116,403	\$ 3,116,403	\$ -	\$ -
Fixed income mutual funds	2,559,308	2,559,308	-	-
U.S. Government securities	1,963,479	1,963,479	-	-
Corporate bonds	1,023,194	-	1,023,194	-
Equity mutual funds	3,871,838	3,871,838	-	-
Common stocks	9,606,640	9,606,640	-	-
Total investments	22,140,862	21,117,668	1,023,194	-
Beneficial interest in perpetual trusts	1,937,638	-	-	1,937,638
Interest rate swap	(622,037)	-	-	(622,037)

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of the changes in the balances of interest rate swap agreements measured at fair value on a recurring basis using significant unobservable inputs:

	Interest Rate Swap
Balance - September 30, 2011	\$ (957,911)
Change in interest rate swap obligation	(112,127)
Balance - September 30, 2012	(1,070,038)
Change in interest rate swap obligation	448,001
Balance - September 30, 2013	\$ (622,037)

Financial Instruments Not Measured at Fair Value - The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

The fair value of bonds and loans payable as of September 30, 2013 and 2012, approximates the total outstanding principal balance.

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

NOTE 4 - LIFE CARE AGREEMENT

A life care agreement is signed by all residents of Seabury and all enrollees of Seabury At Home. Some of the principal terms and conditions of the Seabury agreement are as follows:

In consideration for the resident's payment of a life care entrance fee, the Company agrees to furnish to the resident a living unit in the residence complex for his or her personal use and occupancy for the balance of the resident's lifetime unless sooner terminated under the provisions of the agreement. If the agreement includes two persons, the term "resident" shall include both persons, and on the death of one all rights pass to, and are retained by, the survivor for the survivor's lifetime. The life care agreements vary in terms of refund policy and monthly service fees.

An agreed-upon payment schedule for full payment of the life care entrance fee is obtained from the resident prior to occupancy. The fee consists of a refundable and nonrefundable portion. The refundable portion varies depending upon which of the five contract plans is selected. Three of these plans are full life care and two plans are non-life care. Of the three life care plans, two offer a declining refund at 2% per month and another plan offers a fixed 67% refund of the original life care entrance fee. The non-life care plans offer an 85% or 95% refund, respectively, of the original life care entrance fees if the occupant never resides in the nursing home facility. If the resident enters the nursing facility, the refundable amount is reduced by the nursing facility's standard daily private pay rate. Under the resident agreements of these five plans, amounts are refundable after the living unit is reoccupied and the new life care entrance fee is paid in full.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LIFE CARE AGREEMENT (Continued)

As noted above, the Company also provides medical facilities and nursing care in the health center. Costs incurred in providing this care are paid for by enrollees through the continuing payment of monthly service fees per the agreement as well as a deductible as noted in the agreement, if applicable.

The Company's actuaries annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents of Seabury and enrollees of Seabury At Home and compare that amount to the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded with a corresponding charge to income. As of September 30, 2013 and 2012, an obligation of \$-0- and \$94,903, respectively, has been recorded for Seabury at Home. As of September 30, 2013 and 2012, no such obligation existed for Seabury.

NOTE 5 - INVESTMENTS

Fair values of investments as of September 30, 2013 and 2012, are summarized as follows:

	<u>2013</u>	<u>2012</u>
Investments:		
Cash equivalents	\$ 3,116,403	\$ 3,638,368
Fixed income mutual funds	2,559,308	2,627,292
Government bonds	1,963,479	4,337,499
Corporate bonds	1,023,194	409,133
Equity mutual funds	3,871,838	3,566,139
Individual securities	<u>9,606,640</u>	<u>5,929,915</u>
	<u>\$ 22,140,862</u>	<u>\$ 20,508,346</u>

Investment income on cash and cash equivalents, perpetual trusts and investments is comprised of the following for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividend income from investments	\$ 386,899	\$ 357,577
Net realized gain on sales of investments	<u>381,733</u>	<u>1,116,107</u>
Income from investments	768,632	1,473,684
Interest and dividend income from perpetual trusts	<u>85,878</u>	<u>76,754</u>
Total Investment Income	<u>\$ 854,510</u>	<u>\$ 1,550,438</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (Continued)

The following is a schedule of long-term debt principal payments over the next five fiscal years and thereafter:

<u>Fiscal Year</u>	<u>CHEFA Revenue Bonds</u>	<u>Simsbury Bank</u>
2013	\$ 1,955,000	\$ 281,656
2014	2,020,000	297,425
2015	2,090,000	314,077
2016	2,170,000	331,662
2017	2,240,000	172,731
Thereafter	<u>5,325,000</u>	<u>-</u>
	<u>\$ 15,800,000</u>	<u>\$ 1,397,551</u>

Under provisions of the CHEFA Bond agreement, substantially all revenues of the Company are pledged as collateral on the bonds.

Covenants - The Company, under provisions of the CHEFA Bond Agreement, is required to maintain a debt service coverage ratio and cash-to-debt ratio. In the opinion of management, the Company is in compliance with these covenants at September 30, 2013.

NOTE 8 - DEFERRED COSTS

Deferred costs as of September 30, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Refinancing - 2008	\$ 27,304	\$ 27,304
Refinancing - 2010	410,905	410,905
Less accumulated amortization	<u>(128,016)</u>	<u>(84,195)</u>
	<u>\$ 310,193</u>	<u>\$ 354,014</u>

The 2008 refinancing costs represent costs incurred in connection with the refinancing of the Meadows loan with Simsbury Bank. These costs are being amortized over the term of the Simsbury Bank loan. Amortization for each of the next five years is \$2,730.

The 2010 refinancing costs represent costs incurred in connection with the refinancing of the CDA bonds. These costs are being amortized over the term of the new CHEFA bonds. Amortization for each of the next five years is \$41,091.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT (Continued)

The total endowment funds of the Company at September 30, 2013 and 2012, are as follows:

	Church Home of Hartford, Inc. Permanently Restricted Endowment Funds	Church Home of Hartford, Inc. Temporarily Restricted Endowment Funds	Church Home of Hartford, Inc. Board- Designated Endowment Funds	Seabury Charitable Foundation Board- Designated Endowment Funds	Seabury Memory Care, Inc. Board- Designated Endowment Funds	Total
Endowment net assets - September 30, 2011	\$ 370,000	\$ 370,722	\$ 11,054,377	\$ 4,819,212	\$ 447,343	\$ 17,061,654
Reclassifications	-	134,328	(134,328)	-	-	-
Investment return:						
Interest and dividends	-	-	243,608	108,801	5,168	357,577
Realized gains	-	-	868,887	247,220	-	1,116,107
Unrealized gains	-	-	661,210	505,185	-	1,166,395
Total investment return	-	-	1,773,705	861,206	5,168	2,640,079
Net increase (decrease) in amounts designated	-	-	931,211	(224,598)	100,000	806,613
Endowment net assets - September 30, 2012	370,000	505,050	13,624,965	5,455,820	552,511	20,508,346
Reclassifications	-	114,153	(114,153)	-	-	-
Investment return:						
Interest and dividends	-	-	229,966	142,910	5,911	378,787
Realized gains	-	-	223,477	187,639	-	411,116
Unrealized gains	-	-	1,043,422	339,286	-	1,382,708
Total investment return	-	-	1,496,865	669,835	5,911	2,172,611
Net decrease in amounts designated	-	-	(421,202)	(118,893)	-	(540,095)
Endowment Net Assets - September 30, 2013	\$ 370,000	\$ 619,203	\$ 14,586,475	\$ 6,006,762	\$ 558,422	\$ 22,140,862

The Company maintains a spending policy on board-restricted endowment funds, which limits the appropriation to up to 5% of the market value of endowment investment assets.

The Company maintains a spending policy on the earnings of donor-restricted funds in which the amount of funds to be appropriated will be determined annually as part of the budgeting process.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2013

ASSETS

LIABILITIES AND NET ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	Total
Current Assets						
Cash and cash equivalents	\$ 3,575,654	\$ 51,002	\$ 1,158,481	\$ 5,965,075	\$ -	\$ 10,752,212
Entrance fee deposits	435,276	-	-	-	-	435,276
Accounts receivable, net	1,045,272	-	155,128	-	-	1,200,400
Accounts receivable, related party	406,727	-	-	-	(406,727)	-
Entrance fees receivable	1,272,231	-	-	1,078,815	-	2,351,046
Prepaid expenses and other current assets	418,889	-	31,543	3,574	-	456,006
Total current assets	7,154,049	51,002	1,347,152	7,047,464	(406,727)	15,194,940
Investments	15,575,678	6,006,762	538,422	-	-	22,141,862
Property and Equipment, at Cost						
Land and improvements	4,429,495	-	-	315,692	-	4,745,187
Buildings and improvements	59,196,970	-	3,800,916	526,685	-	63,524,571
Furniture, fixtures and equipment	4,135,992	-	146,782	28,111	-	4,310,885
Vehicles	196,202	-	-	-	-	196,202
Construction in progress	171,664	-	-	151,138	-	322,802
Less accumulated depreciation	(68,130,323)	-	(3,947,698)	(1,021,626)	-	(73,099,647)
Net property and equipment	34,054,128	-	1,479,334	135,521	-	35,668,983
	34,076,195	-	2,468,364	886,105	-	37,430,664
Other Assets						
Deferred costs, net of accumulated amortization	297,906	-	12,287	-	-	310,193
Beneficial interest in perpetual trusts	34,363	-	-	-	-	34,363
Loan receivable, related party	1,937,638	-	-	-	-	1,937,638
Pledges receivable	1,735,203	-	-	-	(1,735,203)	-
Other receivables	34,223	85,448	-	-	-	119,671
Total other assets	4,039,333	85,448	12,287	-	(1,735,203)	2,401,865
Total Assets	\$ 60,845,255	\$ 6,145,212	\$ 4,386,225	\$ 7,933,569	\$ (2,141,930)	\$ 77,168,331

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	Total
Current Liabilities						
Current portion of bonds payable	\$ 1,955,000	\$ -	\$ -	\$ -	\$ -	\$ 1,955,000
Current portion of loans payable	-	-	281,656	-	-	281,656
Accounts payable and accrued expenses	1,823,338	11,993	66,266	21,779	-	1,923,376
Accounts payable, related party	438,776	-	231,076	173,651	(406,727)	-
Entrance fee deposits	4,217,114	11,993	580,998	195,430	(406,727)	4,598,808
Total current liabilities	8,434,228	24,986	883,986	396,860	(813,454)	9,328,606
Annuities Payable	-	424,210	-	-	-	424,210
Bonds Payable, Net of Current Portion	13,845,000	-	-	-	-	13,845,000
Loans Payable, Net of Current Portion	-	-	1,115,895	1,735,203	(1,735,203)	1,115,895
Deferred Compensation	34,363	-	-	-	-	34,363
Deferred Revenue from Entrance Fees	31,839,774	-	-	6,580,833	-	38,420,607
Interest Rate Swap Obligation	622,037	-	-	-	-	622,037
Total liabilities	50,558,288	436,203	1,698,893	8,511,466	(2,141,930)	59,060,920
Net Assets						
Unrestricted	7,354,550	5,681,304	2,689,332	(577,897)	-	15,147,289
Temporarily restricted	624,780	27,705	-	-	-	652,485
Permanently restricted	2,307,637	-	-	-	-	2,307,637
Total net assets	10,286,967	5,709,009	2,689,332	(577,897)	-	18,107,411
Total Liabilities and Net Assets	\$ 60,845,255	\$ 6,145,212	\$ 4,386,225	\$ 7,933,569	\$ (2,141,930)	\$ 77,168,331

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Church Home of Hartford Incorporated			Seabury Charitable Foundation, Inc.		Seabury Memory Care Center, Inc.		Seabury at Home, Inc.		Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
Revenues, Gains and Other Support										
Health center patients, net of contractuals	\$ 7,198,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,119,641
Health care services - Memory Care	2,435,395	-	-	-	-	-	-	-	-	(2,435,395)
Assisted living services	-	-	-	-	-	3,757,338	-	-	-	3,139,234
Resident services	10,003,438	-	-	-	-	-	-	-	-	10,003,438
Home health revenue	835,971	-	-	-	-	-	-	-	-	835,971
Seabury at Home revenue	-	-	-	-	-	-	-	354,206	-	330,497
Services to Seabury at Home, Inc.	580,586	-	-	-	-	-	-	-	-	(580,586)
Amortization of deferred revenue from entrance fees	2,698,022	-	-	-	-	-	-	173,017	-	2,871,039
Investment income	548,046	-	-	299,240	-	7,224	-	304,905	-	854,510
Other income	578,466	-	-	64,375	-	27,027	-	-	-	812,536
Contributions and gifts	-	-	-	71,082	23,787	-	-	-	-	94,869
Contributions from the Seabury Charitable Foundation, Inc.	132,232	-	-	-	-	-	-	-	-	132,232
Net assets released from restrictions	-	-	-	24,452	(24,452)	-	-	-	-	-
Total revenues, gains and other support	<u>25,010,902</u>	<u>-</u>	<u>-</u>	<u>459,149</u>	<u>(665)</u>	<u>3,771,589</u>	<u>-</u>	<u>832,128</u>	<u>(4,007,474)</u>	<u>26,065,629</u>
Expenses										
Medical and other resident care	7,635,979	-	-	-	-	1,249,546	-	450,989	-	7,635,405
General and administrative	8,032,416	-	-	282,393	-	1,056,394	-	194,182	-	7,707,858
Dietary	2,393,553	-	-	-	-	422,534	-	-	-	2,566,932
Repairs and maintenance	2,514,839	-	-	-	-	272,024	-	-	-	2,719,503
Housekeeping and laundry	610,299	-	-	-	-	131,014	-	-	-	614,533
Interest expense, net	563,785	-	-	-	-	84,285	-	-	-	648,070
Depreciation and amortization	2,679,801	-	-	-	-	157,445	-	39,534	-	2,876,780
Contributions to Church Home of Hartford Incorporated and Seabury Memory Care	-	-	-	25,543	-	-	-	-	(25,543)	-
Total expenses	<u>24,430,672</u>	<u>-</u>	<u>-</u>	<u>307,936</u>	<u>-</u>	<u>3,353,242</u>	<u>-</u>	<u>684,705</u>	<u>(4,007,474)</u>	<u>24,769,081</u>
Income (Loss) from Operations	580,230	-	-	151,213	(665)	418,347	-	147,423	-	1,296,548
Change in Net Unrealized Gain on Investments	929,269	114,153	-	339,286	-	-	-	-	-	1,382,708
Change in Interest in Perpetual Trusts	-	-	69,433	-	-	-	-	-	-	69,433
Change in Interest Rate Swap Obligation	448,001	-	-	-	-	-	-	-	-	448,001
Change in Net Assets	1,957,500	114,153	69,433	490,499	(665)	418,347	-	147,423	-	3,196,690
Net Assets - Beginning of Year	5,397,050	510,627	2,238,204	5,190,805	28,370	2,270,985	-	(725,320)	-	14,910,721
Net Assets - End of Year	<u>\$ 7,354,550</u>	<u>\$ 624,780</u>	<u>\$ 2,307,637</u>	<u>\$ 5,681,304</u>	<u>\$ 27,705</u>	<u>\$ 2,689,332</u>	<u>\$ -</u>	<u>\$ (577,897)</u>	<u>\$ -</u>	<u>\$ 18,107,411</u>

EXHIBIT C

PRO FORMA INCOME STATEMENTS

SOURCES AND USE OF FUNDS
Notes and Assumptions for Pro Forma Revenues and Expenses

REVENUE ASSUMPTIONS

Seabury is using an average occupancy rate of 95% for independent living apartments and cottages. A rate increase of 3.5% is suggested for Life Care contract holders. Our skilled nursing occupancy is projected at 97%, with a payer mix projected at 13 private pay, 22 continuing care contract holders, 5 Medicare and 18 Medicaid residents. A rate increase of 4% will establish a new daily fee of \$435 for skilled care private pay.

Views occupancy is projected to average 95%, with a 3.5% rate increase suggested for the budget. The payer mix is projected to be 26 private pay, 13 continuing care contract holders, and 8 on Old Age Assistance. Earned entry fees are at \$1,725,000. ALSA revenue has a 3.5% increase.

Budgeted staffing for FY 2014 is 266.12 FTEs, which is an increase of 2.23 FTEs from the FY 2013 budget. Total salaries are projected at \$12,017,531 for the 2014 operating budget.

EXPENDITURES

CHHI/Seabury's 2014 operating budget is projecting \$25,143,821 in expenses and \$24,483,581 in revenues, for a net negative balance on receipts over disbursements of (\$660,240) before capital expenditures. The Federal Accounting Standards Board, also known as FASB, has issued an accounting pronouncement effective in 2014 that specifies we can no longer record earnings from the refundable portion of entrance fees. The effect of this accounting pronouncement is a reduction of \$675,000 to our budgeted earned entry fees revenue. Without this accounting change, our budgeted net income from operations for 2014 would be \$14,760. After capital expense, the budget shows a negative balance of (\$2,600,534).

SEABURY MEMORY CARE CENTER, INC.
2014 SOURCES & USE OF FUNDS

The 2013 Meadows operating budget is projecting revenues of \$3,818,527, with expenses of \$3,546,500 and capital expenditures of \$55,287, for excess revenues over disbursements of \$216,740. The average annual census is projected to be 34 private pay, 12 Seabury Life Care residents and 10 Old Age Assistance for a total occupancy average of 56 residents. We are suggesting a 3.5% increase for Seabury Memory Care Center private pay residents. We are keeping the Old Age Assistance payments the same as last year, because it will be unlikely that the State will raise reimbursement rates to providers.

SEABURY AT HOME, INCORPORATED
2014 SOURCES & USE OF FUNDS

Seabury At Home's operating budget projects revenues of \$927,418, with expenses of \$858,060 and capital expenditures of \$7,200, for excess revenues over disbursements of \$62,158. The projected membership growth rate is a conservative 2.5 new members per month for 30 new members, and a total by year end of 126 members. Seabury At Home has several membership plans, and the projected breakdown is as follows: 3 Platinum, 11 Gold, and 16 Gold Plus.

SEABURY CHARITABLE FOUNDATION
2014 SOURCES & USE OF FUNDS

The SCF proposed budget reflects sources of funds of \$61,942 from unrestricted gifts, \$70,000 in annuities, \$47,886 from the golf tournament, and \$144,000 from interest and dividends, for a total of \$323,828. Use of funds for 2014 for the three largest categories will be \$114,288 in resident charitable care, \$86,793 in contract services, and \$46,364 in investment management fees. Total budgeted expenses are \$321,249 resulting in an excess of receipts over disbursements of \$2,579.

CHURCH HOME OF HARTFORD INCORPORATED
 FORECASTED STATEMENTS OF REVENUE AND EXPENSES
 FOR THE YRS. ENDING SEPTEMBER 30, 2013 - 2018
 (IN THOUSANDS OF DOLLARS)

7/8/2013

	ESTIMATED ACTUAL 2013	BUDGET 2014	FORECAST 2015	FORECAST 2016	FORECAST 2017	FORECAST 2018
OPERATING REVENUES:						
MONTHLY FEES	\$7,713	8,000	\$8,360	\$8,736	\$9,129	\$9,540
EARNED ENTRY FEES	2,400	1,725	1,725	1,725	1,725	1,725
CONGREGATE REVENUE	1,333	1,370	1,395	1,438	1,482	1,547
HOME FOR AGED REVENUE	998	1,148	1,181	1,215	1,251	1,289
SKILLED NURSING	5,653	5,939	5,883	5,816	5,850	5,881
HOME HEALTH/AT HOME	1,512	1,761	1,796	1,832	1,869	1,906
MEADOWS ALSA SERVICES	3,009	3,268	3,333	3,400	3,468	3,537
OTHER REVENUE	1,284	1,024	1,044	1,065	1,087	1,108
INTEREST INCOME - ALL FUNDS	223	223	227	232	237	241
WATERMAN TRUST INCOME	26	26	26	26	26	26
TOTAL REVENUES	24,151	24,484	24,972	25,486	26,124	26,801
OPERATING EXPENSES:						
GENERAL AND ADMINISTRATIVE	4,336	4,467	4,556	4,647	4,740	4,835
MARKETING	682	754	769	784	800	816
SOCIAL SERVICES/RESIDENT SERVICES	942	1,044	1,065	1,086	1,108	1,130
HOUSEKEEPING/LAUNDRY	696	718	732	747	762	777
MAINTENANCE/PLANT/INSURANCE/REAL EST	3,090	3,094	3,156	3,219	3,283	3,349
FOOD SERVICES	2,395	2,399	2,447	2,496	2,546	2,597
HEALTH CARE	4,702	4,938	5,037	5,137	5,240	5,345
HOME HEALTH/AT HOME	1,408	1,520	1,550	1,581	1,613	1,645
MEADOWS ALSA SERVICES	2,588	2,841	2,898	2,956	3,015	3,075
DEPRECIATION / AMORTIZATION	2,696	2,870	2,965	3,020	3,042	3,097
INTEREST	564	499	431	363	290	215
TOTAL EXPENSES	24,099	25,144	25,607	26,038	26,440	26,882
OPERATING INCOME (LOSS)	52	(660)	(635)	(552)	(316)	(81)
LOSS ON EARLY EXTINGUISHMENT OF DEBT	0	0	0	0	0	0
NET INCOME (LOSS)	52	(660)	(635)	(552)	(316)	(81)
FUND BALANCE, BEGINNING OF YEAR	8,146	8,198	(1,453)	(2,088)	(2,640)	(2,956)
FUND BALANCE ADJ - LIABILITY ENTRANCE	0	(8,991)	0	0	0	0
FUND BALANCE, END OF YEAR	\$8,198	(\$1,453)	(\$2,088)	(\$2,640)	(\$2,956)	(\$3,036)

CHURCH HOME OF HARTFORD INCORPORATED
 FORECASTED BALANCE SHEETS
 FOR THE YRS. ENDING SEPTEMBER 30, 2013 - 2018
 (IN THOUSANDS OF DOLLARS)

7/8/2013

	ESTIMATED ACTUAL 2013	BUDGET 2014	FORECAST 2015	FORECAST 2016	FORECAST 2017	FORECAST 2018
ASSETS						
CURRENT ASSETS:						
CASH*	3,435	2,226	1,676	1,350	1,409	1,383
ASSET REPLACEMENT FUNDS*	1,863	2,163	2,463	2,763	3,063	3,363
ACCOUNTS RECEIVABLE	1,936	1,994	2,084	2,177	2,275	2,378
INVENTORIES	15	15	15	15	15	15
OTHER	211	211	211	211	211	211
ESCROW DEPOSITS HELD	382	382	382	382	382	382
CURRENT PORTION OF TRUSTEE HELD FUNDS	0	0	0	0	0	0
TOTAL CURRENT ASSETS	7,842	6,991	6,831	6,898	7,355	7,732
LOAN RECEIVABLE FROM SEABURY AT HOME	1,735	1,700	1,700	1,700	1,700	1,700
LOAN RECEIVABLE FROM COTTAGE 102	44	34	25	15	6	0
ENDOWMENT FUNDS*	12,430	12,430	12,430	12,430	12,430	12,430
TRUSTEE HELD FUNDS*	0	0	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT - NET	33,836	32,947	31,422	29,800	28,074	26,734
CONSTRUCTION IN PROGRESS - CAMPUS EXPAN	96	96	96	96	96	96
DEFERRED COSTS - NET	298	257	216	175	134	93
BENEFICIAL INTEREST IN PERPETUAL TRUST:	1,868	1,868	1,868	1,868	1,868	1,868
DEFERRED COMPENSATION PLAN	35	52	70	87	105	122
TOTAL ASSETS	58,184	56,375	54,658	53,069	51,768	50,775
LIABILITIES AND FUND BALANCE						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE/ACCRUED EXPENSES	1,734	1,769	1,804	1,840	1,877	1,914
ACCRUED INTEREST	44	38	33	27	21	15
CURRENT PORTION OF DEBT	1,955	2,020	2,090	2,170	2,240	2,315
CURRENT PORTION OF ENTRY FEES	0	0	0	0	0	0
ESCROW DEPOSITS HELD	382	382	382	382	382	382
TOTAL	4,115	4,209	4,309	4,419	4,520	4,626
DEFERRED ENTRANCE FEES	30,843	40,596	41,487	42,495	43,632	44,913
LONG-TERM DEBT, LESS CURRENT PORTION	13,845	11,825	9,735	7,565	5,325	3,010
LESS DISCOUNT ON SERIES 1998 BONDS	0	0	0	0	0	0
TOTAL LONG TERM DEBT	13,845	11,825	9,735	7,565	5,325	3,010
LIABILTY GARAGE FEES	78	76	75	73	72	70
DEFERRED COMPENSATION PLAN	35	52	70	87	105	122
INTEREST RATE SWAP OBLIGATION	1,070	1,070	1,070	1,070	1,070	1,070
FUND BALANCE	8,198	(1,453)	(2,088)	(2,640)	(2,956)	(3,036)
TOTAL	58,184	56,375	54,658	53,069	51,768	50,775

CHURCH HOME OF HARTFORD INCORPORATED
FORECASTED STATEMENTS OF CASH FLOW
FOR THE YRS. ENDING SEPTEMBER 30, 2013 - 2018
(IN THOUSANDS OF DOLLARS)

7/8/2013

	ESTIMATED ACTUAL 2013	BUDGET 2014	FORECAST 2015	FORECAST 2016	FORECAST 2017	FORECAST 2018
CASH FLOW FROM OPERATING ACTIVITIES:						
NET INCOME (LOSS)	52	(660)	(635)	(552)	(316)	(81)
ADJUSTMENTS:						
DEPRECIATION/AMORTIZATION	2,696	2,870	2,965	3,020	3,042	3,097
EARNED ENTRY FEES	(2,400)	(1,725)	(1,725)	(1,725)	(1,725)	(1,725)
ENTRY FEES RECEIVED	4,382	4,567	4,793	5,016	5,241	5,467
ENTRY FEES REFUNDED	(2,013)	(2,080)	(2,177)	(2,283)	(2,379)	(2,461)
CHANGES IN CURRENT LIABILITIES	(25)	27	29	28	30	29
CHANGES IN CURRENT ASSETS	12	(58)	(90)	(93)	(98)	(103)
NET CASH PROVIDED FROM OPERATING ACTI	2,704	2,941	3,160	3,411	3,795	4,223
CASH FLOW FROM INVESTING ACTIVITIES:						
LOAN PAYMENT FROM SEABURY AT HOME	67	35	0	0	0	0
LOAN PAYMENT COTTAGE 102	(44)	10	9	10	9	6
LOAN RECEIVABLE COTTAGE 102	(112)	0	0	0	0	0
CAPITAL IMPROVEMENTS AND EQUIPMENT	(1,762)	(1,940)	(1,398)	(1,357)	(1,275)	(1,716)
SALE OF WINTONBURY AVENUE HOUSE	175	0	0	0	0	0
CONSTRUCTION IN PROGRESS COTTAGES	(435)	0	0	0	0	0
CONSTRUCTION IN PROGRESS CAMPUS EXPA	(96)	0	0	0	0	0
NET CASH USED IN INVESTING ACTIVITIES	(2,207)	(1,895)	(1,389)	(1,347)	(1,266)	(1,710)
CASH FLOW FROM FINANCING ACTIVITIES:						
AMORTIZATION OF BOND DISCOUNT	0	0	0	0	0	0
PAYMENT OF PREVIOUS BONDS	0	0	0	0	0	0
TD BANK BONDS	0	0	0	0	0	0
REPAYMENT OF DEBT	(1,890)	(1,955)	(2,020)	(2,090)	(2,170)	(2,240)
CHANGE IN DEFERRED COSTS	0	0	0	0	0	0
LOSS ON EARLY EXTINGUISHMENT OF DEBT	0	0	0	0	0	0
NET CASH USED IN FINANCING ACTIVITIES	(1,890)	(1,955)	(2,020)	(2,090)	(2,170)	(2,240)
MISCELLANEOUS ADJUSTMENT	0	0	(1)	0	0	1
ANNUAL CASH FLOW	(1,393)	(909)	(250)	(26)	359	274
CASH BEGINNING OF YEAR	19,121	17,728	16,819	16,569	16,543	16,902
CASH END OF YEAR*	17,728	16,819	16,569	16,543	16,902	17,176

*NOTE: ACCOUNTS INCLUDED IN CASH END OF YEAR ARE INDICATED
ON THE BALANCE SHEET WITH AN ASTERISK (*).

CHURCH HOME OF HARTFORD INCORPORATED
 FORECASTED FINANCIAL RATIO COVENANTS
 FOR THE YRS. ENDING SEPTEMBER 30, 2014 - 2018

7/8/2013

		BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
		2014	2015	2016	2017	2018
DEBT SERVICE COVERAGE RATIO (ANNUALIZED)						

SEMI-ANNUAL COVENANT REQUIRMENT	1.10	1.41	1.49	1.56	1.68	1.83
CASH TO DEBT RATIO (ANNUALIZED)						

SEMI-ANNUAL COVENANT REQUIREMENT	.45	1.39	1.66	2.14	3.10	5.58

GROWTH RATE ASSUMPTIONS

7/8/2013

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Rate Increases:</u>					
ILU	3.5%	4.5%	4.5%	4.5%	4.5%
Congregate	4%	4.5%	4.5%	4.5%	4.5%
HFA	4%	4.5%	4.5%	4.5%	4.5%
Nursing	4%	4.5%	4.5%	4.5%	4.5%
Other Income	2%	2%	2%	2%	2%
Entrance Fees	0%	3%	3%	3%	3%
<u>Interest Income:</u>					
Marketable Securities	3%	3%	3%	3%	3%
Operating Accounts	0.1%	0.1%	0.1%	0.1%	0.1%
<u>Expenses:</u>					
Salaries	2%	2%	2%	2%	2%
Other	2%	2%	2%	2%	2%

Projected occupancy is 95% for ILU, 95% for Congregate/HFA, and 97% for Nursing throughout the Five Year Forecast.

Forecasted additional Life Care Contract holders permanently transferring to the Health Center are as follows:

	Current	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Congregate/HFA	<u>2013</u> 13	0	2	1	1	0
Nursing	20	2	2	2	1	1

Church Home of Hartford Incorporated
Monthly/Daily Fee Increases

<u>Budget Year</u> <u>Ending 9/30</u>	<u>Seabury</u> <u>ILU</u> <u>% Increase</u>	<u>Seabury</u> <u>SNF</u> <u>% Increase</u>	<u>Seabury</u> <u>AL</u> <u>% Increase</u>	<u>Seabury</u> <u>Meadows</u> <u>% Increase</u>	<u>Seabury</u> <u>At Home</u> <u>% Increase</u>
1994	5.0	5.0	5.0		
1995	5.0	7.0	6.0		
1996	4.0	4.0	0.0		
1997	5.0	6.0	5.5		
1998	3.5	5.0	3.25		
1999	2.0	2.9	2.9		
2000	2.0	2.9	2.9		
2001	3.0	3.0	3.0		
2002	5.0	5.0	5.0		
2003	3.0	2.9	6.6		
2004	4.0	4.0	4.0		
2005	2.0	3.0	3.0	3.0	
2006	4.5	4.5	4.5	4.0	
2007	5.5	5.5	5.5	4.0	
2008	4.0	4.0	4.0	3.0	
2009	3.0	3.0	3.0	3.0	
2010	4.0	5.0	5.0	5.0	0.0
2011	3.0	5.0	3.0	3.0	0.0
2012	2.5	2.0	2.5	0.0	0.0
2013	3.0	3.0	3.0	3.0	2.0
2014	3.5	4.0	4.0	3.5	2.0
Average last five years	3.2	3.8	3.5	2.9	0.8
Average since inception	3.6	4.1	3.9	3.1	0.8

EXHIBIT D

ENTRANCE FEES/PERIODIC CHARGES

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

SEABURY

DISCLOSURE STATEMENT DATA

Increase Effective Date	Monthly Fees % Increase	Entry Fees Plan A/Plan 2% % Increase	Entry Fees Plan B % Increase	Entry Fees Plan C/ Plan 67% % Increase
10/01/1993	5.00%	0.00%	0.00%	0.00%
10/01/1994	5.00%	4.00%	4.00%	4.00%
10/01/1995	4.00%	3.50%	6.00%	2.80%
10/01/1996	5.00%	0.00%	0.00%	0.00%
10/01/1997	3.50%	0.00%	10.00%	0.00%
10/01/1998	2.00%	5.00%	10.00%	5.00%
10/01/1999	2.00%	2.90%	2.90%	2.90%
10/01/2000	3.00%	3.00%	3.00%	3.00%
10/01/2001	5.00%	5.00%	5.00%	5.00%
10/01/2002	3.00%	3.00%	Plan B dropped Plan 95/85 implemented	3.00%
10/01/2003	4.00%	4.00%	4.00%	4.00%
10/01/2004	2.00%	2.00%	2.00%	2.00%
10/01/2005	4.50%	4.50%	4.50%	4.50%
10/01/2006	5.50%	5.50%	5.50%	5.50%
10/01/2007	4.00%	4.00%	4.00%	4.00%
10/01/2008	3.00%	2.00%	2.00%	2.00%
10/01/2009	4.00%	3.00%	3.00%	3.00%
10/01/2010	3.00%	3.00%	3.00%	3.00%
10/01/2011	2.50%	0.00%	0.00%	0.00%
10/01/2012	3.00%	0.00%	0.00%	0.00%
10/01/2013	3.50%	0.00%	0.00%	0.00%

Fee Schedule

PLAN 2% - offers moderate entrance and monthly fees. After occupancy, the entrance fee is refundable upon termination (including withdrawal or death of the resident or remaining resident in the case of double occupancy) minus 2% per month for 50 months. After 50 months, no refund would be due.

COTTAGES	Single Entrance Fee	Double Entrance Fee	Single Monthly Fee	Double Monthly Fee
The Griffin* 1Bedroom/1Bath	\$140,820	\$199,335	\$2,955	\$3,985
The Cadwell* 2Bedroom/2Bath	\$246,286	\$307,436	\$4,121	\$5,151
The Bidwell* Deluxe 2Bedroom/2Bath	\$297,313	\$358,463	\$4,882	\$5,912
The Talcott* 2Bedroom/Den/2-1/2 bath	\$365,776	\$426,927	\$6,015	\$7,045
The Heublein** 2Bed/2 Bath/ 2 Car Garage	\$399,660	\$457,864	\$6,069	\$7,099
APARTMENTS				
The Ely Studio	\$98,706	N/A	\$2,231	N/A
The Barratson I & II 1Bedroom/1Bath	\$132,528	\$191,043	\$2,736	\$3,766
The Loomis I & II 1Bedroom/Den/1Bath	\$185,376	\$246,524	\$3,253	\$4,283
The Goodwin 2Bedroom/2Bath	\$199,542	\$260,691	\$3,529	\$4,559
The Newberry 2Bedroom/2Bath	\$228,654	\$289,803	\$3,961	\$4,991
The Filley* Deluxe1Bedroom/Den/1-1/2Bath	\$266,048	\$327,197	\$4,290	\$5,320
The Prosser 2Bedroom/2Bath	\$267,277	\$328,426	\$4,429	\$5,459
The Barnard 2Bedroom/Den/2Bath	\$271,565	\$332,714	\$4,444	\$5,474
The Wintonbury 2Bedroom/Den/2 Bath	\$275,400	\$336,600	\$4,516	\$5,546
The Griswold* 2Bedroom/2Bath	\$276,282	\$337,432	\$4,565	\$5,595
The Petersen* 2Bedroom/Den/2Bath	\$345,102	\$404,470	\$5,771	\$6,801

*These Residences may have existing fireplaces. If fireplaces are not in place, one may be added at the resident's expense.

**The Heublein Villas have fireplaces, stone counters, upgraded flooring, a body spa and a two-car garage.

A portion of your entrance and monthly fee may be considered as a deductible medical expense for federal income tax purposes.



10/13

Member of
ICAA



Fee Schedule

PLAN 85% - offers an entrance fee that is higher and a monthly fee that is lower than Seabury's other rate schedules, in exchange for a refund of up to 85% of the entrance fee (15% is retained by Seabury and not refundable in any event). At any time following occupancy, the entrance fee is refundable upon termination (including withdrawal or death of the resident or remaining resident in the case of double occupancy) up to 85% of the entrance fee.

COTTAGES	Single Entrance Fee	Double Entrance Fee	85% Refund		Single Monthly Fee	Double Monthly Fee
			Single	Double		
The Griffin*	\$246,315	\$303,127	\$209,368	\$257,658	\$2,174	\$3,204
1 Bedroom/1 Bath						
The Cadwell*	\$399,594	\$458,962	\$339,655	\$390,118	\$3,062	\$4,092
2 Bedroom/2 Bath						
The Bidwell*	\$487,959	\$547,328	\$414,765	\$465,229	\$3,612	\$4,642
Deluxe/2 Bedroom/2 Bath						
The Talcott*	\$599,509	\$658,878	\$509,583	\$560,046	\$4,882	\$5,912
2 Bedroom/Den/2-1/2 Bath						
The Heublein**	\$639,254	\$697,458	\$543,366	\$592,839	\$4,926	\$5,956
2 Bed/2 Bath/Car Garage						
APARTMENTS						
The Ely Studio	\$160,515	N/A	\$136,438	N/A	\$1,648	N/A
The Barrerson I & II 1 Bedroom/1 Bath	\$222,089	\$278,899	\$188,776	\$237,064	\$2,017	\$3,047
The Loomis I & II 1 Bedroom/Den/1 Bath	\$291,719	\$351,088	\$247,961	\$298,425	\$2,408	\$3,438
The Goodwin 2 Bedroom/2 Bath	\$335,931	\$385,299	\$285,541	\$327,504	\$2,618	\$3,648
The Newberry 2 Bedroom/2 Bath	\$375,086	\$434,455	\$318,823	\$369,287	\$2,947	\$3,977
The Filley* Deluxe 1 Bedroom/Den/1-1/2 Bath	\$435,064	\$494,432	\$369,804	\$420,267	\$3,413	\$4,443
The Prosser 2 Bedroom/2 Bath	\$438,577	\$497,945	\$372,790	\$423,253	\$3,291	\$4,321
The Barnard 2 Bedroom/Den/2 Bath	\$445,631	\$505,000	\$378,786	\$429,250	\$3,294	\$4,324
The Wintonbury 2 Bedroom/Den/2 Bath	\$451,350	\$511,275	\$383,648	\$434,584	\$3,347	\$4,377
The Grissold* 2 Bedroom/2 Bath	\$451,830	\$511,199	\$384,056	\$434,519	\$3,747	\$4,777
The Petersen* 2 Bedroom/Den/2 Bath	\$581,543	\$640,911	\$494,312	\$544,774	\$4,599	\$5,629

*These Residences may have existing fireplaces. If fireplaces are not in place, one may be added at the resident's expense.

** These Residences have fireplaces, stone counters, upgraded flooring, and a two-garage.

A portion of your entrance and monthly fee may be considered as a deductible medical expense for federal income tax purposes.



10/13

International Council on Aging



EXHIBIT E

ENTRANCE FEE ESCROW AGREEMENT

Note: The Entrance Fee Escrow Agreement is now held between Church Home of Hartford, Incorporated, d/b/a Seabury and Bank of America. The original agreement, with any amendments attached thereto, is still in effect per Section 11 of the Agreement.

FUNDS TRANSFER AGREEMENT

Cluett Home of Hartford Inc. (the "Customer"), and Bank of America, N.A. (the "Bank") hereby agree that the following sets out the terms under which we may perform Funds transfers for the Customer.

1. **Transfer Instructions**. Any of the Customer's Authorized Representatives may instruct the Bank to transfer funds from the Customer's Accounts with the Bank to any other Account with the Bank or with another institution. The Bank reserves the right to refuse any transfer instructions, and in particular, the Bank reserves the right to refuse transfer instructions if the identity of the Authorized Representative has not been confirmed, the Account from which the Bank is instructed to transfer funds has an insufficient Account balance, or the transfer instruction is incomplete. The Bank will use its best efforts to notify the Customer of any refusal to accept transfer instructions.

The Customer's Authorized Representatives are designated pursuant to the Corporate Resolution in the form of Attachment 1 (or comparable form) to this Agreement and are listed on the DESIGNATION OF AUTHORIZED REPRESENTATIVES attached to this Agreement. The Bank is entitled to rely upon the fact that each person listed on the DESIGNATION OF AUTHORIZED REPRESENTATIVES is authorized to effect funds transfers from the Customer's Accounts until the Bank receives written notice from the Customer revoking such person's authority. This authority includes the power to withdraw and debit the Customer's Accounts, execute any further documents necessary to effect funds transfers and, where applicable, to choose and change the Keyword used in the Bank's security procedures. It is the Customer's obligation to notify the Bank immediately upon revocation of authority of an Authorized Representative. By providing the Bank with a Keyword, as indicated on the DESIGNATION OF AUTHORIZED REPRESENTATIVES, the Customer authorizes the Bank to make transfers based upon oral requests of the Authorized Representatives. The Customer has the sole obligation to ensure that all Authorized Representatives keep the Keyword confidential and to notify the Bank immediately by telephone (with a follow up in writing) if there is reason to believe that the Keyword has been disclosed to any unauthorized person. In the event the Customer revokes the authority of an Authorized Representative or discovers that the Keyword may have been disclosed to any unauthorized person, the Customer also has the obligation of establishing a new Keyword and informing the Authorized Representatives of the new Keyword.

Upon acceptance of the Authorized Representative's written or oral transfer instructions, the Bank will charge the Customer's Accounts after performing the security procedures set forth below; provided, however, that the Bank will take no action on instructions received after 2:55 p.m. ET (the Bank's internal processing cutoff). In executing the transfer instructions, the Bank is entitled to rely upon Account numbers of the beneficiary bank or intermediary bank rather than names.

2. **Security Procedures**. The Customer agrees to the use of the following security procedures to ensure the integrity of its transfer instructions:
- a) For written instructions, the Bank will confirm that the name of the person sending the instructions is listed as one of its Authorized Representatives and the Bank will compare the signature on the written request to its records. The Customer will also verify the Account number to confirm that the Authorized Representative has appropriate authority to transfer funds from that Account. When the written instruction is received via fax machine or, is in excess of certain dollar amounts, the Bank will confirm the request by contacting an Authorized Representative.
 - b) Where the Customer has authorized oral instructions by designating a Keyword, the Bank will check the name of the person sending the instructions against its list of Authorized Representatives, and ask the Authorized Representative to give the Bank the Keyword (reflected on the DESIGNATION OF AUTHORIZED REPRESENTATIVES). In circumstances where the Authorized Representative is unable to supply the Keyword, but indicates that the wire transfer is urgent and must be processed, the Customer agrees to send the Bank written wire transfer instructions and comply with security procedures as outlined in section 2.a) above.

