



Applewood

# RESIDENCY & CARE AGREEMENT

for

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Applewood  
Loomis Communities, Inc.  
One Spencer Drive  
Amherst, MA 01002  
(413) 253-9833

[www.LoomisCommunities.org](http://www.LoomisCommunities.org)

Rev. 01/01/13



Applewood  
**SUMMARY SHEET**  
**RESIDENCY & CARE AGREEMENT**

Resident's Name: \_\_\_\_\_

Resident's Name: \_\_\_\_\_

Occupancy Date: \_\_\_\_\_

Applewood Address: \_\_\_\_\_ Spencer Drive  
Amherst, MA 01002

Residence Description:      ☐ Studio                      \_\_\_\_\_  
   ☐ One Bedroom                      \_\_\_\_\_  
   ☐ Two Bedroom                      \_\_\_\_\_

Entrance Fee Type: \_\_\_\_\_

Entrance Fee Amount:                      \$ \_\_\_\_\_



Applewood  
**SECTION DIRECTORY**  
**RESIDENCY & CARE AGREEMENT**

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Applewood  
**RESIDENCY & CARE AGREEMENT**

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Loomis Communities, Inc., d/b/a Applewood, hereinafter referred to as "Applewood", and \_\_\_\_\_, hereinafter referred to individually or jointly as "Resident".

This Agreement lasts for the lifetime of the Resident, unless terminated under the provisions of the Agreement.

If two persons sign this Agreement, the accommodations and services will be for both of them, and the sums stated under Financial Provisions cover both of them. Each will be individually responsible for payments due hereunder. Each must meet the admission requirements for residency at Applewood.

Loomis Communities Inc., a Continuing Care Retirement Community, is a not-for-profit 501(c)(3) Massachusetts corporation established exclusively for charitable purposes. It provides equal access and treatment without regard to race, color, sex, religion, sexual orientation, disability, familial status or national origin. Applewood will make reasonable accommodations including unit adaptations to address Resident disability. Loomis Communities, Inc. is sponsored by Loomis House, Inc., a not-for-profit corporation chartered in 1902.

**I. GENERAL PROVISIONS**

**A. Admission Requirements:**

The following requirements for residency at Applewood must be met satisfactorily:

1. Resident must be at least 62 years of age on Occupancy Date (as defined in Section I.B.)
2. Resident must provide a completed Application for Residence and a Physician's Statement, on forms provided by Applewood, which establishes that Resident's health meets the Personal Performance Criteria in Exhibit 1.
3. At least 30 days prior to the Occupancy Date, Resident must submit an updated Physician's Statement if original statement is more than six months old, and must meet personally with the Applewood Health Services Director to review current health status. If at this time, Resident's health does not meet the appropriate Personal Performance Criteria, and Applewood is not able to provide the needed level of care, this Agreement may be terminated.
4. Resident must complete and submit a confidential Financial Disclosure Statement, on a form provided by Applewood, which demonstrates the ability to pay all fees contemplated herein for the duration of this Agreement. A third-party financial guaranty may be requested if Resident's ability to meet financial obligations is uncertain.

Resident must submit an updated Financial Disclosure Statement within 30 days prior to the Occupancy Date, if the original Financial Disclosure is more than six months old.

- B. **Occupancy Date:** Occupancy Date means the date on which Resident is entitled to all services described herein and on which Resident is responsible for all fees. Prior to the Occupancy Date, Resident must meet all admissions requirements, including updated health and financial information. Entrance Fee payment must be completed by this date.

## II. **ACCOMMODATIONS AND SERVICES**

Subject to the terms and conditions of this Agreement, Resident will have a non-transferable right to reside in the apartment selected. As used herein, these capitalized terms shall mean:

Assisted Living: Assisted Living facilities in South Hadley, Holyoke and Springfield owned by Loomis Communities, Inc. and Loomis Senior Living, Inc.

Loomis Nursing Center: A skilled nursing facility owned by, affiliated or under contract with Applewood to provide nursing services to Applewood Residents.

Accommodations and services are as follows:

A. **Each Apartment is equipped with:**

Dishwasher (except that no dishwashers are in Pippin-style apartments), floor coverings, window shades or blinds, fixtures, washer/dryer, garbage disposal, stove with self-cleaning oven, frost-free refrigerator, emergency call system, telephone and cable television outlets.

B. **Utilities Provided by Applewood:**

Electricity, heat, air conditioning, hot water, water and sewer use fees. Basic cable TV service is provided in all apartments, and each apartment is assessed a monthly fee for the service.

C. **Utilities Not Provided by Applewood:**

Phone, premium cable services (available at additional charge), and Internet connection.

D. **Changes to Apartments:**

1. Applewood reserves the right to build additional apartments and to alter, reconfigure and remove existing apartments, including the right to: 1) make changes to Resident's Apartment, and, 2) relocate Resident to another apartment both temporarily and permanently in furtherance thereof. Applewood shall use reasonable efforts to minimize disruption to Resident in the exercise of its rights.



2. Resident must receive written approval to make any desired changes to the structure, decorations, equipment, or furnishings owned or supplied by Applewood. Changes must be made by installers or workers approved by Applewood, and the cost of any changes is Resident's responsibility. No refunds for alterations will be made. Resident will be responsible for the cost of restoring the apartment to its original condition upon termination of the Agreement, unless otherwise agreed to in writing.
- E. **Repair and Replacement:** Applewood is responsible for replacement and repair of Applewood furnishings and equipment, as deemed necessary by the Administration except in the case of damage caused by Resident negligence. Residents, who wish to repaint, recarpet or replace flooring in their apartment during occupancy, may do so at their own cost, upon approval by the Administrator.
- F. **Common Area:** Applewood reserves the right to change any/all common areas including the right to reconfigure, renovate, add to or reduce the size and purpose of all common areas. Resident may not alter any common areas or furnishings, as they are the sole responsibility of Applewood. Subject to the Rules and Regulations of Applewood, common areas include interior: dining rooms, lobby, library, game room, craft room, country store, beauty salon, lounges, meeting room, storage facilities, and other public rooms, as well as all exterior grounds including garden area.
- G. **Access to Nursing Care:** All Applewood Residents share priority access to skilled nursing care at the Loomis Nursing Center with residents from Loomis House and Loomis Village.
- H. **Health Services:** Applewood has a qualified Health Services Director who directs the health and wellness services of Applewood and oversees the provision of in-unit services and assistance in living.
- I. **General Services Provided to Residents:**
1. Twenty-four hour emergency response.
  2. Maintenance and repair of all buildings, equipment, and appliances owned by Applewood.
  3. Groundskeeping, including lawn and garden care, leaf and snow removal. Residents with walk out apartments may plant flowers adjacent to their apartments with permission of the Administrator and will assume responsibility for upkeep of these areas.
  4. Periodic exterior window washing.
  5. Carpet cleaning as deemed necessary by Administration.
  6. Weekly housekeeping, including vacuuming, dusting, bathroom and kitchen cleaning, changing of bed linen, and laundering of towels and linen provided by Applewood. Applewood is not responsible for cleaning/dusting valuable personal items of Residents.
  7. Onsite 24-hour staff.

8. Tray service during a short-term illness as ordered by Health Care Coordinator.
9. Van transportation to scheduled medical appointments and designated local shopping areas, banks, places of worship and other points of common interest.
10. Scheduled activity program.
11. Surface parking for one car per apartment.
12. Equivalent of one meal per day, within the monthly billing cycle.
13. Weekly health clinics and maintenance of health records.
14. Other services as described in Resident Handbook, distributed to each Resident on or before the Occupancy Date.

**J. Other:**

1. Real estate tax payment.
2. General property and liability insurance for Applewood-owned buildings and appliances.

**K. Additional Services for Additional Fees:**

1. Additional meals beyond the equivalent of one per day.
2. Garage parking.
3. Assistance in living services as described in Section IV.
4. Guest meals.
5. Other additional services listed in Fees for Additional Services, Exhibit 9.

Services other than those described above are not provided by Applewood. Applewood reserves the right to modify the scope, means and delivery of services as it may deem appropriate.

### **III. FINANCIAL PROVISIONS**

**A. Entrance Fees:**

1. Entrance Fees - The resident will pay to Applewood an Entrance Fee in the amount shown on the Summary Sheet of this Agreement (Entrance Fee) in accordance with the following schedule:
  - a. On executing the Residency Agreement, a Reservation Deposit of ten percent (10%) of the Entrance Fee, which will be subject to refund in accordance with the terms of this Agreement.

- b. The Resident will pay Applewood the Entrance Fee before the Occupancy Date.
- 2. Refundability of Entrance Fees - Upon termination of this Agreement, per Section VI, Resident, Resident's Designatee as defined in VI.B.9., or Resident's estate shall be entitled to a refund of a portion of the Entrance Fee when the same becomes due, as follows:
  - a. If occupancy terminates during the first 20 months, Resident shall receive a refund equal to the Entrance Fee paid less 1% for each calendar month, or portion thereof, of occupancy.
  - b. If occupancy terminates after 20 months, Resident shall receive a refund equal to 80% of the Entrance Fee. Initial payment, upon vacating the unit, shall equal the Entrance Fee less 1% for each calendar month, or portion thereof, of occupancy. The balance due shall be paid when Applewood enters into a Residency & Care Agreement with a new Resident occupying the same unit.
  - c. When two persons occupy a unit, and one ceases occupancy, the occupancy for the second resident shall continue, with no change in the Entrance Fee.
  - d. Prior to refunding any amounts, Applewood will deduct any payments owed by Resident under the terms of this Agreement.

**B. Monthly Service Fees:**

The initial monthly service fees will be in accordance with the rates in effect on the Occupancy Date.

- 1. The monthly service fee is billed on the first of each month and due in full by the 10th of that month. If payment is late, a late charge of one percent per month will also be assessed. The monthly fee includes the services for the current month, any applicable credits, prior month additional charges, and any other amounts due Applewood. These fees appear on a detailed monthly statement.
- 2. Adjustments to the base monthly fees may be made no more than once per calendar year, except that they may be more frequent for a change of greater than 10% in any of the following:
  - a. water and sewer fees
  - b. rubbish removal
  - c. taxes, including real estate, income, and excise
  - d. property and liability insurance
- 3. A Resident who moves temporarily to Assisted Living, the Nursing Center, or another facility will continue to pay the monthly fee on the unit,  
  
less meal credits, as well as the daily or monthly fees of the temporary Assisted Living apartment, Loomis Nursing Center, or other facility.

4. If a Resident transfers to a different apartment, leaves Applewood, moves to the Loomis Nursing Center or other health care facility, or dies, the monthly fee on the vacated apartment shall continue to be paid by Resident until the Agreement is terminated in accordance with the provisions of Section VI., Cancellations and Terminations, Section B. In addition, monthly payment for a new apartment or the Loomis Nursing Center or other health care facility shall commence on occupancy.
  5. If one of two Residents sharing an apartment dies, permanently moves to another apartment, or leaves Applewood, the monthly service fee shall change from a two-person to a one-person fee.
  6. Each Resident must maintain insurance coverage for personal possessions and liability. Applewood is not responsible for loss or damage to any personal possessions.
- C. **Financial Hardship:** Applewood admits only those persons who are expected to be able to pay all required fees. Without in any way limiting its right to terminate this Agreement, Applewood will review the financial situation of Residents who are unable to meet financial obligations when the inability to do so is due to factors beyond their control. Applewood may subsidize monthly fees for Residents who have had unanticipated changes in their finances, so long as such subsidy does not impair its ability to operate on a sound financial basis. Qualification for financial assistance must meet the requirements established by Applewood, and Residents who receive such assistance must agree to the conditions determined by Applewood. These conditions may include a move to a smaller unit within the Loomis Communities. Any assistance granted is to be considered a valid claim against Resident or Resident's estate, whether or not (s)he is at Applewood at the time of death.
- D. **Non-Payment:** Notwithstanding paragraph C above, non-payment of fees is an event of default for which Applewood may terminate the Agreement. Resident agrees to pay all legal costs incurred by Applewood to recover monies owed under this Agreement.
- E. **Transfer of Assets:** Resident agrees not to transfer or dispose of assets or income sources for less than full value at any time during residency if doing so would impair the ability to pay current or future fees.
- F. **Addition of Second Person:** It is acceptable for a Resident to add a second person to a unit, through marriage or otherwise, provided that the second person meets all admission requirements, executes a Residency & Care Agreement, and pays all second person fees.

#### IV. HEALTH CARE PROVISIONS

- A. **Health Insurance:** Medicare and Other Required Insurance - The Resident will be required to enroll in the Medicare program, Parts A and B, any future program that may be offered by Medicare, and one supplemental health insurance program covering hospital and other related costs reasonably acceptable to Applewood to assure the Resident's ability to cover costs of medical treatment, medicine, drugs, therapy and the like. A Resident who is not qualified for Medicare coverage is

required to maintain comprehensive health coverage which is satisfactory to Applewood. A Resident not enrolled in Medicare must carry equivalent health insurance reasonably acceptable to Applewood. The Resident agrees to provide evidence of such insurance upon admission and upon any change thereafter..

- B. **Insurance Claims:** The Resident hereby authorizes Applewood or a nursing facility to make all claims for insurance benefits for Covered Services and agrees to execute all documents necessary to enable Applewood or a nursing home to enforce such claims. Any benefits received by the Resident from Medicare or the supplemental health insurance required herein, with respect to Covered Services, will be paid by the Resident to Applewood or a nursing home as payment for the costs incurred by Applewood in providing Covered Services to the Resident.
- C. **Access to Care:** Residents have priority access to the levels of care they need as provided under this Agreement; Residents share priority access with Loomis House, and Loomis Village residents to assisted living at Loomis House and Loomis Village, and to the Loomis Nursing Center.
- D. **Health Services:** Applewood has a qualified Health Services Director who directs the health and wellness services of Applewood and oversees the provisions of in-unit or assistance with living services.
- E. **Best Setting for Care and Additional Services:**
  - 1. Applewood reserves the right to determine the best setting for care and need for additional services on a temporary or permanent basis if Resident does not meet the Personal Performance Criteria, Exhibits 1, 2 and 3, in accordance with the Process for Placement in Assisted Living, Loomis Nursing Center or Other Facility and/or the need for additional services, (Exhibit 4). Resident agrees to cooperate in performing any evaluation Applewood shall reasonably request, at Resident's expense, including granting Applewood permission to discuss health care issues with Resident's medical providers. Such evaluation may be requested at any time Applewood reasonably suspects by observation or otherwise that Resident's physical, emotional or mental condition has changed such that Resident may require a change in services or setting for care.
  - 2. If Resident's physical or mental condition precludes living independently, or poses a danger to Resident or others, in the opinion of Applewood, may transfer Resident to another level of care which best meets his or her needs.
  - 3. If Applewood determines that personal space, personal health, personal care or nutritional needs are not being met by Resident, in accordance with the Personal Performance Criteria, Resident agrees to accept and pay for such additional services as Applewood determines are needed.
- F. **Nursing Center Care:** All Residents shall be entitled to seven days of care each calendar year at no charge in a semi-private room, based on medical necessity, non-cumulative from year to year. In the event that no bed is available at Loomis Nursing Center at the time of need, Applewood will assist in the placement of a Applewood Resident to another nursing facility until a bed is available at Loomis Nursing Center and will pay the then current rate at the other nursing facility (up to the then current

Loomis Nursing Center rate) for up to 7 days. Payment for the days at no charge will begin after benefits from Medicare and other 3rd party insurances cease. This benefit shall cease upon a Resident terminating this Agreement.

- G. **Emergency Response:** Each apartment is equipped with an emergency response system which is monitored 24 hours/day.
- H. **Transfer to Hospital:** Applewood will assist Residents in need of transfer to an acute care hospital. All costs for such care, beyond Medicare and insurance coverage, including transportation in either direction, will be the responsibility of Resident.
- I. **Provisions of Home Care:** Residents receiving home care as approved by Applewood in accordance with Exhibit 1 and 2 may have that care provided either by an approved provider or by a licensed health care professional who meets applicable regulatory requirements. All outside providers of home care must meet the standards and requirements established by Applewood.
- J. **Release of Medical Information:** Resident consents to the release of medical information to Applewood by any physician, hospital, or other health care provider. Resident also agrees to the release of medical information by Applewood to the providers listed above and Loomis Nursing Center. Applewood complies with applicable requirements regarding maintaining protected health information.
- K. **Additional Health Care Services:** Any health care services not specifically identified in this Agreement as being the responsibility of Applewood are Resident's responsibility. This includes, but is not limited to, medical and health practitioners, hospitalization, nursing care, tests and x-rays, medications, home care, and therapies.

## V. OTHER PROVISIONS

- A. **Guests:** Guests are welcome subject to the terms and conditions established by Applewood. Overnight guests may stay in a Resident's unit for periods not to exceed two weeks. Guests are expected to follow all rules, policies, and procedures. Applewood has the authority to limit or terminate the stay of any guest for any reason at any time.
- B. **Privacy:** Applewood respects the privacy of Residents, but reserves the right to enter an apartment whenever deemed necessary to carry out the purposes and intent of this Agreement, including maintenance, routine housekeeping, and Resident evaluations, meetings, and/or medical emergencies.
- C. **Pet:** Pets are permitted at Applewood in accordance with the established pet policy of the community. Applewood may require the removal of a pet if the policy is violated.
- D. **Locks and Keys:** The Resident will receive keys for the exterior door, the apartment unit, storage, and the mailbox. Resident may not change locks or add locks without written permission. Any added locks become Applewood property.
- E. **Smoking:** There is no smoking allowed in any of the common areas or units within Applewood.

- F. **Business Operations:** No Resident may operate a business from an apartment without written permission of Applewood and in accordance with land use laws.
- G. **Power of Attorney and Health Care Directive:** Resident is encouraged to provide to Applewood copies of any Power of Attorney or health care advance directive so that this information will be readily available if a need should arise.
- H. **Subordination of Rights:** All rights, privileges, and benefits granted to Resident shall be subordinate to the debt financing of Applewood, and to any real estate mortgage and assignment of this Agreement to secure debt financing or other indebtedness for Applewood, Loomis Communities, Inc. and Loomis House, Inc. Upon request, Resident agrees to execute and deliver a subordination agreement to establish the priority of such obligations as a lien against the property. This Agreement is subject to the terms and conditions of the Loan and Trust Agreement by and among Massachusetts Development Finance Agency, Loomis House, Inc., Loomis Communities, Inc., and Pioneer Valley Living Care Center at Applewood, Inc., and the State Street Bank, as Trustee and the mortgages and collateral assignment of contracts relating thereto.
- I. **Resident's Relationship to Applewood:** This Agreement is primarily for the provision of housing and services on a contractual basis, and it does not represent a landlord-tenant relationship. Resident does not have any ownership interest in Applewood, its property, or the apartment occupied by Resident.
- J. **Nontransferability:** The rights and privileges of Resident under this Agreement are personal to Resident and are not transferable.
- K. **Trustee, Individual, and Related Entity Liability:** Loomis Communities, Inc. shall solely be liable for its performance under this Agreement. Neither Loomis House Inc. nor any director, officer or employee of Loomis House Inc. or Loomis Communities, Inc. shall be liable to Resident under this Agreement.
- L. **Observance of Policies, Rules, and Regulations:** Resident agrees to abide by all Policies, Rules, and Regulations established by Applewood and amended from time to time, for the safety, comfort, and convenience of all Residents.
- M. **Grievances and Appeals:** If Resident wishes to present a grievance or to appeal any decision of Applewood rendered according to this Agreement, other than matters covered in Exhibit 4, he or she shall do so in accordance with the Grievance process as set forth in Exhibit 5.
- N. **Right of Management:** Applewood reserves the absolute right of management. Applewood reserves the right to accept or reject any person for residency. Residents do not have the right to manage or to determine admissions, terms of admission, or transfer of any other Resident.
- O. **Right of Subrogation:** In case of injury to Resident by a third party, Applewood shall have the right of subrogation, for all of its costs and expenses incurred, and shall have the right, in the name of Resident, to take all necessary steps to enforce payment of same by the person responsible for the injury. Resident agrees to cooperate and assist in recovering said costs.

- P. **Reserve Funds:** Applewood does not currently maintain reserve funding or security for its performance hereunder. Applewood shall have the right to establish such accounts in the future.
- Q. **Covenant of Compliance with Laws and Regulations:** Applewood covenants that it complies with applicable Federal and State laws and regulations regarding consumer protection and protection from abuse, neglect, and financial exploitation of the elderly.

## VI. **CANCELLATIONS AND TERMINATIONS**

### A. **Prior to Occupancy:**

1. If Resident terminates the Agreement any time prior to the Occupancy Date, Resident will receive a refund equal to the total amount paid to Applewood, less an administrative fee equal to 1% of the Entrance Fee, and less any costs incurred at the request of Resident.
2. Applewood may terminate the Agreement if it is found that Resident has substantially misrepresented medical, financial, or other information given to Applewood during the application process. In this event, Resident will receive a refund equal to the total amount paid to Applewood, less an administrative fee equal to 1% of the Entrance Fee, and less any costs incurred at the request of Resident.
3. If Resident does not meet the financial or medical criteria prior to occupancy, there will be a refund of the total amount paid to Applewood, less any costs incurred at Resident's request.
4. If Resident dies before the Occupancy Date, the estate of Resident will be refunded the total amount paid to Applewood, less any costs incurred at Resident's request.

### B. **After Occupancy:**

1. The Agreement will be terminated after:
  - a. Resident dies and all belongings are removed from the living unit; or
  - b. Resident moves permanently to the Loomis Nursing Center and all belongings are removed from the living unit; or
  - c. Resident moves permanently to another location outside of Applewood, after giving 30 days' written notice and removing all belongings from the living unit.

The remaining Resident in the case of dual occupancy may request termination if one of the above situations occurs. However, the death or move of one Resident shall not necessarily affect the continuation of the Agreement for the other.

2. The Resident may voluntarily terminate this Agreement upon thirty days' written notice of intent.



3. The Entrance Fee shall continue to amortize and the monthly service fees shall be payable until the later of the end of the thirty day period provided above in B.1 or B.2 or the removal of all personal property from the apartment. If all personal property is not removed within 30 days, Applewood may store such property at the expense of Resident or Resident's estate. If the property is stored longer than 90 days, Applewood will sell the property upon 30 days' notice, and return the proceeds to Resident or the estate, less any costs for storage, sale, or other amounts due Applewood.
4. The vacated unit must be left in a condition satisfactory to Applewood. Applewood may charge the Resident or Resident's estate for any repair or cleaning, other than normal wear, needed to restore the unit to its former condition.
5. The Agreement may be terminated by Applewood if Resident:
  - a. fails to make payment of fees promptly;
  - b. breaches this Agreement;
  - c. fails to follow Applewood's policies and procedures;
  - d. engages in activities or conduct disruptive to the Applewood community;
  - e. has care needs which cannot be met by Applewood staff and/or are not provided under this Agreement and the Resident refuses to accept and pay for appropriate supplemental care; or
  - f. engages in conduct which is deemed by Applewood to be a hazard to the safety of self, other residents, or Loomis staff; or
  - g. engages in material misrepresentation of health or financial information which, if accurately provided, would have resulted in a failure of the Resident to qualify for residency, or a material increase in the cost of providing to the Resident the services under the Agreement.

Applewood will give 30 days' written notice of its intention to terminate, except that it reserves the right to terminate in a shorter period of time in the case of serious threat to the health or safety of Resident or other Residents or employees of Applewood.

6. Conditions for Entrance Fee Changes after Occupancy
  - a. If at the time of initial occupancy, the Resident signs an intent to move to a more expensive living unit when one becomes available, Resident will receive a 100% refund of the original Entrance Fee at the time of occupancy of the more expensive living unit. He/she will then pay the then current Entrance Fee in the more expensive unit, which will begin a new amortization period.
  - b. If Resident chooses to move to a more expensive living unit (not requested at the time of initial occupancy), Resident will pay the difference between the refundable balance of the Entrance Fee paid on admission to the less expensive living unit and the then current Entrance Fee on the more expensive unit. The original Entrance Fee will continue to be amortized according to the original schedule at the time of admission, and the additional Entrance Fee will begin a new amortization period.

- c. If Resident moves to a less expensive living unit, and the then current Entrance Fee for the new living unit is less than the refundable balance of the original Entrance Fee, Resident will receive a refund equal to the difference between the new Entrance Fee and the refundable balance of the original Entrance Fee, if any. A new amortization period will begin, if applicable, and Resident will pay the monthly service fee associated with the new unit.
  - d. If Resident moves to a less expensive living unit, and the then current Entrance Fee for the new living unit is greater than the refundable balance of the original Entrance Fee, no additional Entrance Fee will be charged. The amortization of the original Entrance Fee will continue.
- 7. The obligations created in this Agreement shall be binding on the estate of Resident after termination.
- 8. After the Agreement is terminated, Applewood is released from any further obligations to Resident except for the payment of any refund due.
- 9. The refundable portion of any Entrance Fee shall be paid to the Resident, if living, when due. In the event of the death of a Resident, the refund shall be paid to his/her estate except, with the prior approval of Applewood, a Resident may, in writing signed, dated, and delivered by Resident to Applewood, designate an individual, trust, or other entity to receive the refund ("Resident's Designatee"), subject to the claims for unpaid amounts then due Applewood. Resident and his/her estate indemnifies Applewood for payment made in accordance with such designation.

## **VII. THE RESIDENTS' ASSOCIATION AND RESIDENTS' COUNCIL**

- A. There is a Residents' Association to which each Resident belongs. The Residents' Association elects a Residents' Council, of a size that it determines, which appoints committees as desired to develop and support its interests, which may, from time to time, consult with management.
- B. Applewood will advise the Residents' Association with respect to such matters affecting the Residents as increases in the Monthly Service Fee, additional fees, guest and extra meals, transportation, recreational programs, and adoption or changes of general policies applying to all residents.
- C. The Administrator will provide information necessary for the Residents' Council to carry out its responsibilities and will be available to consult with the Council.
- D. Applewood reserves the right to take any action permitted under this Agreement that Applewood deems appropriate to assist it in carrying out the goals of Applewood.

Executed by Loomis Communities, Inc., by a duly authorized corporate representative, and by Resident(s) on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**A photocopy or electronic copy of this Agreement shall be deemed an original for all purposes.**

Resident warrants that all statements and documents submitted to Applewood are true and complete. Any misrepresentation or willful omission may render this Agreement null and void.

The following documents are a part of this Agreement:

1. Application for Residence
2. Financial Disclosure Statement and updates
3. Personal Health History and Physician's Statement
4. Exhibits to this Agreement as attached, and as listed in the Section Directory
5. Certified Financial Statements
6. Amendments to this Agreement, as they occur.

For Resident(s):

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

For Loomis Communities, Inc.:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT 1**

### **Applewood PERSONAL PERFORMANCE CRITERIA FOR INDEPENDENT LIVING 01-01-12 (rev.)**

Personal performance criteria are used to evaluate the Resident's level of personal independence and his/her level of physical and mental ability to safely provide self-care in a manner that does not present a hazard to self or others. These criteria are considered when making Resident placement decisions at the time of admission and throughout the period of residency. The existence of a disability or a sensory deficit is not a criterion in and of itself; the ability to perform certain activities is the determinant of the Resident's qualification for independent living and the need for additional services.

The following criteria are factors used to determine if a Resident is suited for independent living:

1. Able to bathe, groom, and dress self.
2. Able to ambulate or self-transport.
3. Able to feed self.
4. Requires no ongoing special diet which cannot be self-managed.
5. Able to administer own medications, with minimal assistance.
6. Requires no ongoing scheduled professional nursing care.
7. Continent of bowel and bladder or self-managed incontinence.
8. Mentally alert.
9. Oriented to person, place, and time.
10. Able to make personal care decisions.
11. Able to attend dinner in the Dining Room regularly.
12. Able to maintain an orderly personal living space and clean personal clothing.
13. Able to leave campus for personal needs or personal reasons.
14. Able to provide own breakfast and lunch.

The following notes concern the application of the personal performance criteria for independent living:

- A. Applewood endeavors to maintain residents at the most independent level of housing or care at which their needs can be met. Many times these needs may require support services (refer to B. below).
- B. The Criteria may be met by having assistance provided by Applewood on a scheduled basis by a qualified nursing assistant or home health aide. This assistance is available when the Resident needs only one aide to provide care. Assistance must be approved by the Health Services Director. The Resident will be charged according to the current rate for home health care as listed in Fees for Additional Services provided by Applewood. In the alternative and subject to the policies and procedures of Applewood, Resident may contract for and receive assistance from outside sources.
- C. Residents may use assistive devices such as canes, crutches, walkers, wheelchairs (manual or electric) and small motorized carts to maintain their ability to self-transport.
- D. The permanent inability to meet any of the Criteria may mean that it may no longer appropriate for the Resident to remain in an independent living unit. In-residence

assistance, additional services, a move to Assisted Living, the Loomis Nursing Center or other facility will be determined as appropriate to meet the Resident's needs.

- E. Applewood distinguishes short-term performance deficits from long-term performance deficits. Short-term deficits may be met through temporary home care or temporary Loomis Nursing Center placement. Long-term deficits will usually be met through transfer to Assisted Living, Loomis Nursing Center or other facility.
- F. Whenever a Resident is hospitalized or requires skilled nursing care, including Loomis Nursing Center, outside of Applewood, Applewood reserves the right to reassess his/her ability to meet the criteria prior to, or after returning to Applewood by the Health Services Director or designee. The resident is responsible for notifying Applewood of hospitalization and return.

## EXHIBIT 2

Applewood  
**PERSONAL PERFORMANCE CRITERIA FOR ASSISTANCE IN LIVING SERVICES  
AND ASSISTED LIVING**  
January 1, 2012 (rev.)

Personal performance criteria are guidelines used to evaluate the individual Resident's level of personal independence and his/her level of physical and mental ability to provide self-care. These criteria are considered when making Resident placement decisions at the time of admission and throughout the period of residency. The existence of a disability or a sensory deficit is not a criterion in and of itself; the ability to perform certain activities is the determinant of the Resident's qualification for assisted living and the need for additional services.

The following criteria are factors used to determine if a Resident is suited for assistance in living services in his/her apartment or Assisted Living at Loomis Communities:

1. Able to bathe, groom, and dress self with assistance of one aide.
2. Able to ambulate or self-transport within apartment; may require assistance in transport outside apartment.
3. Able to transfer from one location to another with the assistance of one aide.
4. Able to feed self.
5. Able to administer own medications or receive reminders to self-administer medications. Residents may not remain in Assisted Living if permanently on medication whose side effects pose a threat of complications or a need for ongoing skilled monitoring.
6. If a Resident requires ongoing scheduled professional nursing care it must be provided by a licensed home care agency or a private provider of their choice.
7. Continent of bowel and bladder or self-managed incontinence.
8. Mentally alert to a degree that does not compromise the health or safety of self or others.
9. Oriented to person, place, and time to a degree that does not compromise the health or safety of self or others.
10. Able to attend breakfast, lunch, and dinner in the Dining Room regularly.
11. Able to maintain an orderly personal living space and clean personal clothing with assistance.
12. Able to leave campus for personal needs or personal reasons with assistance.
13. Able to have personal care needs met, as described above, with no more than one hour of direct care per day.

Services not provided include but are not limited to:

1. Two person lift and transfer assistance
2. Assistance with feeding
3. Management of wandering behavior.
4. Skilled Nursing services such as sterile dressing, changes, injections, ear lavage
5. More than one hour of individual personal care per day.

The following notes concern the application of the personal performance criteria:

- A. Applewood endeavors to maintain Residents at the most independent level of housing or care at which their needs can be met. Many times these needs may require support services (refer to B. below).

- B. Applewood provides for Residents receiving Assistance with Living services, resident assistants 24 hours daily. This assistance is available where the Resident needs only one aide to provide care for up to one hour per day. Residents who desire or require more assistance than that regularly provided may have additional assistance provided on a scheduled basis by a qualified Nursing Assistant or home health aide. This assistance must be approved and coordinated by the Health Services Director. The Resident will be charged according to the current rate for home care as listed in Fees for Additional Services. In the alternative and subject to the policies and procedures of Applewood, Resident may contract for and receive assistance from outside sources.
- C. Residents may use assistive devices such as canes, crutches, walkers, wheelchairs (manual or electric) and small motorized carts to maintain their ability to self-transport.
- D. The permanent inability to meet any of the Criteria with the assistance regularly provided by the resident assistants or by outside contracted care-providers, or, to meet other requirements established by applicable laws or regulations relating to care, means that it is no longer appropriate for the Resident to remain in his/her apartment. A move to Assisted Living, Loomis Nursing Center or other facility will be determined as appropriate to meet the Resident's needs.
- E. Applewood distinguishes short-term performance deficits from long-term performance deficits. Short-term deficits may be met through temporary home care or temporary Loomis Nursing Center placement. Long-term deficits will usually be met through transfer to Loomis Nursing Center.
- F. Whenever a Resident is hospitalized or requires skilled nursing care outside of Applewood, including Loomis Nursing Center, Applewood reserves the right to reassess his/her ability to meet the criteria prior to, or after returning to Applewood. The resident is responsible for notifying Applewood of hospitalization and return.

### **EXHIBIT 3**

Applewood  
**CRITERIA FOR NURSING FACILITY PLACEMENT**  
March 1, 2007 (rev.)

The Resident Care Committee as set forth in Exhibit 4 shall recommend placement of a Applewood Resident in Loomis Nursing Center or another skilled nursing facility when the following criteria are met:

1. A Resident requires the assistance of more than one person to transfer; or
2. A Resident presents an imminent hazard to other residents or staff; or
3. A Resident's behavior constitutes a safety hazard to his or her own person; or
4. A Resident's behavior constitutes a safety hazard to other residents or staff; or
5. A Resident is unable to manage incontinence; or
6. A Resident averages more than one fall per week; or
7. A Resident is unable to manage medications with appropriate assistance; or
8. A Resident's mental alertness compromises the health or safety of self or others; or
9. A Resident is unable to maintain an orderly and clean personal living space with appropriate assistance; or
10. A Resident is unable to attend to personal needs with appropriate assistance; or
11. A physician certifies that skilled nursing care is medically necessary.

In reviewing such a recommendation, the Health Services Director shall consider that:

- A. Applewood endeavors to maintain Residents at the most independent level at which their needs can be met. This may sometimes require support services and other additional services.
- B. Residents may use such assistive devices as are necessary to maintain their independence.
- C. Applewood distinguishes short-term and long-term performance deficits. Only the latter will result for a recommendation for permanent placement in a skilled nursing facility, although the former might result in temporary skilled nursing facility placement in some instances.



## EXHIBIT 4

Applewood

### PROCESS FOR PLACEMENT IN ASSISTED LIVING, THE LOOMIS NURSING CENTER OR OTHER FACILITY AND/OR THE NEED FOR ADDITIONAL SERVICES

March 1, 2007 (rev.)

1. The Administrator, Director of Resident Services (DRS) and the Health Services Director (HSD), as the Resident Care Committee, shall initially determine the need for a Resident to be transferred based on Applewood "Personal Performance Criteria for Independent and Assisted Living," "Criteria for Nursing Facility Placement," and Resident assessment.
2. In making this determination, the Resident Care Committee will obtain the input of (a) the Resident's personal physician, and (b) such other resources as it may deem appropriate.
3. The DRS or HSD will determine the availability of an apartment in Assisted Living, or a bed in the Loomis Nursing Center or other skilled nursing facility; or in such other facility as may be appropriate based on the Resident's needs and expressed desires.
4. The Resident Care Committee will conduct a care conference with the Resident to discuss the need for transfer and the financial implications thereof. If the Resident so desires, a family member or another representative chosen by the Resident, may be present for this discussion. If the Resident is deemed to be unable to comprehend the decision being made, Applewood will include Resident's health care proxy, if one has been designated.
5. The HSD will schedule and implement the transfer as soon as is reasonably possible and will complete all relevant documentation.
6. If after the care conference the Resident or his/her representative does not agree to the transfer, or other compromise is not achieved between Applewood and the Resident that will ensure the safety of the Resident and others in Applewood, the Resident may request, at Resident's expense, an independent assessment by a qualified agency acceptable to the Resident Care Committee which shall perform an Assessment of the Resident's condition, need for additional services and best setting for care. All parties shall cooperate with the assessment process. Upon its completion, a copy of the Assessment report shall be given to both parties. Resident agrees to abide by the recommendations contained in the Assessment report and to accept such change in setting and additional services as recommended therein. Applewood reserves the right to request reassessments as it may deem advisable to assure Resident's needs and Resident's and others' safety are met.
7. If the Resident does not agree to accept the recommendations of the Assessment, whether the decision is to transfer the Resident or to accept and be responsible for additional services at Resident's expense, then the Resident will be deemed to have voluntarily terminated this Agreement.
8. At all times during the assessment process the Resident must receive the standard of care initially recommended by the Resident Care Committee within Loomis' continuum of care. Such services will be at the Resident's expense and can be provided by Applewood or an outside caregiver approved by and subject to the policies and procedures of Applewood. Resident may be required to sign a Negotiated Risk Agreement relieving Applewood of liability for Resident's care rejected by Resident during the assessment process.

## EXHIBIT 5

### Applewood GRIEVANCE PROCESS March 1, 2007 (rev.)

A Resident who wishes to address an issue or concern is encouraged to do so informally by making the issue known to the Health Services Director, Director of Resident Services, or Administrator. Applewood wishes to assure that its residents are satisfied with their lives in the community and will attempt to resolve the issue or concern in a mutually satisfactory manner. The mere filing of a grievance by Resident shall not be the basis for adverse action by Applewood.

Should Resident wish to express a grievance, or to dispute an action taken directly related to him/her by, Resident shall follow the formal procedure described below:

1. Contact the facility Administrator.
2. Complete a written statement which describes as fully as possible the nature of the issue and the outcome desired.
3. Administrator will work with Resident and other staff, residents, family and professionals who are involved, as appropriate, to address the grievance consistent with Applewood mission and its responsibilities under this Agreement (the "Review Standard"). A written response to the grievance shall be delivered to Resident as soon as practicable (normally within 10 days).
4. If Resident is not satisfied with the response offered by the Administrator, Resident may submit the written grievance to the Chief Executive Officer.
5. The Chief Executive Officer will appoint a committee composed of: two staff members of Applewood one of whom is the Administrator; one member of the Board of Directors; and another resident, chosen by Resident submitting the grievance. If Resident is not deemed competent to choose a representative, the Administrator will appoint a designated person.
6. The Committee will consider all relevant information regarding Resident's grievance and, applying the Review Standard, will reach a determination by majority ruling. The Chief Executive Officer will vote only in the case of a tie.
7. The decision of the Committee is final and binding upon Applewood and the Resident.
8. Failure by the Resident to accept the decision of the Committee shall constitute a voluntary termination of the Residency and Care Agreement.
9. Matters relating to Resident transfers to Assisted Living, Loomis Nursing Center or another facility and/or the need for additional services shall be addressed in accordance with Exhibit 4 and not by this Process.

## EXHIBIT 6

Applewood  
**DISCLOSURE STATEMENT**  
January 1, 2012 (rev.)

### A. **Residency & Care Agreement**

This disclosure statement is prepared by Applewood to accompany and complement the Residency & Care Agreement between the Resident and Applewood.

### B. **Name and Business Address of Provider**

Loomis Communities, Inc.  
d/b/a Applewood  
One Spencer Drive  
Amherst, MA 01002  
(413) 253-9833

Loomis Communities, Inc. is a 501(c)(3) not-for-profit Massachusetts corporation established for the purpose of providing housing, general services, and health care services to older people and for other charitable purposes.

### C. **Nursing Center Care**

When nursing center care is provided to the Resident, it may be at the nursing center located at:

Loomis House Nursing Center  
298 Jarvis Avenue  
Holyoke, MA 01040  
(413) 538-7551

Loomis Lakeside at Reeds Landing Nursing Center  
807 Wilbraham Road  
Springfield, MA 01109  
(413) 782-1800

Loomis House Nursing Center is owned and operated by Loomis House, Inc. Loomis House, Inc. and Loomis Communities, Inc. are related by virtue of an agreement for Loomis House, Inc. to provide nursing services to Loomis Communities, Inc. Loomis Lakeside at Reeds Landing Nursing Center is owned by Loomis Senior Living Inc.

### D. **Officers and Directors**

A list of the current Officers and Directors of Loomis House, Inc. and Loomis Communities, Inc. is contained in the attached Exhibit 7.

Loomis House, Inc. and Loomis Communities, Inc. are related by virtue of common officers, directors, and corporators. All Directors serve voluntarily and receive no compensation.

### E. **Business Experience of Management**

Loomis House, Inc. was founded in 1902 and has continuously operated retirement housing facilities since 1911. Loomis Communities, Inc. owns and operates the Loomis House Retirement Community at 298 Jarvis Avenue in Holyoke, Massachusetts, which has been in continuous operation since March 1981; Loomis Village, a retirement community at 246 North

Main Street, South Hadley, Massachusetts, which has been in operation since 1992; and Applewood, a retirement community at One Spencer Drive, Amherst, Massachusetts, which has been in operation since 1991. Loomis Senior Living, Inc. owns and operates the Loomis Lakeside at Reeds Landing Nursing Center, which is part of Loomis Lakeside at Reeds Landing. It has been in operation since 1995 and under Loomis Senior Living Inc. ownership since 2009.

**F. Tax Status**

Tax Exemption: Loomis Communities, Inc. is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code.

1. Applewood does not pay income taxes or sales taxes.
2. Gifts and donations to Applewood are tax deductible to the donor.
3. Applewood pays real estate taxes to the Town of Amherst.

**G. Physical Facilities**

1. Location  
Applewood is located on a 10-acre campus whose administrative offices and resident apartments and operations are located at One Spencer Drive, Amherst, MA 01002. By way of contract, Applewood's facilities include a skilled nursing facility, in the event the Health Care Addendum is executed by the parties.
2. Resident Units  
103 independent living apartments are located on the campus.
3. Applewood reserves the right to modify, in size or scope, any existing or planned facilities and to change the timing of construction as conditions require.

**I. Financial Statements**

1. Fiscal Year  
The fiscal year for Applewood is the calendar year.
2. Financial Statement (Annual)  
Audited financial statements from the two most recent fiscal years are attached as Exhibit 11. A balance sheet and statement of revenue and expenses from the third most recent fiscal year is attached as Exhibit 12.
3. Financial Statement (Current)  
An unaudited financial statement, current to within 90 days, is attached as Exhibit 13.
4. Rate Histories for Applewood, Loomis Village, Loomis House, and Loomis Lakeside at Reeds Landing are attached as Exhibit 10.

## **EXHIBIT 7**

Loomis House, Inc.  
Loomis Communities, Inc.

### **BOARD OF DIRECTORS AND OFFICERS 2015 - 2016**

#### **BOARD OF DIRECTORS**

Venus Robinson, Chairperson  
Tom Pratt, Vice Chairperson  
Kathleen Bowler  
Steve Corrigan  
Fletcher Davis  
Nancy Eddy  
Norman Halpern  
Sara Lawrence  
Betsy Macmillan Stevens  
Ann McIntosh  
Anthony Pellegrino  
Tom Senecal  
Greg Sheehan  
Kay Sordillo  
Mary-Anne Stearns  
Edward Steiger  
Joan Steiger  
Meghan Sullivan

#### **OFFICERS**

David W. Scruggs, President and Chief Executive Officer  
Margaret R. Mantoni, Treasurer and Chief Financial Officer  
Peter Connor, Clerk  
Margaret R. Mantoni, Assistant Clerk

# FeeSchedule

## INDEPENDENT LIVING - APARTMENTS - 2016

Name	Style	Entrance Fee (80% Refundable)	Monthly Service Fees (First Person)
Pippin	Studio	169,000	2,135
Baldwin	1 Bedroom, 1 Bath	220,000	2,605
Belmac	1 Bedroom, 1 Bath, Enclosed Porch	230,000	2,620
Cortland	1 Bedroom, Den, 1 Bath	295,000	3,065
Macoun	1 Bedroom, Den/Bedroom, 2 Bath	315,000	3,275
McIntosh	1 Bedroom, Den/Bedroom, 2 Bath	325,000	3,300
Russet	1 Bedroom, Den/Bedroom, 2 Bath	335,000	3,620
Spencer	1 Bedroom, Den/Bedroom, 2 Bath	345,000	3,850
Empire	2 Bedroom, Den, 2 Bath	355,000	4,275
Quinte	2 Bedroom, Den, 2 Bath	360,000	4,320

**NOTES:** Second Person Monthly Service Fee - \$955 additional  
Garages - \$7,500 (Declining Refundable)

10/31/15



# Applewood

*A member of The Loomis Communities*

## EXHIBIT 9



## FEES for ADDITIONAL SERVICES

As of January 1, 2016

RESIDENT AND GUEST MEAL CHARGES	
Light Lunch	\$7.40
Full Lunch	\$9.90
Dinner	\$13.85
Brunch / Holiday	\$19.75
<b>Meals tax will be added to all guest meals per State and Local authorities.</b>	

MEAL CREDITS	
Independent Living	\$6.60 per day
<b>Meal credits take effect after 14 consecutive days away from campus.</b>	

MEALS - MONTHLY PLANS	
Lunch Daily	\$260 per month

DELIVERY CHARGE
No charge with Healthcare Coordinator's authorization.
\$7.75 charge without authorization.

CATERING / FUNCTION
All Catering/Functions will be priced by the General Manager of Food Service.
<b>Meals tax will be added to all guest meals per State and Local authorities.</b>

FUNCTION ROOM RESERVATION
\$32.25

GUEST ACCOMMODATIONS	
Guest Room A	\$80.00
Guest Room B	\$105.00
Cot Charge	\$9.25 for first night; \$5.00 each additional night
<b>All guests checking out AFTER 10:00 a.m. will be charged an additional night.</b>	

HEALTH SUPPORT SERVICES	
Registered Nurse	\$62.00 per hour
Resident Assistant	\$28.50 per hour
Companion	\$26.50 per hour
Dietitian	\$64.00 per hour
<b>Services billed in 30-minute increments with a 30-minute minimum.</b>	

HEALTH SUPPORT SERVICE PLANS	
Medication Management	\$7.80 per visit
Care Coordination	\$112 per month
Basic Support	\$290 per month
Basic Support Plus	\$410 per month
Personal Support (Level I)	\$820 per month
Enhanced Personal Support (Level II)	\$1,640 per month
Recuperative (Level III)	\$2,465 per month

HOUSEKEEPING SERVICES	
	\$29.75 per hour
<b>Services billed in 30-minute increments with a 30-minute minimum.</b>	

INTERNAL MOVE CHARGE	
	\$5,400.00

LAUNDRY SERVICES	
	\$14.75 per load



MAINTENANCES SERVICES	
Maintenance Services After Move-in	First two hours FREE OF CHARGE (to be used within first six months of residence)
Requested Maintenance	\$35.80 per hour plus materials (billed in 30-minute increments with a 30-minute minimum)

MISCELLANEOUS SERVICES	
Cable TV	\$27.80 per month
Apartment Key Replacement	\$5.50 per key
Exterior Door Key Replacement	\$9.20 per key
Light Bulbs	Prices provided by Maintenance Dept.
Garage Rental	\$145 per month (when available)

SECRETARIAL SERVICES	
Typing	\$33.00 per hour (billed in 15-minute increments with a 15-minute minimum)
Fax Service (incoming)	85¢ per page
Fax Service (outgoing)	95¢ per page
Long Distance Fax (outgoing)	\$1.60 per page
International Fax	\$6.50 for first page \$2.30 for each additional page
Copy Service	10¢ per page

TRANSPORTATION AND COMPANION SERVICES	
Companion Services	\$26.50 per hour
Door to Door Service	\$18.50 per hour
Mileage charged at \$0.65 per mile for Applewood vehicle	
Services billed in 30-minute increments, with a two hour minimum.	

TRANSPORTATION SERVICES	
Medical Appointments	No charge for appointments scheduled according to transportation guidelines
Event-Specific Trips (Five College Area)	\$5.40
Event-Specific Trips (within 20 miles)	\$9.95
Event-Specific Trips (Greater Pioneer Valley area)	\$18.70
<b>Cancellation Fee (for trips cancelled with less than 24 hours notice or no shows)</b>	
	<b>\$13.50</b>

**EXHIBIT 10**

Applewood  
**FIVE YEAR RATE HISTORY**

<b>INDEPENDENT LIVING - APARTMENTS (80% Refundable)</b>										
<b>APARTMENT TYPE</b>	<b>ENTRANCE FEE</b>					<b>MONTHLY SERVICE FEE</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Pippin	161,000	160,000	155,000	152,500	150,000	2,050	1,970	1,910	1,835	1,795
Baldwin	211,000	210,000	205,000	202,500	200,000	2,515	2,420	2,350	2,260	2,215
Belmac	221,000	220,000	215,000	213,000	210,500	2,525	2,430	2,360	2,265	2,220
Cortland	281,000	280,000	275,000	265,200	263,000	2,950	2,835	2,755	2,650	2,595
Macoun	301,000	300,000	295,000	290,500	288,000	3,155	3,035	2,945	2,840	2,780
McIntosh	311,000	310,000	305,000	300,000	298,000	3,175	3,055	2,970	2,865	2,805
Russet	321,000	320,000	315,000	312,500	310,000	3,490	3,355	3,260	3,155	3,090
Spencer	331,000	330,000	325,000	320,000	317,000	3,715	3,575	3,475	3,375	3,305
Empire	341,000	340,000	335,000	332,500	330,000	4,135	3,975	3,860	3,755	3,680
Quinte	346,000	345,000	340,000	337,500	335,000	4,175	4,015	3,975	3,895	3,820
<b>Second Person</b>						910	875	860	855	850

Loomis Village  
FIVE YEAR RATE HISTORY

INDEPENDENT LIVING - COTTAGES (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Hadley	331,000	327,000	325,000	325,000	323,000	3,825	3,685	3,575	3,500	3,480
Chester	334,000	330,000	327,000	327,000	325,000	3,850	3,710	3,600	3,530	3,510
Hardwick	337,000	333,000	329,000	329,000	327,000	3,870	3,730	3,620	3,550	3,530
Second Person						815	795	775	765	760

INDEPENDENT LIVING - APARTMENTS (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Stonington	149,000	145,000	141,000	139,000	137,000	2,160	2,080	1,995	1,960	1,910
Blandford	149,000	145,000	141,000	139,000	137,000	2,160	2,080	1,995	1,960	1,910
Whately	179,000	175,000	172,000	170,000	167,000	2,725	2,620	2,540	2,465	2,415
Shelburne	179,000	175,000	172,000	170,000	167,000	2,725	2,620	2,550	2,475	2,425
Deerfield	189,000	185,000	182,000	180,000	177,000	2,875	2,765	2,685	2,605	2,555
Lexington	189,000	185,000	182,000	180,000	177,000	2,875	2,765	2,685	2,605	2,555
Suffield	229,000	225,000	222,000	220,000	217,000	3,355	3,230	3,150	3,055	3,055
Wendell	179,000	175,000	172,000	170,000	167,000	2,830	2,720	2,640	2,590	2,540
New Salem	224,000	220,000	217,000	215,000	212,000	3,115	2,995	2,905	2,855	2,805
Dana	251,000	250,000	247,000	245,000	243,000	3,375	3,245	3,150	3,100	3,050
Enfield	264,000	260,000	257,000	255,000	251,000	3,375	3,245	3,150	3,100	3,050
Prescott	287,000	285,000	282,000	280,000	275,000	3,505	3,390	3,295	3,245	3,195
Greenwich	299,000	295,000	294,000	292,000	289,000	3,525	3,410	3,315	3,265	3,215
Second Person						815	795	775	765	760

*Loomis Village (continued)*

<b>INDEPENDENT LIVING - COTTAGES (Declining Refundable)</b>										
<b>APARTMENT TYPE</b>	<b>ENTRANCE FEE</b>					<b>MONTHLY SERVICE FEE</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Hadley	198,000	196,000				3,825	3,685			
Chester	200,000	198,000				3,850	3,710			
Hardwick	202,000	199,800				3,870	3,730			
<b>Second Person</b>						815	795			

<b>INDEPENDENT LIVING - APARTMENTS (Declining Refundable)</b>										
<b>APARTMENT TYPE</b>	<b>ENTRANCE FEE</b>					<b>MONTHLY SERVICE FEE</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Stonington	89,000	87,000				2,160	2,080			
Blandford	89,000	87,000				2,160	2,080			
Whately	107,000	105,000				2,725	2,620			
Shelburne	107,000	105,000				2,725	2,620			
Deerfield	113,000	111,000				2,875	2,765			
Lexington	113,000	111,000				2,875	2,765			
Suffield	137,000	135,000				3,355	3,230			
Wendell	107,000	105,000				2,830	2,720			
New Salem	134,000	132,000				3,115	2,995			
Dana	150,000	150,000				3,375	3,245			
Enfield	158,000	156,000				3,375	3,245			
Prescott	172,000	170,000				3,505	3,390			
Greenwich	179,000	177,000				3,525	3,410			
<b>Second Person</b>						815	795			

*Loomis Village (continued)*

INDEPENDENT LIVING - VILLAS (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
1 BR - Inside	210,000	210,000	207,000	205,000	201,000	1,600	1,540	1,485	1,445	1,410
1 BR - Outside	225,000	220,000	217,000	215,000	212,000	1,600	1,540	1,485	1,445	1,410
2 BR - Inside	299,000	295,000	293,000	291,000	287,000	1,835	1,765	1,710	1,660	1,625
2 BR - Outside	319,000	315,000	310,000	308,000	304,000	1,835	1,765	1,710	1,660	1,625
Second Person						255	245	235	225	220

INDEPENDENT LIVING - VILLAS (Declining Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
1 BR - Inside	126,000	126,000				1,600	1,540			
1 BR - Outside	135,000	132,000				1,600	1,540			
2 BR - Inside	179,000	177,000				1,835	1,765			
2 BR - Outside	191,000	189,000				1,835	1,765			
Second Person						255	245			

ASSISTED LIVING (80% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Sturbridge	27,000	27,000	27,000	27,000	27,000	5,220	5,200	5,200	5,100	5,100
Bennington	27,000	27,000	27,000	27,000	27,000	5,220	5,200	5,200	5,100	5,100
Hanover	17,800	17,800	17,800	17,800	17,800	4,930	4,920	4,920	4,900	4,900
Second Person						1,425	1,330	1,400	1,300	1,300

ASSISTED LIVING (Rental)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Sturbridge										
Bennington						5,455	5,450	5,450	5,350	5,350
Hanover						5,260	5,250	5,250	4,150	5,150
Second Person						1,425	1,400	1,330	1,300	1,300

Loomis House  
FIVE YEAR RATE HISTORY

INDEPENDENT LIVING - OPTION 1 (Declining Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
A	7,520	7,240	7,080	6,900	6,900	1,880	1,810	1,770	1,720	1,675
B	8,200	7,900	7,700	7,500	7,500	2,050	1,975	1,925	1,875	1,825
D	8,500	8,180	7,940	7,750	7,750	2,125	2,045	1,985	1,935	1,885
E	8,660	8,340	8,100	7,900	7,900	2,165	2,085	2,025	1,975	1,925
C	9,600	9,240	9,000	8,800	8,800	2,400	2,310	2,250	2,200	2,145
AA	10,400	10,000	9,740	9,550	9,550	2,600	2,500	2,435	2,385	2,325
G	10,700	10,300	10,000	9,800	9,800	2,675	2,575	2,500	2,450	2,390
H	10,700	10,300	10,000	9,800	9,800	2,675	2,575	2,500	2,450	2,390
AB	10,960	10,540	10,240	10,050	10,050	2,740	2,635	2,560	2,510	2,445
J	11,460	11,020	10,700	10,500	10,500	2,865	2,755	2,675	2,625	2,560
AC	12,100	11,640	11,300	11,100	11,100	3,025	2,910	2,825	2,775	2,705
BC	12,980	12,480	12,160	12,000	12,000	3,245	3,120	3,040	2,990	2,930
EE	10,960	10,540	12,000	11,800	11,800	2,740	2,635	3,000	2,950	2,875
Second Person						810	785	775	765	750

ASSISTED LIVING (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
F	15,000	15,000	15,000	15,000	15,000	4,070	3,955	3,840	3,775	3,755
F-1	15,500	15,500	15,500	15,500	15,500	4,180	4,058	3,940	3,875	3,855
F-2	15,500	15,500	15,500	15,500	15,500	4,195	4,074	3,955	3,890	3,880
F-3	17,000	17,000	17,000	17,000	17,000	4,595	4,465	4,335	4,270	4,255
Second Person						1,400	1,370	1,330	1,300	1,300

*Loomis House (continued)*

<b>INDEPENDENT LIVING - OPTION 2 (Declining Refundable)</b>										
<b>APARTMENT TYPE</b>	<b>ENTRANCE FEE</b>					<b>MONTHLY SERVICE FEE</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
A	7,520	7,240	7,080	6,900	6,900	1,295	1,245	1,215	1,215	1,190
B	8,200	7,900	7,700	7,500	7,500	1,415	1,360	1,325	1,325	1,300
D	8,500	8,180	7,940	7,750	7,750	1,495	1,465	1,425	1,425	1,400
E	8,660	8,340	8,100	7,900	7,900	1,705	1,640	1,595	1,595	1,565
C	9,600	9,240	9,000	8,800	8,800	1,830	1,760	1,710	1,710	1,680
AA	10,400	10,000	9,740	9,550	9,550	1,915	1,845	1,790	1,790	1,755
G	10,700	10,300	10,000	9,800	9,800	1,945	1,870	1,815	1,815	1,780
H	10,700	10,300	10,000	9,800	9,800	2,060	1,980	1,925	1,925	1,890
AB	10,960	10,540	10,240	10,050	10,050	2,165	2,085	2,025	2,025	1,985
J	11,460	11,020	10,700	10,500	10,500	2,290	2,205	2,140	2,140	2,100
AC	12,100	11,640	11,300	11,100	11,100	2,150	2,070	2,010	2,010	1,970
BC	12,980	12,480	12,160	12,000	12,000	2,280	2,195	2,130	2,130	2,090
EE	10,960	10,540	12,000	11,800	11,800	2,165	2,085	2,245	2,245	2,200
<b>Second Person</b>						<b>375</b>	<b>360</b>	<b>345</b>	<b>345</b>	<b>340</b>



Loomis Lakeside at Reeds Landing  
FIVE YEAR RATE HISTORY

INDEPENDENT LIVING - APARTMENTS (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Magnolia	153,000	153,000	150,000	150,000	147,690	2,085	2,005	1,930	1,880	1,840
Maple	162,000	155,000	153,000	153,000	150,465	2,140	2,050	1,970	1,920	1,880
Oak	177,000	165,000	162,500	162,500	159,695	2,320	2,230	2,145	2,095	2,055
Birch	185,000	175,000	173,000	173,000	170,500	2,480	2,385	2,295	2,245	2,200
Willow	200,000	200,000	197,500	197,500	193,850	2,620	2,515	2,415	2,365	2,315
Chestnut	231,000	214,000	211,000	211,000	207,695	2,945	2,830	2,720	2,670	2,615
Sycamore	238,500	217,000	214,000	214,000	210,465	3,080	2,960	2,845	2,795	2,740
Evergreen	269,500	240,000	235,000	235,000	230,770	3,190	3,065	2,950	2,900	2,840
Second Person						920	885	850	800	785

INDEPENDENT LIVING - APARTMENTS (Declining Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Magnolia	99,000	99,000	97,500	97,500	96,000	2,085	2,005	1,930	1,880	1,840
Maple	105,000	100,000	99,700	99,700	97,800	2,140	2,050	1,970	1,920	1,880
Oak	115,000	107,000	105,500	105,500	103,800	2,320	2,230	2,145	2,095	2,055
Birch	120,000	113,000	112,000	112,000	110,000	2,480	2,385	2,295	2,245	2,200
Willow	130,000	130,000	128,500	128,500	126,000	2,620	2,515	2,415	2,365	2,315
Chestnut	150,000	139,000	137,000	137,000	135,000	2,945	2,830	2,720	2,670	2,615
Sycamore	155,000	141,000	139,000	139,000	136,800	3,080	2,960	2,845	2,795	2,740
Evergreen	175,000	156,000	153,000	153,000	150,000	3,190	3,065	2,950	2,900	2,840
Second Person						920	885	850	800	785

*Loomis Lakeside at Reeds Landing (continued)*

INDEPENDENT LIVING - COTTAGES (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Walnut	246,000	245,000	243,000	243,000	240,000	1,835	1,775	1,710	1,660	2,840
Poplar	269,500	253,000	250,000	250,000	249,230	1,835	1,775	1,710	1,660	2,945
Second Person						255	245	235	225	725

INDEPENDENT LIVING - COTTAGES (Declining Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Walnut	160,000	159,250	159,000	159,000	156,000	1,835	1,775	1,710	1,660	2,840
Poplar	175,000	164,450	165,000	165,000	162,000	1,835	1,775	1,710	1,660	2,945
Second Person						255	245	235	225	725

ASSISTED LIVING (90% Refundable)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Studio	17,500	15,000	15,000	15,000	15,000	3,915	3,800	3,655	3,605	3,530
Deluxe Studio	19,500	17,000	17,000	17,000	17,000	4,145	4,020	3,865	3,815	3,740
One Bedroom	22,500	20,000	20,000	20,000	20,000	4,790	4,650	4,470	4,420	4,330
Deluxe 1BR	24,500	22,000	22,000			5,015	4,865	4,680		
Second Person						1,365	1,325	1,275	1,225	1,200

ASSISTED LIVING (Rental)										
APARTMENT TYPE	ENTRANCE FEE					MONTHLY SERVICE FEE				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Studio						4,205	4,080	3,925	3,875	3,795
Deluxe Studio						4,430	4,300	4,135	4,085	4,005
One Bedroom						4,975	4,830	4,645	4,595	4,505
Deluxe 1BR						5,170	5,020	4,855		
Second Person						1,365	1,325	1,275	1,225	1,200

**EXHIBIT 11**

**AUDITED FINANCIAL STATEMENTS**

Fiscal Year 2013

**Loomis House, Inc., Loomis Communities, Inc.,  
and Loomis Senior Living, Inc.**

**Consolidated Financial Statements**

**Years Ended December 31, 2013 and 2012**

Loomis House, Inc., Loomis Communities, Inc.,  
and Loomis Senior Living, Inc.

CONSOLIDATED FINANCIAL STATEMENTS  
Years Ended December 31, 2013 and 2012

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Loomis House, Inc., Loomis Communities, Inc.,  
and Loomis Senior Living, Inc.  
South Hadley, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc. (collectively referred to as "the Companies"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, 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 Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Companies' 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 Companies' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "McGladrey LLP".

Boston, Massachusetts  
April 28, 2014

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**
**Consolidated Balance Sheets**
**December 31, 2013 and 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Current assets:		
Cash and cash equivalents	\$ 2,326,717	\$ 5,851,383
Assets limited as to use - required for current liabilities	19,901	18,868
Accounts receivable - residents, net	1,967,470	1,696,646
Accounts receivable - other	26,681	321,695
Prepaid expenses	452,027	450,267
Total current assets	<u>4,792,796</u>	<u>8,338,859</u>
Assets limited as to use	<u>6,063,874</u>	<u>5,067,879</u>
Property and equipment, net	<u>58,450,520</u>	<u>59,395,158</u>
Other assets:		
Investments	11,731,849	9,927,240
Investments - board designated	7,858,089	6,891,421
Beneficial interest in perpetual trusts	1,219,000	1,142,731
Deferred expenses, net of accumulated amortization	1,623,245	1,209,609
Total other assets	<u>22,432,183</u>	<u>19,171,001</u>
Total assets	<u>\$ 91,739,373</u>	<u>\$ 91,972,897</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 944,500	\$ 895,713
Accrued expenses and other current liabilities	2,383,229	2,301,593
Current maturities of mortgage notes payable	151,074	215,392
Current maturities of bonds payable	320,000	870,000
Current portion of refundable entrance fees	9,085,428	8,459,646
Total current liabilities	<u>12,884,231</u>	<u>12,742,344</u>
Long-term liabilities:		
Mortgage notes payable, net of current maturities	3,923,890	6,057,555
Bonds payable, net of current maturities	23,061,218	19,640,000
Refundable entrance fees	52,800,182	53,619,401
Deferred entrance fees, net	6,510,689	6,697,603
Refundable deposits	489,740	432,435
Liability under charitable gift annuities	108,617	156,623
Total long-term liabilities	<u>86,894,336</u>	<u>86,603,617</u>
Total liabilities	<u>99,778,567</u>	<u>99,345,961</u>
Commitments and contingencies		
Net assets:		
Unrestricted	(12,513,879)	(11,525,985)
Temporarily restricted	1,585,492	1,339,997
Permanently restricted	2,889,193	2,812,924
Total net deficit	<u>(8,039,194)</u>	<u>(7,373,064)</u>
Total liabilities and net assets	<u>\$ 91,739,373</u>	<u>\$ 91,972,897</u>

See notes to consolidated financial statements.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**
**Consolidated Statements of Operations**
**Years Ended December 31, 2013 and 2012**

	2013	2012
Unrestricted revenues:		
Resident services	\$ 16,754,478	\$ 16,436,282
Net patient service revenue - private	4,145,397	6,063,382
Net patient service revenue - publicly aided	7,144,790	5,955,701
Amortization of entrance fees	1,544,014	1,845,883
Other	1,096,747	1,207,750
Total unrestricted revenues	30,685,426	31,508,998
Expenses:		
Nursing services	7,292,046	6,933,305
General and administrative	6,549,612	6,248,626
Food services	5,473,855	5,417,007
Depreciation and amortization	3,533,912	3,254,495
Plant operations	3,708,959	3,554,396
Interest expense	1,641,245	1,760,236
Housekeeping	1,227,758	1,206,586
Assisted living	1,036,813	1,021,204
Recreation and restorative therapy	1,372,205	1,372,440
Security	548,143	523,841
Laundry	291,851	291,059
Transportation	214,062	222,971
Home care	738,086	740,475
Wellness	162,139	160,065
Total expenses	33,790,686	32,706,706
Operating loss	(3,105,260)	(1,197,708)
Unrestricted nonoperating gains (losses) and other support:		
Interest income	106,101	104,088
Income on investments	241,526	339,819
Net realized gains on investments	1,868,399	905,440
Other than temporarily impaired investment losses	-	(31,327)
Contributions	257,647	125,030
Grant income	485	-
Philanthropy expenses	(132,534)	(108,257)
Change in value of split-interest agreements	(31,235)	(22,477)
Gain (loss) on disposal of fixed assets	9,260	(131,030)
Bond issuance costs	(590,710)	-
Net assets released from restrictions	129,674	140,203
Total unrestricted nonoperating gains and other support	1,858,613	1,321,489
Excess (deficit) of revenues over expenses and unrestricted nonoperating gains and other support	(1,246,647)	123,781
Other changes in unrestricted net assets:		
Unrealized gains on investments	258,753	522,611
Change in unrestricted net assets	\$ (987,894)	\$ 646,392

See notes to consolidated financial statements.



**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**

**Consolidated Statements of Changes in Net Assets**

**Years Ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Unrestricted net assets:</b>		
Operating loss	<b>\$ (3,105,260)</b>	<b>\$ (1,197,708)</b>
Total unrestricted nonoperating gains and other support	<b>1,858,613</b>	<b>1,321,489</b>
Other changes in unrestricted net assets	<b>258,753</b>	<b>522,611</b>
Change in unrestricted net assets	<b>(987,894)</b>	<b>646,392</b>
<b>Temporarily restricted net assets:</b>		
Net unrealized gains on permanently restricted investments	<b>53,668</b>	<b>96,907</b>
Net unrealized gains (losses) on temporarily restricted investments	<b>(4,227)</b>	<b>7,448</b>
Net realized gains on sale of permanently restricted investments	<b>198,606</b>	<b>102,978</b>
Contributions	<b>6,254</b>	<b>76,116</b>
Grant income	<b>85,000</b>	<b>-</b>
Change in value of split interest agreements	<b>(3,491)</b>	<b>3,341</b>
Interest and dividends on permanently restricted net assets	<b>19,266</b>	<b>23,205</b>
Interest and dividends on temporarily restricted net assets	<b>20,093</b>	<b>25,727</b>
Net assets released from restrictions	<b>(129,674)</b>	<b>(140,203)</b>
Change in temporarily restricted net assets	<b>245,495</b>	<b>195,519</b>
<b>Permanently restricted net assets:</b>		
Change in value in beneficial interest in perpetual trusts	<b>76,269</b>	<b>72,383</b>
Change in permanently restricted net assets	<b>76,269</b>	<b>72,383</b>
Change in net assets	<b>(666,130)</b>	<b>914,294</b>
Net deficit at beginning of year	<b>(7,373,064)</b>	<b>(8,287,358)</b>
Net deficit at end of year	<b>\$ (8,039,194)</b>	<b>\$ (7,373,064)</b>

See notes to consolidated financial statements.

# Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.

## Consolidated Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	2013	2012		2013	2012
<b>Cash flows from operating activities and nonoperating gains:</b>			<b>Cash flows from investing activities:</b>		
Change in net assets	\$ (666,130)	\$ 914,294	Purchase of property and equipment	\$ (2,568,880)	\$ (1,769,989)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities and nonoperating gains:			Purchase of investments	(24,820,169)	(27,821,167)
Depreciation and amortization	3,533,912	3,254,495	Proceeds from sale of investments	24,424,091	28,346,466
Amortization on bond financing costs	96,576	142,631	Change in gift annuity liability	(48,006)	(9,767)
Amortization of entrance fees	(1,544,014)	(1,845,883)	Change in assets limited as to use	(995,995)	2,072,669
(Gain) loss on disposal of fixed assets	(9,260)	131,030	Net cash provided by (used in) investing activities	(4,008,959)	818,212
Net realized gains on investments	(2,067,005)	(1,008,418)			
Other than temporarily impaired investment losses	-	31,327			
Net unrealized gains on investments	(308,194)	(626,966)	<b>Cash flows from financing activities:</b>		
Gains on beneficial interest in perpetual trusts	(76,269)	(72,383)	Repayments on bonds payable	(20,510,002)	(825,000)
Cash restricted to investment in property and equipment	(95,000)	(63,385)	Proceeds from bonds payable	23,375,663	-
Changes in assets and liabilities:			Payment of bond issuance costs	(615,689)	-
(Increase) decrease in:			Repayment of mortgage notes payable	(2,197,983)	(203,163)
Assets limited as to use - current	(1,033)	531	Proceeds from entrance fees	11,033,937	11,114,419
Accounts receivable - residents	(270,824)	126,319	Refunds of entrance fees	(9,578,744)	(10,297,512)
Accounts receivable - other	3,484	100,010	Contributions restricted for the purchase of property and equipment	85,000	63,385
Prepaid expenses	(1,760)	(31,543)	Net cash provided by (used in) financing activities	1,692,082	(147,871)
Increase (decrease) in:					
Accounts payable	48,787	(354,489)	Net increase (decrease) in cash and cash equivalents	(3,524,666)	1,124,059
Accrued expenses and other current liabilities	81,636	43,182			
Refundable deposits	57,305	(287,034)	<b>Cash and cash equivalents:</b>		
Total adjustments	(541,659)	(460,576)	Beginning of year	5,851,383	4,727,324
			End of year	\$ 2,326,717	\$ 5,851,383
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,207,789)</b>	<b>\$ 453,718</b>	<b>Supplemental disclosure of cash flow information:</b>		
			Cash paid during the year for interest	\$ 1,855,667	\$ 1,640,113

See notes to consolidated financial statements.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc. d/b/a Loomis Lakeside at Reeds Landing (collectively referred to as "the Companies") are not-for-profit organizations with common directors. The Companies and cost centers are as follows:

- Loomis House, Inc. is a 92-bed nursing facility located in Holyoke, Massachusetts.
- Loomis Communities, Inc.:
  - Loomis House Retirement Community is a retirement community located in Holyoke, Massachusetts. The community consists of 68 independent living apartments and 13 assisted living studios.
  - Loomis Corporate Management provides managerial and administrative services to Loomis House, Inc., Loomis House Retirement Community, Loomis Village, Applewood and Loomis Senior Living, Inc. (d/b/a Loomis Lakeside at Reeds Landing).
  - Loomis Village is a retirement community located in South Hadley, Massachusetts. The village consists of 38 cottage-style villa homes, 96 independent living apartments and 25 assisted living apartments.
  - Applewood consists of 103 independent living apartments.
- Loomis Senior Living (d/b/a Loomis Lakeside at Reeds Landing) is a 42-bed nursing facility and a retirement community located in Springfield, Massachusetts. The retirement community consists of 120 independent living apartments and 36 assisted living apartments.

Principles of Consolidation

The consolidated financial statements include the accounts of Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc. All significant intercompany account balances and transactions have been eliminated in consolidation.

Classification and Reporting of Net Assets

The Companies' financial statement presentation follows the requirements of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 958, "Financial Statements of Not-for-Profit Organizations". Under ASC 958, the Companies are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Companies that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Companies, as well as funds invested in plant, including buildings and equipment.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Classification and Reporting of Net Assets...continued

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Companies is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Companies pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Massachusetts law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Companies is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Companies.

The Companies follow FASB ASC 958 regarding the classification of donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). This standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and mortgages and bonds payable approximates fair value. The investments are carried at fair value based upon quoted market prices. Other long-term assets approximate fair value based on cost and the expected useful lives of the assets. The fair value of the Companies' long-term debt is estimated based on the quoted market prices for the same issue if available, or similar issues, or based on the current rates offered to the Companies for debt of the same remaining maturities with similar collateral requirements.

Cash and Cash Equivalents

The Companies define cash equivalents to include investments in liquid securities with an initial maturity of ninety days or less. For purposes of presenting the statement of cash flows, cash and cash equivalents includes only operating cash and cash equivalents. Investment cash balances are included in investments.

The Companies maintain their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Companies have not experienced any losses in such accounts. The Companies believe they are not exposed to any significant credit risk on cash and cash equivalents.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Assets Limited as to Use

Assets limited as to use include escrow accounts required for the Companies' bonds held by trustees.

Accounts Receivable - Residents

Accounts receivable - residents, where a third party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third party payors.

Accounts receivable - residents due directly from the residents are carried at the original charge for the service provided less amounts covered by third party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Accounts are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and additions	40
Building improvements	10-20
Furniture and equipment	3-10

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

The Companies follow FASB ASC 410, "Asset Retirement and Environmental Obligations". This standard requires that a liability be recorded for the fair value of an asset retirement obligation specific to certain legal environmental obligations such as asbestos, medical waste removal, and lead paint removal. The recording of a liability is required if such conditions exist and the obligation can be reasonably estimated. As of December 31, 2013 and 2012, the Companies were unaware of any such obligations. The Companies will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate the fair value.

Deferred Expenses

Deferred expenses represent financing costs related to bond issuances and sales and promotional costs incurred to market the facilities to initial residents. The financing costs are being amortized over the life of the bonds. The deferred sales and promotional costs are being amortized over the estimated lives of the initial residents when the units are placed in service.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Deferred Entrance Fees

Fees paid by residents upon entering into a continuing care contract at Loomis House Retirement Community, Loomis Village, Applewood and Loomis Lakeside at Reeds Landing, net of the portion thereof that is refundable to the resident, are recorded as deferred entrance fees and are amortized to income over the estimated remaining life expectancy of the resident. Estimated refundable entrance fees are reported as current or non-current liabilities based on anticipated future payments. The entrance fee contracts that were acquired in the purchase of Loomis Lakeside at Reeds Landing are recorded as a liability and not amortized for the 85% refundable contracts. Declining balance contracts are amortized over the resident's life expectancy. Any new agreements entered into after August 19, 2009 are either a 90% refundable contract or a declining balance contract amortized over the resident's life expectancy.

Obligation to Provide Future Services

On an annual basis the Companies calculate the present value of the net cost of future services and use of facilities to be provided to current residents, using a discount rate ranging from 4.5% to 5.5% at December 31, 2013 and 2012, and compare that amount with the balance of deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from deferred entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income.

At December 31, 2013 and 2012, the comparison between the estimated net future costs to serve residents and the revenues from those residents that were parties to a resident agreement resulted in a substantial surplus. Therefore, no obligation to provide future services to residents was required to be accrued at December 31, 2013 and 2012.

Operating Activities

The statements of operations reflect a subtotal for operating income (loss). This subtotal reflects revenues that the Companies received for operating purposes. Non-operating activity reflects all other activity, including but not limited to investment income, gain (loss) on disposal of assets, realized gain (loss) on investments, change in the value of split interest agreements, contributions, philanthropy expenses, and bond issuance costs.

Excess of Revenues over Expenses

The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains or losses on investments.

Revenue Recognition

Patient and resident service revenue are reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered. Approximately twenty percent of operating revenues is received from Medicaid and Medicare funding sources as third-party reimbursement of costs.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
Notes to Consolidated Financial Statements  
Years Ended December 31, 2013 and 2012

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Contributions

Contributions, including unconditional promises to give, are recognized at fair value as revenue in the period when the donor makes the promise to give. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of the fundraising activity.

Contributions received with donor-imposed restrictions are reported at fair value as revenues of the temporarily restricted net asset class when they are received. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported at fair value as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported at fair value as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses of the unrestricted net asset class at the fair value of the services received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Companies if they had not been provided by individuals with those skills.

Investments and Investment Income

Investments are recorded at fair value. Investment income, including realized gains and losses on investments, dividends and interest on unrestricted investments are reported as nonoperating gains. Investment income from proceeds of borrowings that are held by a trustee is reported as nonoperating gains. Gains and losses, dividends and interest on permanently restricted investments are reported as increases or decreases to temporarily restricted net assets. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses except that declines in fair value that are judged to be other than temporary are reported as realized losses. If an investment impairment is other than temporary, an earnings loss equal to the difference between the investment's cost and its fair value at the reporting date is recognized.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations and changes in net assets.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

**Fair Value Measurements**

Under the FASB's authoritative guidance on fair value measurements, 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. In determining fair value, the Companies use various methods including market, income and cost approaches. Based on these approaches, the Companies often utilize certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Companies utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques the Companies are required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, the inputs are based on the lowest level of input that is significant to the fair value measurement.

The Companies have various processes and controls in place to ensure that fair value is reasonably estimated.

While the Companies believe 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 estimate of fair value at the reporting date.

During the years ended December 31, 2013 and 2012, there were no changes to the Companies' valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.



**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Fair Value Measurements...continued

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

Cash Equivalents, Equity Securities, Bonds, and Mutual Funds

The fair value of cash equivalents, equity securities, bonds, and mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Beneficial Interest in Charitable Trusts

The fair value of beneficial interest in charitable trusts is based on quoted market prices of the underlying investments and present value techniques.

Other than Temporary Impairment of Investments

The Companies review its investments to identify those for which market value is below cost. The Companies then makes a determination as to whether the investment should be considered other than temporarily impaired based on guidelines established by FASB ASC 320, "Investments - Debt and Equity Securities". Losses of \$31,327 related to declines in value that were other than temporary in nature were recognized in 2012. There were no other than temporary losses in 2013.

Endowment Assets

The Board has interpreted Massachusetts General Law as requiring realized and unrealized gains and interest and dividend income of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate for expenditure or accumulate so much of an endowment fund as the Companies determine is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the Companies shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the endowment fund; the purposes of the Companies and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Companies; and the investment policy of the Companies.

The Companies' spending policy is to appropriate on an annual basis four percent of the average market value of the Loomis Communities Endowment Funds, which will be used to support the charitable mission of Loomis House, Inc; Loomis Communities, Inc; and Pioneer Valley Living Care Center at Amherst, Inc. For spending purposes, the average market value shall be established on the three most recent years ended June 30<sup>th</sup>. In establishing this policy, Loomis considered the long term expected return on its endowment. Accordingly, over the long term Loomis expects the current spending policy to allow its endowment to grow by more than four percent annually. This is consistent with Loomis' objective to preserve the capital assets of Loomis in perpetuity as well as provide real growth through new gifts and investment return. During the years ended December 31, 2013 and 2012, the Companies have decided to appropriate only investment income on donor restricted endowment funds. The Companies expect this to be the case in 2014 too. The Board of Directors also has discretion to spend amounts over the four percent spending policy from the board designated endowment. During the years ended December 31, 2013 and 2012, the Companies made expenditures of \$37,266 and \$41,205, respectively.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
Notes to Consolidated Financial Statements  
Years Ended December 31, 2013 and 2012

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Endowment Assets...continued

The Companies have adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to support operations and capital needs of the organization by its endowment while seeking to preserve the endowment assets in perpetuity. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods as well as board-designated funds.

To satisfy the long-term return objectives, the Companies rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Companies target a 30%-60% equity allocation and a 40%-70% debt, cash and cash equivalent allocation.

Charitable Gift Annuities

Loomis Communities, Inc. is the beneficiary of a number of charitable gift annuities whereby it receives an immediate contribution as well as a remainder interest in the underlying investment from which a specified dollar amount of the fair value of the assets each year is currently being paid to the donors. Actuarial methods are used to calculate that portion of the investment representing the present value of the liability to the donor and that portion representing the contribution using discount rates ranging from four percent to six percent.

Loomis Communities, Inc. is the trustee of certain assets held in trust, which are recorded as investments at fair value. The liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the life of the donors and/or donors' beneficiaries. Upon receipt of the assets, the amount of the contribution is the difference between these amounts. Adjustments to the asset and liability accounts are reflected as changes in the value of split interest agreements in the statements of operations.

The contributions related to these agreements are recorded as temporarily restricted contributions and are released from restriction upon the death of the donor.

Beneficial Interest in Perpetual Trust

Loomis Communities, Inc. has a beneficial interest in two perpetual trusts held by a third party trustee which are recorded at fair value on its financial statements. The principal as well as the annual gains or losses on the trust investments are restricted in perpetuity. The interest and dividend income generated by the trust investments is distributed each year to Loomis Communities, Inc.

Advertising

The Companies expense advertising costs as incurred. Advertising expense was \$256,612 and \$205,927 for the years ended December 31, 2013 and 2012, respectively.

Income Tax Status

Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc. d/b/a Loomis Lakeside at Reeds Landing qualify under Section 501(c)(3) of the Internal Revenue Code and are exempt from Federal and state income taxes.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued**

Income Tax Status...continued

The Companies follow the FASB ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Companies recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management evaluated the Companies tax position and concluded that the Companies have no material uncertainties in income taxes. The Companies' are no longer subject to income tax examinations by the U.S. Federal, State, or local tax authorities for years before 2010. The Companies will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

Recently Issued Accounting Pronouncements

In October 2012, the FASB issued guidance which requires a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit entity-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. This guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. The adoption of this guidance is not expected to have a material impact on the Companies' financial statements.

**2. RELATED PARTY TRANSACTIONS**

The Companies incurred fuel, insurance and legal expenses in the normal course of operations, from a fuel company, insurance agency and a law firm, respectively, which employ members of the governing Board of Directors and Committees of the Board of Directors. Total amounts expended for legal services during the years ended December 31, 2013 and 2012 totaled \$158,048 and \$40,697, respectively. Total amounts expended for insurance during the years ended December 31, 2013 and 2012 totaled \$476,980 and \$450,782. Total amounts expended for fuel expenses during the year ended December 31, 2012 totaled \$1,610 (none during the year ended December 31, 2013). Amounts outstanding for legal services totaled \$6,340 and \$13,721 as of December 31, 2013 and 2012, respectively.

The Companies incurred construction expenses with a company owned by the son of one of the members of the governing Board of Directors. Total amounts expended for construction during the years ended December 31, 2013 and 2012 were \$59,522 and \$73,349, respectively of which \$6,475 was included in accounts payable as of December 31, 2013. No amounts were outstanding for the year ended December 31, 2012.

In addition, certain members of management and the Board of Directors are holders of the Companies' bonds. Furthermore, certain members of the Board of Directors are employed by a bank with which the Companies hold funds and have an outstanding loan, as more fully described in Note 11.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
Notes to Consolidated Financial Statements  
Years Ended December 31, 2013 and 2012

**3. ASSETS LIMITED AS TO USE**

Assets limited as to use consist of cash and cash equivalents and a certificate of deposit and are presented in the financial statements at fair value. The fair value was as follows at December 31:

	<u>2013</u>	<u>2012</u>
Required for current liabilities – cash	\$ <u>19,901</u>	\$ <u>18,868</u>
Bond indentures		
Debt service funds	\$ 919,863	\$ 1,579,800
Debt service reserve funds	2,641,891	2,916,527
Project fund	-	527,784
Reserve for replacement funds	<u>2,502,120</u>	<u>43,768</u>
	<u>\$ 6,063,874</u>	<u>\$ 5,067,879</u>

**4. INVESTMENTS**

The following is a summary of the Companies' investments at fair value as of December 31:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 1,621,736	\$ 805,642
Domestic equities	957,706	332,172
International equities	73,120	80,324
U.S. bonds	183,174	194,769
Corporate bonds	37,627	46,056
Mortgage backed securities	287	514
Fixed income mutual funds	9,368,799	5,262,118
Equity mutual funds	7,327,413	9,798,463
Real estate mutual funds	<u>20,076</u>	<u>298,603</u>
	<u>\$ 19,589,938</u>	<u>\$ 16,818,661</u>

Investments are presented on the accompanying balance sheets as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Investments	\$ 11,731,849	\$ 9,927,240
Investments – board designated	<u>7,858,089</u>	<u>6,891,421</u>
	<u>\$ 19,589,938</u>	<u>\$ 16,818,661</u>

The Companies record as expense, investment fees for services paid to custodians and investment consultants in general and administrative expenses. Investment fees paid by the Companies were \$74,359 and \$71,710 for the years ended December 31, 2013 and 2012, respectively.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

**4. INVESTMENTS...continued**

The following tables show the gross unrealized losses and fair value of the Companies' investments that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2013 and 2012.

Description of Securities	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>2013</b>						
Fixed income mutual funds	\$ 544,887	\$ (66,583)	\$6,123,435	\$ (324,940)	\$6,668,322	\$ (391,523)
U.S. Bonds	-	-	166,818	(15,859)	166,818	(15,859)
Domestic equities	17,544	(358)	-	-	17,544	(358)
International equities	18,761	(383)	-	-	18,761	(383)
Equity mutual funds	4,235	(338)	-	-	4,235	(338)
	<u>\$ 585,427</u>	<u>\$ (67,662)</u>	<u>\$6,290,253</u>	<u>\$ (340,799)</u>	<u>\$6,875,680</u>	<u>\$ (408,461)</u>
<b>2012</b>						
U.S. Bonds	\$3,828,843	\$ (67,090)	\$ 597,090	\$ (3,026)	\$4,425,933	\$ (70,116)
Fixed income mutual funds	3,924,273	(211,805)	-	-	3,924,273	(211,805)
	<u>\$7,753,116</u>	<u>\$ (278,895)</u>	<u>\$ 597,090</u>	<u>\$ (3,026)</u>	<u>\$8,350,206</u>	<u>\$ (281,921)</u>

The above noted unrealized losses deemed temporary as of December 31, 2013 and 2012 relate to investments that are part of a broadly diversified portfolio with an objective being growth of principal and income in real terms subject to providing sufficient cash flow to meet the Companies' projected annual cash requirements. This is an actively managed portfolio with a focus on total portfolio returns and includes investments expected to perform differently through varying market cycles. All investments, including those in a loss position as of December 31, 2013 and 2012, are continuously monitored for quality and appropriateness. These temporary impairments at December 31, 2013 and 2012 are considered so due to market conditions and are not due to fundamental problems with the security and continue to be appropriate components of the Companies' investment strategy. Based on this evaluation and the Companies' ability to hold the investments for a reasonable period of time sufficient for a recovery of value, the Companies do not consider the investments summarized above to be other-than-temporarily impaired as of December 31, 2013 and 2012.

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2013 and 2012**

**5. FAIR VALUE MEASUREMENTS**

The following tables are a summary of assets that the Companies measure at fair value on a recurring basis by level within the fair value hierarchy at December 31, 2013 and 2012:

<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalents	\$ 1,621,736	\$ -	\$ -	\$ 1,621,736
Domestic equities	957,706	-	-	957,706
International equities	73,120	-	-	73,120
U.S. bonds	183,174	-	-	183,174
Corporate bonds	37,627	-	-	37,627
Mortgage backed securities	-	287	-	287
Fixed income mutual funds	9,368,799	-	-	9,368,799
Equity mutual funds	7,327,413	-	-	7,327,413
Real estate mutual funds	20,076	-	-	20,076
	<u>19,589,651</u>	<u>287</u>	<u>-</u>	<u>19,589,938</u>
Assets limited as to use				
Cash equivalents	<u>5,444,473</u>	<u>-</u>	<u>-</u>	<u>5,444,473</u>
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>1,219,000</u>	<u>1,219,000</u>
Total	<u>\$ 25,034,124</u>	<u>\$ 287</u>	<u>\$ 1,219,000</u>	<u>\$ 26,253,411</u>
<u>2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalents	\$ 805,642	\$ -	\$ -	\$ 805,642
Domestic equities	332,172	-	-	332,172
International equities	80,324	-	-	80,324
U.S. bonds	194,769	-	-	194,769
Corporate bonds	46,056	-	-	46,056
Mortgage backed securities	-	514	-	514
Fixed income mutual funds	5,262,118	-	-	5,262,118
Equity mutual funds	9,798,463	-	-	9,798,463
Real estate mutual funds	298,603	-	-	298,603
	<u>16,818,147</u>	<u>514</u>	<u>-</u>	<u>16,818,661</u>
Assets limited as to use				
Cash equivalents	<u>4,351,674</u>	<u>-</u>	<u>-</u>	<u>4,351,674</u>
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>1,142,731</u>	<u>1,142,731</u>
Total	<u>\$ 21,169,821</u>	<u>\$ 514</u>	<u>\$ 1,142,731</u>	<u>\$ 22,313,066</u>

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
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**5. FAIR VALUE MEASUREMENTS...continued**

The changes in investments measured at fair value for which the Companies have used Level 3 inputs to determine fair value are as follows:

Balance at December 31, 2011	\$ 1,070,348
Interest and dividends	26,166
Fees	(7,945)
Transfers	(44,858)
Realized gains	11,834
Unrealized gain on assets still held at December 31, 2012	<u>87,186</u>
Balance at December 31, 2012	1,142,731
Interest and dividends	25,625
Fees	(9,092)
Transfers	(50,972)
Realized gains	192,711
Unrealized loss on assets still held at December 31, 2013	<u>(82,003)</u>
Balance at December 31, 2013	<u>\$ 1,219,000</u>

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements at December 31, 2013 and 2012:

	<u>2013</u> <u>Fair Value</u>	<u>2012</u> <u>Fair Value</u>	<u>Valuation</u> <u>Technique</u>	<u>Unobservable</u> <u>Input</u>	<u>Range</u> <u>(Weighted</u> <u>Average)</u>
Beneficial interest in perpetual trusts	\$ 1,219,000	\$ 1,142,731	Market approach based on underlying securities	None	N/A

The assets held in trust are managed by an independent third party trustee, and the Companies have no authority over investment decisions. Thus, they are classified as Level 3 within the fair value hierarchy levels.

**6. CONCENTRATION OF CREDIT RISK**

Loomis House, Inc. and Loomis Lakeside at Reeds Landing grant credit without collateral to its residents, most of whom are insured under third-party payor agreements. Loomis Communities, Inc.'s residents are privately funded.

The mix of receivables from residents and third-party payors for 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Medicaid	\$ 324,340	\$ 334,538
Private	973,433	653,261
Medicare	617,826	515,082
Other third-party payors	<u>352,844</u>	<u>397,848</u>
	2,268,443	1,900,729
Allowance	<u>(300,973)</u>	<u>(204,083)</u>
	<u>\$ 1,967,470</u>	<u>\$ 1,696,646</u>

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
**Notes to Consolidated Financial Statements**  
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**7. PROPERTY AND EQUIPMENT**

The following is a summary at December 31:

	<u>2013</u>	<u>2012</u>
Land	\$ 2,531,584	\$ 2,531,584
Buildings	67,356,625	67,356,625
Building improvements	19,937,527	17,901,485
Furniture and equipment	7,433,132	6,790,563
Construction in process	<u>212,807</u>	<u>314,030</u>
	97,471,675	94,894,287
Less- accumulated depreciation and amortization	<u>(39,021,155)</u>	<u>(35,499,129)</u>
	<u>\$ 58,450,520</u>	<u>\$ 59,395,158</u>

Construction in process is for various apartment renovations, building expansion and improvement at Loomis House Nursing Center, renovations of porches at Loomis Village, and other miscellaneous repairs across the communities. The apartment renovations were substantially completed in March 2014, incurring \$56,298 in costs after year end with an estimated \$16,000 remaining. The expansion and improvement of Loomis House Nursing Center is still in the design phase. The project incurred \$4,045 in costs after year end and the total cost of the project is still unknown. Timing of completion is expected to be either 2014 or 2015. The porch renovations at Loomis Village incurred \$69,613 of costs after year end and the remaining to complete this project is unknown. Timing of completion is expected to be in 2014. The miscellaneous projects generated \$197 in costs after year end and are expected to be completed in 2014 or 2015.

**8. DEFERRED EXPENSES**

Deferred expenses, net of accumulated amortization, at December 31, 2013 and 2012 totaling \$1,623,245 and \$1,209,609, respectively, represent sales and promotional costs associated with the development of Loomis Communities, Inc. Deferred expenses also include various legal and accounting costs associated with the acquisition of Applewood and financing costs related to obtaining bond financing. In addition, deferred expenses include architectural costs for the potential expansion of the Loomis Communities, Inc. properties as well as expenses incurred towards the purchase of nursing facility bed licenses.

The promotional deferred expenses are being amortized over the estimated lives of the initial residents when the units were placed in service. The deferred financing costs are being amortized over the term of the bond agreements.

**9. ENTRANCE FEES**

The retirement communities have various residency plans. The majority of entrance fees for independent living units are refundable at a minimum of 80%. The remaining entrance fees are amortized over the resident's life expectancy. Entrance fees for assisted living apartments are 80% refundable, and the remaining 20% is amortized over the resident's life expectancy. In addition, certain entrance fees are refundable on a declining basis. The entrance fee contracts that were acquired in the purchase of Loomis Lakeside at Reeds Landing are recorded as a liability and not amortized for 85% refundable contracts and declining balance contracts are amortized over the resident's life expectancy. Any new agreements entered into after August 19, 2009 is either a 90% refundable contract or a declining balance contract and amortized over the resident's life expectancy.



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**9. ENTRANCE FEES...continued**

The following is a summary of refundable entrance fees:

	<u>2013</u>	<u>2012</u>
Refundable entrance fees	\$ 61,885,610	\$ 62,079,047
Less - current portion	<u>9,085,428</u>	<u>8,459,646</u>
Non-current refundable entrance fees	<u>\$ 52,800,182</u>	<u>\$ 53,619,401</u>

**10. BONDS PAYABLE**

Bonds payable consist of the following:

	<u>2013</u>	<u>2012</u>
Series 1999 Bonds	\$ -	\$ 15,770,000
Series 2002 Bonds	-	4,740,000
Series 2013A Bonds	21,215,000	-
Series 2013B Bonds	<u>2,500,000</u>	<u>-</u>
Total bonds payable	23,715,000	20,510,000
Unamortized discount	<u>(333,782)</u>	<u>-</u>
Carrying value of bonds	23,381,218	20,510,000
Less - current maturities	<u>(320,000)</u>	<u>(870,000)</u>
Bonds payable, net of current maturities	<u>\$ 23,061,218</u>	<u>\$ 19,640,000</u>

The Series 1999 bonds are issued by Loomis House, Inc. and Loomis Communities, Inc. (the "Obligated Group") from the Massachusetts Development Finance Agency ("MDFA"). The bonds consist of Series A bonds with interest ranging from 5.75% to 6.35% and Series B bonds with an adjustable interest rate of 6.0% at December 31, 2012.

The Series 2002B Revenue Bonds represent term bonds, which require annual sinking fund installments of amounts ranging from \$70,000 to \$810,000 through 2032 and carry interest rates ranging from 6.35% to 6.9%. The Series 2002B Revenue Bonds were subject to optional redemption prior to maturity on or after March 1, 2012, as a whole or in part at a premium not to exceed 2%.

In September 2013, the Obligated Group refinanced the 1999 bonds, 2002 bonds, and a mortgage held by the Obligated Group (see Note 12) into the Series 2013 Revenue Bonds from the MDFA. The bonds consist of Series A bonds, which require annual sinking fund installments of amounts ranging from \$245,000 to \$8,500,000 beginning in 2017 through 2033 and carry interest rates ranging from 3.00% to 6.00% and Series B bonds, which require annual sinking fund installments of amounts ranging from \$320,000 to \$785,000 beginning in 2014 through 2017 and carry interest rates ranging from 2.50% to 4.25%.

The Series 2013A bonds are subject to optional redemption prior to maturity after January 1, 2023, as a whole or in part at a redemption price equal to the principal amount being redeemed, plus accrued interest, without premium. The Series 2013B bonds are not subject to optional redemption prior to maturity.

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**Notes to Consolidated Financial Statements**  
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**10. BONDS PAYABLE...continued**

The Obligated Group makes twelve monthly debt service payments into a debt services reserve fund each year in order to satisfy the interest and principal payments on the bonds. Interest payments are due each July 1 and January 1.

The bonds are secured by a mortgage on the land and buildings owned by the Obligated Group and a security interest in all of the personal property of the Obligated Group including equipment, furnishings, accounts receivable and monies received from operations.

The Series 2013 bonds are reported net of a discount of \$333,781 at December 31, 2013. The discount is amortized over the life of the bonds.

Total interest expense related to the 1999, 2002 and 2013 bonds was \$1,264,960 and \$1,264,584 for the years ended December 31, 2013 and 2012, respectively.

The Obligated Group is required to satisfy certain bond covenant requirements in connection with the bonds payable. Under the terms of the bond agreements, the Obligated Group is required to maintain a debt service fund, a debt service reserve fund, and a renewal and replacement fund. In addition, a project fund is maintained from bond proceeds to be used for the renovation project at Applewood and other capital projects.

Maturities of the bonds payable over the next five years and in the aggregate are as follows for the years ending December 31:

2014	\$	320,000
2015		770,000
2016		785,000
2017		870,000
2018		915,000
Thereafter		<u>19,721,218</u>
		<u>\$ 23,381,218</u>

**11. MORTGAGE NOTES PAYABLE**

Following is a summary of mortgage notes payable as of December 31:

	<u>2013</u>	<u>2012</u>
The Obligated Group held a mortgage with a bank that was payable in monthly installments of \$18,853, including principal and interest at a rate of 4.46%. The mortgage was secured by an 11.84% interest in all business assets. Interest expense for the years ended December 31, 2013 and 2012 totaled \$76,910 and \$97,114, respectively. The mortgage was refinanced with the Obligated Group's bonds in September 2013 (see Note 10).	\$ -	\$ 2,087,476

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**11. MORTGAGE NOTES PAYABLE...continued**

	<u>2013</u>	<u>2012</u>
When Loomis Lakeside at Reeds Landing purchased certain assets and liabilities of Western Massachusetts Lifecare Corporation on August 18, 2009, it entered into a new mortgage agreement with a bank that requires Loomis Senior Living, Inc. to pay monthly installments of \$25,769, including principal and interest at a rate of 6.25% through August 18, 2029. The interest rate is subject to review on August 19, 2015. The mortgage is secured by a first priority leasehold mortgage, security interest in the ground lease, assets acquired in the purchase transaction, all resident contracts existing and executed for the retirement community, and licenses on the retirement community. Loomis Lakeside at Reeds Landing is also required to maintain a reserve fund equal to the principal and interest amounts due for the next five years, which will be reduced annually (see Note 3). Interest expense for the year ended December 31, 2013 and 2012 totaled \$249,129 and \$255,907, respectively.	3,066,725	3,177,232
Loomis Lakeside at Reeds Landing also entered into a bridge loan agreement with two private institutions relative to the purchase transaction. No cash payments on the loan were required until August 1, 2011. Commencing on August 1, 2011, Loomis Lakeside at Reeds Landing began paying interest only on the loan at a rate of 5% per annum until July 1, 2014. Commencing on July 1, 2014, Loomis Lakeside at Reeds Landing will pay monthly installments of \$10,694 including principle and interest at a rate of 5% through August 1, 2024. The mortgage is secured by an interest in the mortgage and gross revenues.	<u>1,008,239</u>	<u>1,008,239</u>
Total mortgage notes payable	4,074,964	6,272,947
Less - current maturities	<u>151,074</u>	<u>215,392</u>
Mortgage notes payable, net of current maturities	<u>\$ 3,923,890</u>	<u>\$ 6,057,555</u>

Maturities of the mortgage notes payable in the aggregate and for the next five years are as follows for the years ending December 31:

2014	\$ 151,074
2015	207,460
2016	219,298
2017	232,953
2018	246,885
Thereafter	<u>3,017,294</u>
	<u>\$ 4,074,964</u>

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
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**12. NET ASSETS**

A summary of unrestricted net assets by designation as of December 31 is as follows:

	<u>2013</u>	<u>2012</u>
Undesignated	\$ (20,371,968)	\$ (18,417,406)
Designated by the Board:		
Endowment	7,616,857	6,708,453
Reeds Landing Philanthropic Fund	<u>241,232</u>	<u>182,968</u>
	<u>\$ (12,513,879)</u>	<u>\$ (11,525,985)</u>

Permanently restricted net assets are investments to be held in perpetuity, the income from which is expendable for operations of Loomis Communities, Inc. The following is a summary:

	<u>2013</u>	<u>2012</u>
Barbara G. Sheldon Memorial Fund	\$ 524,993	\$ 524,993
Arthur Rankin Trust	100,000	100,000
Horace and Eloise Fuller Trust	<u>1,045,200</u>	<u>1,045,200</u>
Total endowment	1,670,193	1,670,193
Beneficial Interest in Perpetual Trusts	<u>1,219,000</u>	<u>1,142,731</u>
	<u>\$ 2,889,193</u>	<u>\$ 2,812,924</u>

Temporarily restricted net assets include realized and unrealized appreciation on permanently restricted net assets, unexpended restricted investment income and temporarily restricted contributions. The following is a summary:

	<u>2013</u>	<u>2012</u>
Barbara G. Sheldon Memorial Fund	\$ 791,054	\$ 670,948
Arthur Rankin Trust	<u>359,416</u>	<u>227,248</u>
Endowment appreciation	1,150,470	898,196
Friendship Fund	230,561	240,362
Loomis Village Landscaping	75,304	77,721
Applewood General Fund	39,236	39,831
Applewood Reserve Fund	41,082	41,593
Vista Project	4,090	4,090
Other Donations	25,905	19,360
Scholarship Fund	<u>18,844</u>	<u>18,844</u>
	<u>\$ 1,585,492</u>	<u>\$ 1,339,997</u>

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**13. ENDOWMENT NET ASSETS**

The following is a summary of endowment net asset composition by type of fund at December 31, 2013 and 2012:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	\$ -	\$ 1,150,470	\$ 1,670,193	\$ 2,820,663
Board designated funds	<u>7,616,857</u>	<u>-</u>	<u>-</u>	<u>7,616,857</u>
Total funds	<u>\$ 7,616,857</u>	<u>\$ 1,150,470</u>	<u>\$ 1,670,193</u>	<u>\$ 10,437,520</u>
Net assets, beginning of year	<u>\$ 6,708,453</u>	<u>\$ 898,196</u>	<u>\$ 1,670,193</u>	<u>\$ 9,276,842</u>
Investment return:				
Investment income	106,805	19,266	-	126,071
Net appreciation (realized and unrealized)	<u>819,599</u>	<u>252,274</u>	<u>-</u>	<u>1,071,873</u>
Total investment return	<u>926,404</u>	<u>271,540</u>	<u>-</u>	<u>1,197,944</u>
Appropriation of endowment assets for expenditure	<u>(18,000)</u>	<u>(19,266)</u>	<u>-</u>	<u>(37,266)</u>
Net assets, end of year	<u>\$ 7,616,857</u>	<u>\$ 1,150,470</u>	<u>\$ 1,670,193</u>	<u>\$ 10,437,520</u>

  

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	\$ -	\$ 898,196	\$ 1,670,193	\$ 2,568,389
Board designated funds	<u>6,708,453</u>	<u>-</u>	<u>-</u>	<u>6,708,453</u>
Total funds	<u>\$ 6,708,453</u>	<u>\$ 898,196</u>	<u>\$ 1,670,193</u>	<u>\$ 9,276,842</u>
Net assets, beginning of year	<u>\$ 6,004,410</u>	<u>\$ 700,074</u>	<u>\$ 1,670,193</u>	<u>\$ 8,374,677</u>
Investment return:				
Investment income	129,369	23,205	-	152,574
Net appreciation (realized and unrealized)	<u>592,674</u>	<u>198,122</u>	<u>-</u>	<u>790,796</u>
Total investment return	<u>722,043</u>	<u>221,327</u>	<u>-</u>	<u>943,370</u>
Appropriation of endowment assets for expenditure	<u>(18,000)</u>	<u>(23,205)</u>	<u>-</u>	<u>(41,205)</u>
Net assets, end of year	<u>\$ 6,708,453</u>	<u>\$ 898,196</u>	<u>\$ 1,670,193</u>	<u>\$ 9,276,842</u>

**Loomis House, Inc., Loomis Communities, Inc., and Loomis Senior Living, Inc.**  
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**14. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

During the years ended December 31, 2013 and 2012, net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

The following is a summary of net assets released from restrictions during the years ended December 31:

	<u>2013</u>	<u>2012</u>
Barbara G. Sheldon Memorial Fund	\$ 19,266	\$ 23,205
Friendship Fund	31,556	38,961
Scholarship Fund	-	4,500
Vista Project Fund	-	71,320
Other Donations	<u>78,852</u>	<u>2,217</u>
	<u>\$ 129,674</u>	<u>\$ 140,203</u>

**15. OPERATING LEASES**

The Companies leased medical and office equipment under various operating leases expiring through February 2017. Rent expense for the equipment was \$20,484 and \$23,933 for the years ended December 31, 2013 and 2012, respectively.

On August 18, 2009, the Companies entered into a ground lease expiring through August 2084. Rent expense for the ground lease was \$40,133 for the years ended December 31, 2013 and 2012.

The following is a summary of future minimum lease commitments existing under these leases for the years ending December 31:

2014	\$ 58,325
2015	49,673
2016	45,698
2017	40,673
2018	40,133
Thereafter	<u>2,635,422</u>
	<u>\$ 2,869,924</u>

**16. MEDICAL MALPRACTICE CLAIMS**

The Companies purchase professional and general liability insurance to cover medical malpractice claims on an occurrence basis. There are no known claims or incidents that may result in the assertion of additional claims. In addition, management believes that claims for unknown incidents that may be asserted arising from services provided to residents are covered by insurance.

**17. RETIREMENT PLAN**

The Companies have a 403(b) retirement plan for all employees. Employer matching contributions are determined at the discretion of the Companies and are based on the employees' elected deferrals. Employer contributions for the year ended December 31, 2013 and 2012 were \$181,834 and \$182,605, respectively.

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**18. STATEMENT OF FUNCTIONAL EXPENSES**

The functional classification of expenses for the Companies was as follows:

	<u>2013</u>	<u>2012</u>
Administrative and general	\$ 6,549,252	\$ 6,248,626
Program services	<u>27,241,434</u>	<u>26,458,080</u>
Total operating expenses	33,790,686	32,706,706
Philanthropy	<u>132,534</u>	<u>108,257</u>
	<u>\$ 33,923,220</u>	<u>\$ 32,814,963</u>

**19. SUBSEQUENT EVENTS**

The Companies have evaluated subsequent events through April 28, 2014, when the financial statements were issued.

**EXHIBIT 12**

**EXCERPTS FROM AUDITED FINANCIAL STATEMENTS**

2012 and 2011