DISCLOSURE STATEMENT

Calvary Fellowship Homes

A Continuing Care Retirement Community

Location:

Calvary Homes

502 Elizabeth Drive

Lancaster, PA 17601

UNDER PENNSYLVANIA ACT 82

Effective Date of Disclosure Statement: October 2025

This Disclosure Statement is not a contract and the Provider reserves all rights to amend, revise, update and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

Issuance of a Certificate of Authority by the Pennsylvania Insurance Department does not constitute approval, recommendation or endorsement of Calvary Fellowship Homes by the Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this Disclosure Statement

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IMPORTANT INFORMATION TO PROSPECTIVE RESIDENTS

Pursuant to the Pennsylvania Continuing Care Provider Registration and Disclosure Act, 40 P.S. Section 3207 et. seq., (the "Act") this Disclosure Statement is being delivered to you at the time of or prior to your execution of a "Residential Agreement," or at the time of or prior to your payment of any money to the licensed provider. A copy of each Residential Agreement is attached. Your receipt of this Disclosure Statement creates no obligation on your part to execute and deliver a Residential Agreement to Calvary Fellowship Homes nor does it create any obligation on the part of Calvary Fellowship Homes.

This Disclosure Statement contains a fair summary of the material enclosed and other terms of the documents purported to be summarized. This Disclosure Statement is furnished to prospective residents and their representatives and may not be relied upon by another person.

SUMMARY OF DISCLOSURE STATEMENT

The following summary is qualified in its entirety by more detailed information appearing elsewhere and referred to in this Disclosure Statement and in the Residential Agreement attached to this Disclosure Statement.

1. **The Facility:** Calvary Fellowship Homes, Inc.
   502 Elizabeth Drive, Lancaster, PA 17601
   Phone: (717) 393-0711

2. **The Provider:** Calvary Fellowship Homes, Inc.
   502 Elizabeth Drive, Lancaster, PA 17601
   Phone: (717) 393-0711

3. **Admissions Contact:** Susie Confer, Director of Marketing
   502 Elizabeth Drive, Lancaster, PA 17601
   Phone: (717) 393-0711 Fax: (717) 393-0998

4. **Property Description:**

   Located on 35 acres of land in Manheim Township, a suburb of Lancaster, PA, Calvary Fellowship Homes (CFH) consists of a total of 218 units with a maximum resident population of 381 residents. The facilities include 131 two and three-bedroom cottages; 28 two-bedroom apartments; 14 one-bedroom garden apartment/cottages; 40 one-bedroom apartments; and 5 efficiency apartments. The cottages and Cathedral Hall are single level construction. Nissley House is 2 stories. Hamilton with 34 one and two-bedroom apartments, Rohrer with 14 one and two-bedroom apartments, and Hurter which includes 1 one bedroom and 3 two-bedroom apartments, are 3 three-story buildings.

   To complete the continuum of care, CFH has contracted with a subsidiary of Tandem Living, The Mennonite Home, for healthcare and personal care services at its Trillium Place campus. Trillium Place operates a licensed facility that includes 160 skilled nursing beds and 85 personal care units (including 21 memory care beds) located at 1520 Harrisburg Pike, Lancaster PA 17601.

5. **Age Requirement:**

   The minimum entrance age for residential living at CFH is 60 years of age prior to the date of occupancy. Exceptions may be made for persons under the age of 60 as long as the other partner is at least 60 years of age.

6. **Affiliations:**

   On August 1, 2024, CFH affiliated with The Mennonite Home (TMH), a continuing care retirement community in Lancaster, PA. The affiliation aims to strengthen the long-term health and vitality of both organizations while continuing to provide exceptional care to residents.

TMH. CFH and TMH continue as separate 501(c)(3) legal entities and are subsidiaries of Tandem Living. CFH is not responsible for any financial obligations of TMH.

Under the affiliation and operating agreement, skilled nursing and personal care services for CFH residents are provided at TMH's Trillium Place campus.

In addition, CFH was founded by members of and is affiliated with Calvary Church, 1051 Landis Valley Rd. Lancaster, PA 17601.

7. Resident Population:

On September 30, 2025 the residential population consisted of 296 residents.

8. Sample Fee Structure:

One Bedroom Apartment		One Bedroom Cottage	
Entrance Fee 0% Refund:	$122,000	Entrance Fee 0% Refund:	$122,000
Monthly Charge:		Monthly Charge:	
One Person	$2,000	One Person	$1,375
Two Person	$2,325	Two Person	$1,375

9. Taxable Status:

CFH is a Pennsylvania, not-for-profit, charitable corporation exempt from payment of Federal Income Tax in accordance with Section 501(c)(3) of the Internal Revenue Code.

10. Loan Agreement

Loan agreements are detailed in the attached audited financial statements.

RESPONSES TO SECTION 7 OF PA ACT 82

1. BACKGROUND OF PROVIDER

Located on 35 acres of land in Manheim Township, a suburb of Lancaster, PA. CFH consists of a total of 218 units with a maximum resident population of 381 residents. The facilities include 131 two and three-bedroom cottages; 28 two-bedroom apartments; 14 one-bedroom garden apartment/cottages; 40 one-bedroom apartments; and 5 efficiency apartments. The cottages and Cathedral Hall are single level construction. Nissley House is 2 stories. Hamilton with 34 one and two-bedroom apartments, Rohrer with 14 one and two-bedroom apartments, and Hurter which includes 1 one bedroom and 3 two-bedroom apartments, are 3 three-story buildings.

To complete the continuum of care, CFH has contracted with a subsidiary of Tandem Living, The Mennonite Home, for healthcare and personal care services at its Trillium Place campus. Trillium Place operates a licensed facility that includes 160 skilled nursing beds and 85 personal care units (including 21 memory care beds) located at 1520 Harrisburg Pike, Lancaster PA 17601.

2. BOARD OF DIRECTORS

Tandem Living, the parent organization of CFH and TMH, is governed by a Board of Directors. The names and addresses of the Directors and the President are listed below:

Name	Address
ROY BOMBERGER, JR., CHAIRPERSON	[redacted]
PENNY CLAWSON, VICE CHAIRPERSON	[redacted]
MATTHEW B. HARTZLER, TREASURER	[redacted]
ANDREW STECKBECK, SECRETARY	[redacted]
MERV HESS	[redacted]
AARON D. HOLLIS	[redacted]
DR. JAMES SPICHER	[redacted]
ANDREW WOOLLEY	[redacted]
JOHN SAUDER, PRESIDENT	[redacted]

A unified Board of Directors is responsible for the governance of CFH and TMH, both 501(c)(3) corporations in the Commonwealth of Pennsylvania, whose sole member is Tandem Living as the parent organization. The names and addresses of the unified Board of Directors and the President are listed below:

Name	Address
THOMAS TALBOTT, CHAIRPERSON	[redacted]
SHELDON MYER, VICE CHAIRPERSON	[redacted]
JAMES MARTIN, TREASURER	[redacted]
BILL PARSON, SECRETARY	[redacted]
ROBERT E. BOMBERGER, JR.	[redacted]
ADAM BONANNO	[redacted]
ALISON DAHL	[redacted]
ELIZABETH GERHART	[redacted]
JOHN MWAURA	[redacted]
ROBERT REID	[redacted]
JOHN SENSENIG	[redacted]
ROSALYN R. WARD	[redacted]
KENDALL RUTH	[redacted]
JOHN SAUDER, PRESIDENT	[redacted]

3. MEMBER INFORMATION

For those individuals named in item 2. above:

a) The Board of Directors consists of individuals that possess a wide variety of experience in the business community, with some members having specific experience in the healthcare and professional services.

b) No Director, Officer or other person holds a 10% or greater equity or beneficial interest in CFH.

c) Neither CFH, nor its board members have (a) been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; and neither are they (b) subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years had any State

or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including, without limitation, actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under the Pennsylvania Continuing Care Provider Registration and Disclosure Act or a similar act in another state.

4. PRESIDENT

The operation of CFH is the responsibility of the President appointed by the Board of Directors. The individual currently holding this position is John D. Sauder. John has worked at TMH for 32 years, previously serving in roles in Finance, Human Resources, Director of Nursing, Vice President of Health Services and Vice President of Operations. John holds a bachelor's degree in Nursing from Hahnemann University. He has been a licensed Nursing Home Administrator in Pennsylvania since 1998. John also serves as the President of TMH and the parent organization, Tandem Living.

5. AFFILIATION

On August 1, 2024, CFH affiliated with TMH, a continuing care retirement community in Lancaster, PA. The affiliation aims to strengthen the long-term health and vitality of both organizations while continuing to provide exceptional care to residents. CFH is not responsible for any financial obligations of TMH.

In conjunction with this affiliation, TMH has created a new Pennsylvania nonprofit corporation with the legal name, Tandem Living, which serves as the parent corporation for both CFH and TMH. CFH and TMH continue as separate 501(c)(3) legal entities and are subsidiaries of Tandem Living. Tandem Living is governed by a board of directors comprised of members from the former Boards of Directors of TMH and CFH. In addition, a separate, unified Board of Directors oversees the subsidiary organizations of TMH and CFH.

Through this affiliation, CFH's skilled nursing and personal care services relocated to TMH's Trillium Place in July and August 2024.

In addition, CFH was founded by members of and is affiliated with Calvary Church, 1051 Landis Valley Rd. Lancaster, PA 17601.

6. FACILITY DESCRIPTION

i. Located on 35 acres of land in Manheim Township, a suburb of Lancaster, PA. CFH consists of a total of 218 units with a maximum resident population of 376 residents. The facilities include:
   - 131 two and three-bedroom cottages
   - 28 two-bedroom apartments
   - 14 one-bedroom garden apartment/cottages
   - 40 one-bedroom apartments
   - 5 efficiency apartments.

The cottages and Cathedral Hall are single level construction. Nissley House is 2 stories. Hamilton with 34 one and two-bedroom apartments, Rohrer with 14 one and two-bedroom apartments, and Hurter which includes 1 one bedroom and 3 two-bedroom apartments, are 3 three-story buildings.

ii. To complete the continuum of care, CFH has contracted with a subsidiary of Tandem Living, Trillium Place, for healthcare and personal care services. Trillium Place operates a licensed facility that includes 160 skilled nursing beds and 85 personal care units (including 21 memory care beds) located at 1520 Harrisburg Pike, Lancaster PA 17601.Trillium Place is a skilled nursing and personal care facility that currently occupies approximately 11.0 acres of land in Lancaster, Pennsylvania. There are 160 skilled nursing care beds and 85 personal care beds in an inter-connected building. Trillium Place has administrative offices, chapel/auditorium, therapeutic recreation areas, and a beauty/barbershop.

7. LIST OF SERVICES UNDER THE CONTRACT

Calvary Homes Services

Each resident signs a contract with the facility stating the services and fees associated with the service. A copy of the contract is attached to this Disclosure Statement. Base services include:

- Utilities (excluding cottage electric & gas)
- Maintenance of building and appliances
- Priority access to Healthcare and Personal Care
- Scheduled transportation (e.g., shopping trips)
- Spiritual and pastoral care
- Social and recreational activities
- Maintenance service & Grounds care
- Social services
- Real estate taxes (unless excluded under the agreement)
- Use of all indoor, outdoor, and common social and recreational facilities
- Meal Plan (excluding cottages, and Rohrer apartments)

Trillium Place Services

Individuals entering Trillium Place for skilled nursing care or personal care services are not required to pay an entrance fee. Fees are based upon the level of care needed and are set forth below. It is expected that the fees will be increased to cover the rising cost of providing services to residents as deemed necessary.

Upon admission to Trillium Place, TMH enters into either a Nursing Care Agreement for skilled care, or a Personal Care Admission Agreement for personal care, at an additional charge equal to the prevailing rates. All fees paid by existing residents, including skilled nursing and personal care charges, are subject to change upon notice.

Trillium Place Fees and Charges

Each resident who enters the Skilled Nursing Care or Personal Care area of TMH is required to pay a per diem fee (listed below) after an applicant has completed an initial financial and medical review and has been accepted for admission.

Personal Care

Room Rates Effective 7/1/2025

Level of Care	Private
1	$281
2	$317
3	$353
4	$390
5	$426
Respite Rate	$353 - $426

Personal Care Memory Care

Room Rates Effective 7/1/2025

Level of Care	Modified Semi-Private	Private
5	$411	$426

Double Occupancy: Rates determined using each resident's level of care needs

Boyers Run Rooms with Kitchenette: Add $10

Skilled Nursing Care

Room Rates Effective 8/1/2025

Level of Care	Semi-Private	Modified Semi-Private	Private
1	$595	$620	$635
2	$664	$689	$704

8. CURRENT FEES REQUIRED OF RESIDENTS

See EXHIBIT 1 for a listing of entrance and monthly fees.

9. AVERAGE INCREASE IN PERIODIC RATES FOR THE PREVIOUS 5 YEARS

The frequency and average dollar amount of the increase in periodic rates for the previous 5 years is shown in EXHIBIT 2.

Average Annual Cost of Providing Services for The Year Ended June 30, 2025

Total Residential Living Operations Expenses	FY25
(Not including Depreciation)	$5,165,133
Resident Days	99,979
Average Cost per Resident Day	$51.66
Average Annual Cost per Resident	$18,857

10. ESCROW ACCOUNT AND RESERVE FUNDS

Reserve Funds

The Pennsylvania Insurance Department requires Providers to maintain certain reserve funds related to its continuing care agreements. The Provider is required to maintain a reserve equal to or the greater of the total of all projected principal and interest payments on any mortgage or long-term debt of the facility over a twelve-month period or 10% of total operating expenses excluding depreciation, whatever amount is greater. The amount of the reserve shall be computed only on the pro rata portion of the financing or expenses that are applicable to residents under continuing care agreements as of the most recent year-end. Funds sufficient to meet such requirements will be retained, and such amounts will be classified as operating reserves during each fiscal period.

CFH funds the statutory liquid reserve requirement based on the principal and interest payments due during the next 12 months. The reserve fund is shown as a separate line item on the balance sheet. These funds are held by Orrstown Bank. See the Audited Financial Statements attached as EXHIBIT 3.

Escrow Account

All deposits made prior to the occupancy date by the resident toward the total entrance fee for a residential living unit will be deposited into an Entrance Fee Escrow Account (attached as EXHIBIT 4) subject to release in accordance with the guidelines established by the Pennsylvania Insurance Department. CFH has established an entrance fee escrow account with Orrstown Bank, at 4750 Lindle Road, Harrisburg PA 17111.

11. AUDITED FINANCIAL STATEMENTS

A copy of the financial statements for Tandem Living and Subsidiaries for fiscal year ended June 30, 2025, audited by Baker Tilly US, LLP, certified public accountants, is attached as EXHIBIT 3.

12. PRO FORMA STATEMENT OF OPERATIONS

Pro Forma revenues and expenses for the fiscal year ending June 30, 2026 are provided in EXHIBIT 5.

13. STATEMENT OF OPERATIONS COMPARED TO PRIOR PRO FORMA

Description of material differences between pro forma statement of operations and actual results for fiscal 2025 attached as EXHIBIT 6.

14. RESIDENTIAL AGREEMENTS

The Residential Agreements govern the relationship and explain the mutual obligations between the resident and CFH. All terms of the agreements are reflected in the Residential Agreement and its attached exhibits. The Residential Agreement also provides a grievance procedure that includes a voluntary mediation provision and a mandatory, binding arbitration provision. Residents should review the Residential Agreement attached as EXHIBIT 7 for further explanation.

15. RIGHT TO RESCIND

Resident may rescind and terminate the applicable Resident and Care Agreement without penalty or forfeiture within seven (7) days of signing the Residential Agreement. Residents are not required to move in to the facility before the expiration of this seven (7) day period. To rescind their Residential Agreement, resident must mail or deliver a signed and dated copy of the Rescission Notice or any other dated written notice, letter or telegram, stating their desire to rescind to Calvary Fellowship Homes. A notice of Right to Rescind is included in the Agreements.

16. RESIDENTS RIGHT TO ORGANIZE

a. Residents shall have the right of self-organization.

b. The facility shall hold scheduled, routine quarterly meetings with the residents for the purpose of free discussions of subjects, which may include income, expenditures and financial matters as they apply to Calvary Homes, and proposed changes in policies, programs and service.

17. ACKNOWLEDGEMENT RECEIPT

The applicable statement(s) below should be checked:

_____ Calvary Homes Residential Agreement will be attached to this Disclosure Statement.

No Residential Agreements are attached because:

_____ This Disclosure Statement is being provided to a current resident of Calvary Homes.

EXHIBIT 1

Cottage and Apartment Fees

All Prices Effective July 1, 2025

Calvary Homes Cottage Price List

	ENTRANCE FEE Refundable Portion				
Cottages (per unit)	0%	25%	50%	One Person	Two Person
2 br/Sun Room/2 bath	$315,000	$394,000	$441,000	$1,810	No Additional Charge
3 br/2 bath	$265,000	$331,000	$371,000	$1,680	
2 br – Deluxe / 1.5 bath	$255,000	$319,000	$357,000	$1,620	
2 br/ 1.5 bath	$185,000	$231,000	$259,000	$1,620	
2 br – Single / 1 bath	$185,000	$231,000	$259,000	$1,570	
2 br – Multiple / 1 bath	$179,000	$219,000	$245,000	$1,570	
1 br / 1 bath	$122,000	$153,000	$171,000	$1,375	
1 br Garden Cottage	$122,000	$153,000	$171,000	$1,375	

The monthly fee includes: Maintenance, Water, Sewer, Trash Removal, Grounds Care, Snow Removal, Insurance on the cottage and other Misc. Expenditures. Electric and gas (if applicable) are additional.

Calvary Homes Apartments Price List

	ENTRANCE FEE Refundable Portion				
	0%	25%	50%	One Person	Two Person
Hamilton/Nissley					
2 br (Large)	$180,000	$225,000	$252,000	$2,145	$2,470
2 br/ 1 bath	$150,000	$188,000	$210,000	$2,130	$2,455
1 br – Reg. / 1 bath	$122,000	$153,000	$171,000	$2,000	$2,325
1 br – Sm. / 1 bath	$75,000	$94,000	$105,000	$1,885	$2,210
Cathedral Hall					
2 br / 2 bath	$180,000	$225,000	$252,000	$2,145	$2,470
1 br / 1 bath	$75,000	$94,000	$105,000	$2,000	$2,325
Efficiency / 1 bath	$47,000	$59,000	$66,000	$1,850	$2,175

The monthly fee includes: Meal Plan, Maintenance, Water, Sewer, Trash Removal, Grounds Care, Snow Removal, Electric, Gas and other Misc. Expenses.

	ENTRANCE FEE Refundable Portion				
	0%	25%	50%	One Person	Two Person
Hurter**					
2 br/ 2 bath	$250,000	$313,000	$350,000	$2,510	$2,835
1 br / 1.5 bath	$210,000	$263,000	$294,000	$2,450	$2,775
Rohrer					
2 br / 2 bath	$217,000	$271,000	$304,000	$1,860	$2,035
2 br / 2 bath	$165,000	$206,000	$231,000	$1,860	$2,035
1 br / 1 bath	$122,000	$153,000	$171,000	$1,685	$1,860

The monthly fee includes: Maintenance, Water, Sewer, Trash Removal, Grounds Care, Snow Removal, Electric, Gas and other Misc. Expenses. ** Hurter includes meal plan effective 7/1/2025.

EXHIBIT 2

CALVARY FELLOWSHIP HOMES, INC.

AVERAGE DOLLAR AMOUNT AND PERCENT INCREASE IN PERIODIC RATES FOR THE PREVIOUS FIVE YEARS

	7/1/25-6/30/26	7/1/24-6/30/25	7/1/23-6/30/24	7/1/22-6/30/23	7/1/21-6/30/22
Cathedral Hall - Efficiency Monthly	$1,850.00	$1,825.00	$1,804.00	$1,735.00	$1,610.00
	1.37%	1.16%	3.98%	7.76%	5.99%
Garden Apartment - 1 Bedroom Monthly	$1,375.00	$1,350.00	$1,334.00	$1,270.00	$1,183.00
	1.85%	1.20%	5.04%	7.35%	7.64%
Cathedral Hall - 1 Bedroom Monthly	$2,000.00	$1,955.00	$1,933.00	$1,859.00	$1,734.00
	2.30%	1.14%	3.98%	7.21%	5.54%
Hamilton/Nissley - 1 Bedroom Monthly	$2,000.00	$1,955.00	$1,933.00	$1,859.00	$1,734.00
	2.30%	1.14%	3.98%	7.21%	5.54%
Rohrer - 1 Bedroom Monthly	$1,685.00	$1,665.00	$1,649.00	$1,586.00	$1,466.00
	1.20%	0.97%	3.97%	8.19%	6.62%
Hurter - 1 Bedroom Monthly **	$2,450.00	$2,025.00	$2,004.00	$1,856.00	$1,736.00
	20.99%	1.05%	7.97%	6.91%	5.53%
Cottage - 1 Bedroom Monthly	$1,375.00	$1,350.00	$1,334.00	$1,270.00	$1,183.00
	1.85%	1.20%	5.04%	7.35%	7.64%
Cathedral Hall - 2 Bedroom Monthly	$2,145.00	$2,085.00	$2,046.00	$1,894.00	$1,769.00
	2.88%	1.91%	8.03%	7.07%	5.42%
Hamilton - 2 Bedroom Monthly	$2,130.00	$2,070.00	$2,046.00	$1,894.00	$1,769.00
	2.90%	1.17%	8.03%	7.07%	5.36%
Hamilton - 2 Bedroom(Large) Monthly	$2,145.00	$2,085.00	$2,046.00	$1,894.00	$1,769.00
	2.88%	1.91%	8.03%	7.07%	5.36%
Rohrer - 2 Bedroom Monthly	$1,860.00	$1,820.00	$1,782.00	$1,650.00	$1,530.00
	2.20%	2.13%	8.00%	7.84%	6.32%
Rohrer - 2 Bedroom(Large) Monthly	$1,860.00	$1,820.00	$1,782.00	$1,650.00	$1,530.00
	2.20%	2.13%	8.00%	7.84%	6.32%
Hurter - 2 Bedroom Monthly *	$2,510.00	$2,065.00	$2,021.00	$1,871.00	$1,751.00
	21.55%	2.18%	8.02%	6.85%	5.48%
Cottage - 2 Bedroom Monthly	$1,570.00	$1,500.00	$1,430.00	$1,300.00	$1,213.00
	4.67%	4.90%	10.00%	7.17%	7.44%
Cottage - 2 Bedroom w/sunroom Monthly	$1,810.00	$1,730.00	$1,662.00	$1,511.00	$1,424.00
	4.62%	4.09%	9.99%	6.11%	6.27%
Cottage - 3 Bedroom Monthly	$1,680.00	$1,600.00	$1,541.00	$1,401.00	$1,314.00
	5.00%	3.83%	9.99%	6.62%	6.83%

Refer to Trillium Place for Nursing and Personal Care Room & Board rates.

* Includes meal plan starting 7/1/25

Garden Apartment – one-bedroom, Cottage – one, two, & three-bedroom all pay electric, +/- gas, in addition to the monthly fee.

EXHIBIT 3:

AUDITED FINANCIAL STATEMENTS

Tandem Living and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2025

Tandem Living and Subsidiaries

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June 30, 2025

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Independent Auditors' Report

To the Board of Directors of
Tandem Living and Subsidiaries

Opinion

We have audited the consolidated financial statements of Tandem Living and Subsidiaries (the Corporation), which comprise the consolidated balance sheet as of June 30, 2025, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of June 30, 2025, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as identified in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
October 16, 2025

Tandem Living and Subsidiaries

Consolidated Balance Sheet
June 30, 2025

Assets		Liabilities and Net Assets	
Current Assets		**Current Liabilities**	
Cash and cash equivalents	$ 17,816,349	Current maturities of long-term debt	$ 2,640,232
Resident trust funds	29,747	Accounts payable:	
Assets whose use is limited:		Trade	1,642,607
Board-designated	2,640,232	Capital	1,040,257
Insurance trust funds	322,344	Accrued expenses	3,387,153
Accounts receivable, residents, net	1,816,360	Resident trust funds	29,747
Accounts receivable, entrance fees	550,292		
Prepaid expenses and other current assets	1,718,288	Total current liabilities	8,739,996
Total current assets	24,893,612	**Long-Term Debt, Net**	55,153,729
Assets Whose Use is Limited		**Refundable Fees and Deposits**	32,734,810
Board-designated	56,824,177		
Statutory minimum liquid reserve	3,823,000	**Deferred Revenues From Entrance Fees**	81,930,170
Insurance trust funds	139,458		
Entrance fee escrow	576,703	**Split-Interest Obligations**	407,362
Long-Term Investments	2,762,212	Total liabilities	178,966,067
Property and Equipment, Net	194,594,150	**Net Assets**	
		Without donor restrictions	103,469,426
Other Assets	320,840	With donor restrictions	9,767,628
Beneficial Interest in Perpetual Trusts	7,640,800	Total net assets	113,237,054
Derivative Financial Instruments	628,169		
Total assets	$ 292,203,121	Total liabilities and net assets	$ 292,203,121

See notes to consolidated financial statements

Tandem Living and Subsidiaries

Consolidated Statement of Operations
Year Ended June 30, 2025

Net Assets Without Donor Restrictions	
Revenues, gains and other support:	
Net resident service revenues	$ 63,964,310
Other revenues	1,004,185
Employee Retention Credit revenue	2,394,370
Total revenues	67,362,865
Expenses:	
Healthcare	18,342,590
Depreciation	11,654,338
Plant operations	9,497,121
General and administrative	9,384,979
Food service	8,062,771
Housekeeping and laundry	2,837,614
Social services and activities	1,883,209
Interest	1,874,870
Pennsylvania nursing home assessment	389,629
Provision for credit losses	183,419
Total expenses	64,110,540
Operating income	3,252,325
Other income (loss):	
Inherent contribution received in affiliation	21,387,588
Investment income	7,747,629
Contributions	959,405
Impairment loss	(5,734,347)
Change in fair value of derivative financial instruments	(971,143)
Revenues in excess of expenses	$ 26,641,457

See notes to consolidated financial statements

Tandem Living and Subsidiaries

Consolidated Statement of Changes in Net Assets
Year Ended June 30, 2025

Net Assets Without Donor Restrictions	
Revenues in excess of expenses	$ 26,641,457
Net assets released from restrictions used for capital expenditures	74,064
Increase in net assets without donor restrictions	26,715,521
Net Assets With Donor Restrictions	
Contributions	76,571
Change in value of split-interest agreements	46,417
Valuation gain, beneficial interest in perpetual trusts	627,191
Net assets released from restrictions	(74,064)
Increase in net assets with donor restrictions	676,115
Increase in net assets	27,391,636
Net Assets, Beginning	85,845,418
Net Assets, Ending	$ 113,237,054

See notes to consolidated financial statements

Tandem Living and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows From Operating Activities	
Increase in net assets	$ 27,391,636
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Inherent contribution received in affiliation	(21,387,588)
Depreciation	11,654,338
Impairment loss	5,734,347
Amortization of deferred financing costs	38,210
Proceeds from entrance fees, resales	12,463,661
Change in entrance fee deposits	(1,800,948)
Amortization of entrance fees	(12,274,020)
Provision for credit losses	183,419
Net realized and unrealized gain on investments	(5,813,611)
Change in fair value of derivative financial instruments	971,143
Change in value and payments of split-interest agreements, net	(22,403)
Valuation gain, beneficial interest in perpetual trusts	(627,191)
Changes in assets and liabilities:	
Accounts receivable	982,768
Other Assets	16,347
Prepaid expenses and other current assets	(394,463)
Accounts payable	(87,362)
Accrued expenses and other liabilities	(493,127)
Resident trust funds	6,804
Net cash provided by operating activities	16,541,960
Cash Flows From Investing Activities	
Cash, cash equivalents and restricted cash and cash equivalents received in affiliation	974,614
Purchases of property and equipment	(25,977,791)
Net sales of investments	1,399,227
Net cash used in investing activities	(23,603,950)
Cash Flows From Financing Activities	
Proceeds from construction loan	5,034,970
Payment of construction loan	(5,034,970)
Proceeds from long-term debt	9,944,413
Payment of long-term debt	(6,456,847)
Refunds of entrance fees	(5,340,095)
Proceeds from refundable entrance fees, resales	1,585,073
Proceeds from entrance fees, new units	13,857,779
Net cash provided by financing activities	13,590,323
Net change in cash, cash equivalents and restricted cash and cash equivalents	6,528,333
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	12,356,268
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 18,884,601

See notes to consolidated financial statements

Supplemental Disclosure of Cash Flow Information	
Interest paid, net of amount capitalized	$ 1,240,353
Noncash Investing and Financing Activities	
Obligations incurred for the acquisition of property and equipment	$ 1,040,257
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheets	
Cash and cash equivalents	$ 17,816,349
Resident trust funds	29,747
Assets whose use is limited:	
Insurance trust funds	461,802
Entrance fee escrow	576,703
Total cash, cash equivalents and restricted cash and cash equivalents	$ 18,884,601

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Tandem Living is a not-for-profit corporation providing housing, health care and related services to older residents through the operation of nursing facilities, personal care units and residential living units through its controlled subsidiaries described below.

During 2024, Tandem Living was established to create a parent organization and serve as sole member of The Mennonite Home (TMH). In addition, Tandem Living entered into an affiliation with Calvary Fellowship Homes, Inc. (CFH), which closed on August 1, 2024 and Tandem Living became the sole member of CFH (Note 2). Tandem Living is governed by a board of directors comprised of two-thirds of the former board members of TMH and one-third of the former board members of CFH. In addition, a separate, unified board of directors oversees the subsidiary organizations of TMH and CFH and is comprised of two-thirds of the former board members of TMH and one-third of the former board members of CFH.

The Mennonite Home

TMH is a not-for-profit corporation that operates a continuing care retirement community in Lancaster, Pennsylvania. TMH operates a nursing facility with 160 licensed beds, 85 licensed personal care units and 569 independent living units (403 apartments and 166 villas). The nursing facility and personal care units are located on TMH's Trillium Place campus, while the independent living units are located on TMH's Woodcrest Villa campus.

Calvary Fellowship Homes, Inc.

CFH is a not-for-profit corporation that operates a continuing care retirement community in Lancaster, Pennsylvania. CFH operates 218 independent living units (146 apartments and 72 cottages). During July and August 2024, residents of CFH's skilled nursing facility and personal care were relocated to TMH's Trillium Place campus. CFH signed a management agreement with TMH as the sole and exclusive manager of the daily operations along with skilled nursing and personal care services effective August 1, 2024.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Tandem Living and its controlled subsidiaries described above (collectively, the Corporation). All significant intercompany transactions and balances have been eliminated.

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

Cash and cash equivalents include interest bearing investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding resident trust funds, long-term investments and assets whose use is limited.

For purposes of the consolidated statement of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less including resident trust funds, insurance trust funds and entrance fee escrows.

Accounts Receivable

The Corporation assesses collectability on all resident accounts prior to providing services. Accounts receivable are reported net of an allowance for credit losses to present the Corporation's estimate of expected losses as of the consolidated balance sheet date. The adequacy of the Corporation's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivables portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance as necessary. The allowance for credit losses is estimated based upon a periodic review of individual accounts and was $280,000 at June 30, 2025.

Entrance fee receivables are evaluated for collectability prior to residents being admitted to the community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. The fair value of substantially all securities is determined by quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheet could change materially in the near term.

Assets Whose Use is Limited

Assets whose use is limited includes assets set aside by the board of directors which are available for the general use and purposes of the Corporation, including principal payments on long-term debt, assets designated to meet the statutory minimum liquid reserve requirements of Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), entrance fees and assets restricted under a workers' compensation trust agreement and insurance trust funds. Amounts available to meet current liabilities of the Corporation have been classified as current assets in the consolidated balance sheet.

Long-Term Investments

Long-term investments include assets to be held by the Corporation in perpetuity and assets whose use by the Corporation has been limited by donors to specific time periods or purposes.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. The Corporation's policy is to capitalize fixed assets in excess of $500. The Corporation capitalizes interest expense as a component of the cost of property and equipment constructed for its own use.

Gifts of long-lived assets such as land, buildings or equipment are reported as contributions to net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. As described in Note 1, CFH transferred its skilled nursing and personal care operations to Trillium place during 2025. As a result, the related buildings are no longer in use and an impairment loss of $5,723,752 was recognized in the accompanying consolidated statement of operations during 2025.

Deferred Financing Costs

The deferred financing costs incurred in connection with the issuance of, and the renewal of letters of credit related to, long-term debt have been deferred and are amortized over the terms of the related debt and letter-of-credit agreements using the straight-line method, which approximates the effective interest method. Amortization expense, which is included as a component of interest expense, was $38,210 in 2025.

Resident Trust Funds

Resident funds are accounted for as trust funds and are maintained separate from other funds.

Entrance Fees

Under certain entrance fee plans for independent living units, the Corporation receives payments in advance. Residents have several entrance plan options, "refundable" options and a "nonrefundable" option.

TMH refundable options have a guaranteed refund component, which ranges from 25% to 90% of the advance fee paid with the balance, if any, refundable on a decreasing basis for five years for the 25% option and immediately refundable for the 90% option. The nonrefundable option has no guaranteed refund component and is refundable on a decreasing basis for three years. All refunds to residents are paid at the time of resale of the independent living unit by the Corporation, but not later than one year after termination of the resident agreement. The amount of any refund due under current agreements are generally calculated and paid based on the date the unit vacated is occupied by a new resident or one year after termination of the Agreements, whichever occurs first.

CFH's entrance fee contracts generally have no guaranteed refund component and are refundable on a decreasing basis for four years. Agreements entered into subsequent to August 2023 are refundable on a decreasing basis for three years. Entrance fees are generally refundable on a decreasing basis for two years in the event of a resident's death. The amount of any refund due under current agreements are generally calculated and paid based on the date the unit vacated is occupied by a new resident or one year after termination of the Agreements, whichever occurs first.

The guaranteed refund component of advance fees received is not amortized to income and is classified as refundable fees and deposits in the consolidated balance sheet. The balance of advance fees received is amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents and is classified as deferred revenues from entrance fees in the consolidated balance sheet. At June 30, 2025, the Corporation's gross amount of contractual refund obligations under existing resident agreements approximates $58,277,000.

The majority of services provided to the Corporation's independent living residents are paid for on a "fee-for-service" basis and are not included under the entrance fee plans.

Split-Interest Agreements

The Corporation has received as contributions various types of split-interest agreements, including charitable gift annuities, charitable remainder trusts and perpetual trusts.

Under the charitable gift annuity arrangements, the Corporation has recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Corporation to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as contributions to net assets without donor restrictions, unless otherwise restricted by the donor.

Under the charitable remainder trust arrangements, the Corporation serves as trustee and has recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Corporation to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as contributions to net assets with donor restrictions. Subsequent changes in fair value for charitable remainder trusts are recorded as a change in value of split-interest agreements in the net assets with donor restrictions class.

The Corporation has also received as contributions charitable gift annuities through the Mennonite Foundation (the Foundation). These arrangements represent contracts between the Foundation and the donors. Donors transfer cash or investments to the Foundation and, in turn, receive periodic distributions from the Foundation. The contributions received by the Corporation are the unconditional rights to receive the remainder interest of the gift annuities. The amount of the contribution is the difference between the asset received by the Foundation and the present value of the estimated future payments to be distributed by the Foundation to the annuitants. These contributions are recorded as contributions to net assets with donor restrictions, in accordance with donor restrictions. The assets are included in other assets on the consolidated balance sheet.

Under the perpetual trust arrangements, the Corporation has recorded the asset and has recognized a contribution to net assets with donor restrictions at the fair market value of the Corporation's beneficial interest in the trust assets. Income earned on the trust assets and distributed to the Corporation is recorded as investment income in the consolidated statement of operations, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as valuation gain, beneficial interest in perpetual trusts in the net assets with donor restrictions class.

Derivative Financial Instruments

The Corporation entered into interest rate swap agreements, which are considered derivative financial instruments, to manage the variable rate interest payments due on its long-term debt (Note 6). The interest rate swap agreements are reported at fair value and classified as derivative financial instruments in the consolidated balance sheet. Related changes in fair value are reported in the consolidated statement of operations.

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Net Assets Without Donor Restrictions - net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that may be met either by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Benevolent Care

TMH and CFH provide services to residents who meet certain criteria at amounts less than its cost of providing services and/or care. TMH and CFH maintain records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided to personal care and independent residents include both direct costs and estimated indirect costs, as calculated by management. The level of benevolent care provided by TMH and CFH, which represents the difference between the estimated cost of providing services and/or care and the payments received for services rendered, was approximately $1,827,000 and $105,000 for TMH and CFH, respectively, in 2025.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of skilled nursing, personal care and independent living revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues are recognized on a daily or month-to-month basis as services are rendered.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable fees and deposits in the accompanying consolidated balance sheet.

Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining length of stay in independent living of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheet. Amortization of nonrefundable entrance fees included in net resident service revenues was $12,274,020 in 2025. During 2025, TMH changed its amortization method assumptions to include updated historical data. The effect of the change in estimate increased amortization of entrance fees by approximately $1,606,000 during 2025.

The Corporation receives revenue for services under third-party payor programs, including Medicare, Medical Assistance and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Contract Balances

Contract assets represent the Corporation's right to consideration in exchange for goods or services that the Corporation has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Corporation's future performance). Contract liabilities represent the Corporation's obligation to transfer goods or services to a resident for which the Corporation has received consideration (or the amount is due) from the resident.

The Corporation's beginning and ending contract liabilities are separately presented on the consolidated balance sheet as of June 30, 2025. The Corporation had contract liabilities in deferred revenue from entrance fees of $53,243,764 as of June 30, 2024. The Corporation had no contract assets as of June 30, 2025 and 2024.

Income Taxes

Tandem Living, TMH and CFH are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

The Corporation accounts for uncertainty in income taxes by prescribing a recognition threshold of more likely than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2025.

Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivized employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit was allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer.

CFH averaged more than 100 full-time employees (FTEs), but less than 500 FTEs, during 2019. Therefore, CFH was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC, while as a small employer in 2021, all of CFH's otherwise qualified wages were eligible. For 2020, the ERC equaled 50% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee. CFH applied for and received credits totaling $2,394,370 during 2024 for the quarters ending March 31, 2021 and June 30, 2021. CFH accounted for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 for conditional contributions and accordingly, revenues are measured and recognized when barriers are substantially met. Management believes that it qualifies for the ERC under the partial suspension provisions. However, given the subjectivity in the eligibility assessment, CFH did not recognize the ERC funds as revenue until the barriers were substantially met, or the statute of limitations expired. During 2025, the statute of limitations expired for the quarters ending March 31, 2021 and June 30, 2021 and accordingly, CFH recognized Employee Retention Credit revenue of $2,394,370 in the consolidated statement of operations.

Revenues in Excess of Expenses

The consolidated statement of operations includes the determination of revenues in excess of expenses. Changes in net assets without donor restrictions which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through October 16, 2025, the date the consolidated financial statements were available to be issued.

2. Transfer of Membership

Effective August 1, 2024, Tandem Living became the sole member of CFH as described in Note 1. CFH remained a separate not-for-profit organization. The affiliation was consummated to enhance operational scale and synergies from combining healthcare and personal care operations described in Note 1. In connection with the affiliation, CFH entered into a management agreement with Tandem Living. There were no amounts of consideration transferred to execute the affiliation.

The recognized amounts of identifiable assets acquired and liabilities assumed at the date of affiliation were as follows:

Cash and cash equivalents	$ 954,856
Resident trust funds	16,365
Accounts receivable, residents, net	758,643
Accounts receivable, entrance fees	184,950
Assets whose use is limited, board, designated	7,785,155
Assets whose use is limited, insurance trust funds	3,393
Prepaid expenses and other current assets	535,270
Property and equipment	46,148,130
Other assets	100,000
Current maturities of long-term debt	(544,273)
Accounts payable, trade	(668,354)
Accrued expenses	(1,073,369)
Resident trust funds	(17,751)
Long-term debt, net	(14,901,917)
Refundable fees and deposits	(108,754)
Deferred revenue from entrance fees	(17,492,138)
Split-interest obligations	(292,618)
Inherent contribution	(21,387,588)
	$ -

The affiliation was accounted for as a business combination which requires the transaction to be accounted for under the acquisition method of accounting. The carrying amounts of cash and cash equivalents, accounts receivable and other receivables, prepaid expenses, inventory and deposits, other assets and accounts payable and accrued expenses approximated fair value as of the acquisition date due to the short-term nature of these amounts. Investments were recorded at fair value. The fair value of CFH's property and equipment as of the acquisition date was based on an independent third-party appraisal. Refundable fees and deposits were deemed immaterial and it was concluded by management that the fair value approximated the carrying value. The deferred revenue from entrance fees assumed as part of the transaction represents contract liabilities for performance obligations outstanding and were recognized in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts With Customers (Topic 606)*, as of the acquisition date. The deferred revenue from entrance fee balances are deemed to be contract liabilities and were recognized at carrying value in accordance with FASB ASU 2021-08, *Business Combinations (Topic 805)*. The fair value of the CFH's long-term indebtedness as of the acquisition date was recorded at the historical carrying value which approximates its fair value. The terms of the long-term indebtedness for CFH are more fully described in Note 6. CFH recorded an inherent contribution totaling $21,387,588, which represents the excess of the acquisition date fair values of the identifiable assets acquired over the acquisition date fair values of the liabilities assumed.

3. Liquidity and Availability of Resources

The following table reflects the Corporation's financial assets available for general expenditure within one year of the June 30, 2025 consolidated balance sheet date.

Cash and cash equivalents	$ 17,816,349
Accounts receivable, residents, net	1,816,360
Accounts receivable, entrance fees	550,292
Board-designated assets whose use is limited	59,464,409
Total	$ 79,647,410

The Corporation has certain board-designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above.

The Corporation has other assets limited to use for insurance trust funds, entrance fee escrow and other regulatory requirements. As stated in Note 4, the Corporation designated a portion of its investments as a statutory minimum liquid reserve to comply with the requirements of Act 82 and thus they are not included in the schedule above. Although the Corporation does not intend to utilize the Act 82 Reserves for general expenditures as part of its annual budget and approval process, amounts designated as Act 82 reserves could be made available as necessary. The Act 82 reserves are separately classified in the consolidated balance sheet and do not have third party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. These funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

4. Fair Value Measurements, Investments and Other Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as 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. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Corporation for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following table presents financial instruments measured at fair value at June 30, 2025, by caption on the consolidated balance sheet:

	Total	Level 1	Level 2	Level 3
Reported at Fair Value				
Assets whose use is limited:				
Cash and cash equivalents **	$ 7,431,986			
U.S. government agency obligations	9,191,799	$ -	$ 9,191,799	$ -
Corporate bonds	4,744,111	-	4,744,111	-
International bonds	618,014	-	618,014	-
Marketable equity securities:				
International	1,475,966	1,475,966	-	-
Information technology	10,400,200	10,400,200	-	-
Financial	4,101,741	4,101,741	-	-
Healthcare	2,331,749	2,331,749	-	-
Industrials	1,715,538	1,715,538	-	-
Energy	884,040	884,040	-	-
Consumer discretionary	4,503,342	4,503,342	-	-
Consumer staples	2,152,163	2,152,163	-	-
Telecommunications	2,367,977	2,367,977	-	-
Materials	513,010	513,010	-	-
Utilities	681,559	681,559	-	-
Real estate	710,498	710,498	-	-
Mutual funds, equity:				
Domestic	8,355,162	8,355,162	-	-
International	503,808	503,808	-	-
Other	235,296	235,296	-	-
Mutual funds, fixed income	297,216	297,216	-	-
Other	72,234	72,234	-	-
Total assets whose use is limited	63,287,409	41,301,499	14,553,924	-
Less statutory minimum liquid reserve	3,823,000			
Total assets whose use is limited, board designated	59,464,409			
Insurance trust funds:				
Cash and cash equivalents **	461,802			
Entrance fee escrow:				
Cash and cash equivalents **	576,703			

	Total	Level 1	Level 2	Level 3
Long-term investments:				
Cash and cash equivalents **	$ 134,081			
U.S. government agency obligations	397,977	$ -	$ 397,977	$ -
Corporate bonds	170,488	-	170,488	-
International bonds	9,715	-	9,715	
Marketable equity securities:				-
International	56,164	56,164	-	-
Information technology	386,947	386,947	-	-
Financial	153,313	153,313	-	-
Healthcare	82,560	82,560	-	-
Industrials	62,737	62,737	-	-
Energy	33,093	33,093	-	-
Consumer discretionary	167,239	167,239	-	-
Consumer staples	80,313	80,313	-	-
Telecommunications	86,859	86,859	-	-
Miscellaneous	18,725	18,725	-	-
Real estate	27,198	27,198	-	-
Utilities	25,370	25,370	-	-
Mutual funds, equity	775,385	775,385	-	-
Mutual funds, fixed income	94,048	94,048	-	-
Total long-term investments	2,762,212	2,049,951	578,180	-
Beneficial interest in perpetual trusts	7,640,800	-	-	7,640,800
Derivative financial instruments	628,169	-	628,169	-
Total assets	$ 75,357,095	$ 43,351,450	$ 15,760,273	$ 7,640,800

** Cash and cash equivalents are presented in the table above in the total line to reconcile total assets whose use is limited and long-term investments to the consolidated balance sheet.

Valuation Methodologies

Assets whose use is limited and long-term investments are valued at fair value based on quoted market prices in active markets for marketable equity securities, mutual funds and other assets or estimated using quoted prices for similar securities for U.S. government agency obligations, corporate bonds and international bonds.

The beneficial interest in perpetual trusts is valued at fair value based on the Corporation's interest in the fair values of the underlying assets, which approximate the present value of estimated future cash flows to be received from the trusts. There were no purchases or sales during 2025.

The Corporation measures its derivative financial instruments (interest rate swap agreements) at fair value using information provided by the counterparty to the agreements. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would be paid to terminate the agreements.

Derivatives

The Corporation entered into six interest rate swap agreements for the entire outstanding amounts of the 2007 Bonds (Swap #1), the 2016 Note, (Swap #2) the 2017 Note (Swap #3), the 2014 Note (Swap #4), the 2018 Note (Swap #5) and the 2024 Loan (Swap #6); the agreements expire in November 2027, June 2025, June 2026, September 2029, April 2030 and February 2031, respectively. The variable rate on the agreements is based on the Secured Overnight Financing Rate (SOFR) (4.45% at June 30, 2025) and the fixed rate is 2.04%, 2.70%, 2.86%, 2.82%, 3.03% and 4.70% for Swap #1, Swap #2 and Swap #3, Swap #4, Swap #5 and Swap #6, respectively. Payments to or from the counterparty are classified as a component of interest expense. Changes in the fair value of the agreements are included in revenues in excess of expenses since the agreements are not designated as hedging instruments. The fair value of the swaps was an asset of $628,169 at June 30, 2025, and is included in derivative financial instruments in the accompanying consolidated balance sheet. The change in the fair value of the agreements is classified as change in fair value of derivative financial instruments in the consolidated statement of operations and was $(971,143) in 2025.

Statutory Liquid Reserves

In compliance with Act 82, the board of directors designated a portion of board-designated assets whose use is limited to meet the requirements of Act 82. The designated funds amounted to approximately $2,609,000 for TMH and $1,214,000 for CFH at June 30, 2025. At June 30, 2025, the reserves were calculated as follows:

	TMH (Woodcrest Villa Campus)	CFH	
Budgeted operating expenses for independent living units for the year ending June 30, 2026	$ 25,006,000	$ 7,567,762	
Less budgeted depreciation expense	(8,354,000)	(1,746,460)	
Expenses subject to minimum liquid reserve requirement	16,652,000	5,821,302	
Statutory requirement	10%	10%	
Statutory minimum liquid reserve requirement	$ 1,665,200	$ 582,130	(a)
Debt service requirements for the year ending June 30, 2026 on long-term debt related to independent living units:			
Principal payments	$ 1,557,000	$ 570,000	
Estimated interest, letter of credit fees and remarketing fees	1,052,000	644,000	
Total	$ 2,609,000	$ 1,214,000	(b)
Greater of (a) or (b) above	$ 2,609,000	$ 1,214,000	

Investment Income

Investment income without donor restrictions is comprised of the following as of June 30, 2025:

Interest and dividend income	$ 2,179,503
Net realized gain on sales of investments	2,107,219
Net unrealized gain on investments	3,706,394
Investment advisory fees	(245,487)
	$ 7,747,629

5. Property and Equipment, Net

Property and equipment, net is as follows as of June 30, 2025:

Land	$ 12,166,814
Land improvements	15,859,536
Buildings and building improvements	242,293,430
Furniture and equipment	30,140,331
	300,460,111
Less accumulated depreciation	108,941,603
	191,518,508
Construction-in-progress	3,075,642
Property and equipment, net	$ 194,594,150

Construction-in-progress at June 30, 2025 includes expenditures related to various renovations and costs associated with current and future construction projects. The Corporation has entered into construction contracts totaling approximately $2,607,000. Costs incurred through June 30, 2025 were $1,578,935.

6. Construction Lines of Credit and Revolving Demand Note

TMH has a $2,000,000 revolving construction line of credit agreement with M&T Bank (M&T). The line of credit bears interest at a rate equal to 3.11% above SOFR (8.49% at June 30, 2025) and is secured by a continuing lien on and security interest in the MH's funds held by M&T. The revolving construction line of credit has no maturity date and renews annually. Borrowings on the subordinated revolving construction line of credit are due on demand. No amounts were outstanding as of June 30, 2025.

TMH has a $6,000,000 subordinated revolving demand line of credit in conjunction with the issuance of the Series 2014 Note with M&T. The subordinated revolving demand line of credit bears a variable interest rate based on a base rate plus SOFR (8.32 at June 30, 2025). The revolving demand line of credit has no maturity date and renews annually. Borrowings on the subordinated revolving demand line of credit are due on demand. No amounts were outstanding as of June 30, 2025.

TMH has an unsecured $4,500,000 revolving SOFR demand note (the Revolving Demand Note) with M&T. The Revolving Demand Note bears interest at a rate equal to 3.11% above SOFR (8.49% at June 30, 2025). The revolving demand line of credit has no maturity date and renews annually. Borrowings on the Revolving Demand Note are due on demand. There were no borrowings on the Revolving Demand Note as of June 30, 2025.

On February 28, 2024, TMH entered into a $10,000,000 construction loan (the Construction Loan) with Fulton Bank N.A. (Fulton) to finance the construction of new independent living units (Falcon Pointe). TMH bears interest at a rate equal to the 30-day SOFR plus 173 basis points (6.04% at June 30, 2025) with interest only due monthly during the draw period. The full amount of principal and any interest outstanding is due on February 28, 2026 and is expected to be repaid from new entrance fee proceeds. There were no borrowings on the construction loan as of June 30, 2025. The Construction loan is secured by a first mortgage lien on and security interest in TMH's property and equipment. Additionally, on February 28, 2024, TMH entered into a $1,000,000 revolving construction line of credit agreement with Fulton available to be used for part of the construction of Falcon Pointe. The line of credit bears interest at a rate equal to 30-day SOFR plus 184 basis points (6.15% at June 30, 2025). The line of credit has no maturity date and renews annually. The borrowings on the line of credit are due on demand. No amounts were outstanding as of June 30, 2025. The line of credit is secured by a continuing lien on and security interest in the TMH's funds held by Fulton.

CFH has a $1,550,000 demand line of credit, at an interest rate equal to the 30 day Secured Overnight Financing Rate (SOFR) plus 211 basis points with an interest rate floor of 2.56% (6.43% at June 30, 2025) and is secured by a first mortgage lien on the CFH's property and equipment and a security interest in substantially all other assets of CFH. There were no borrowings on the line of credit at June 30, 2025. The line of credit also supports a letter of credit as described in Note 11.

7. Long-Term Debt

Long-term debt of the Corporation is as follows:

TMH:	
Series 2007 Bonds	$ 14,855,000
Series 2014 Note	9,074,999
Series 2017 Note	5,095,919
Series 2018 Note	4,893,728
Series 2024 Loan	9,500,001
Total TMH	43,419,647
CFH:	
Series 2018A Revenue Note	5,278,603
Series 2018B Revenue Note	2,716,935
Series 2019 Revenue Note	2,447,682
Series 2023 Revenue Note	4,285,037
2023 Business Loan	218,948
Total CFH	14,947,205
Less current maturities	(2,640,232)
Less unamortized deferred financing costs, net	(572,891)
Long-term debt	$ 55,153,729

Scheduled principal repayments on long-term debt are as follows:

	TMH	CFH	Total
Years ending June 30:			
2025	$ 2,071,850	$ 568,382	$ 2,640,232
2026	2,091,114	593,587	2,684,701
2027	2,035,779	612,600	2,648,379
2028	2,065,642	625,849	2,691,491
2029	2,024,001	656,271	2,680,272
Thereafter	33,131,261	11,890,516	45,021,777
Total	$ 43,419,647	$ 14,947,205	$ 58,366,852

TMH

Series 2007 Bonds

In December 2007, the Lancaster Industrial Development Authority issued, on behalf of the Corporation, $26,615,000 of tax-exempt revenue bonds (the 2007 Bonds). The proceeds from the 2007 Bonds were used to repay existing loans, finance the cost of certain construction and renovation projects, fund interest on the 2007 Bonds for approximately 27 months, and pay the costs and expenses of issuing the 2007 Bonds. The 2007 Bonds bear interest at a variable rate, determined weekly by prevailing market conditions. Under the agreements, TMH has the option to convert the interest rate to a term rate mode. Under no circumstances shall the variable rate exceed an annual rate of 10% for the 2007 Bonds. The 2007 Bonds are due in varying annual installments through December 2037 plus interest payable monthly at a variable rate (2.12% at June 30, 2025), plus a letter of credit fee and a remarketing fee. The variable rate is synthetically converted to a fixed rate of 2.04% by an interest rate swap agreement (Note 4).

Series 2014 Note

In September 2014, the Lancaster Municipal Authority issued a Series of 2014 Authority Note (the 2014 Note) in the maximum principal amount of $10,000,000, the proceeds of which were used to finance the construction of a new wellness center and pay certain costs of issuance. The 2014 Note is due in varying monthly installments through September 2041 plus interest payable monthly at a variable rate (4.52% at June 30, 2025) and thereafter at a fixed rate based on a formula determined by M&T. The variable rate is synthetically converted to a fixed rate of 2.82% by an interest rate swap agreement (Note 4).

Series 2016 Note

In December 2016, the Lancaster Municipal Authority issued a Series of 2016 Authority Note (the 2016 Note) in the maximum principal amount of $10,000,000, the proceeds of which were used to refinance the 2000 Bonds in full and the 2007 Bonds in part. Of the $10,000,000 in proceeds, $8,345,000 was used to pay off the 2000 Bonds and $1,655,000 was used to pay a portion of the 2007 Bonds. The 2016 Note was paid in full in June 2025.

Series 2017 Note

In February 2017, the Lancaster Municipal Authority issued a Series of 2017 Authority Note (the 2017 Note) in the maximum principal amount of $10,000,000, the proceeds of which were used to refinance the 2007 Bonds in part. The 2017 Note is due in varying monthly installments through February 2027 plus interest payable monthly at a variable rate (4.22% at June 30, 2025). The variable rate is synthetically converted to a fixed rate of 2.86% by an interest rate swap agreement (Note 4).

Series 2018 Note

In April 2018, the Lancaster Municipal Authority issued a Series of 2018 Authority Note (the 2018 Note) in the maximum principal amount of $10,000,000, the proceeds of which are to be used to finance the construction of Pheasant Pointe. Interest only is payable during the construction period in monthly installments at a variable rate equal to SOFR plus 342 basis points. Beginning April 2020, principal and interest at a variable rate equal to 79% of the sum of SOFR plus 2.36% became due in varying monthly installments through April 2045 (5.28% at June 30, 2025). The variable rate is synthetically converted to a fixed rate of 3.03% by an interest rate swap agreement (Note 4).

Series 2024 Loan

In February 2024, Fulton issued the series 2024 construction draw/term loan (the 2024 Loan) in the maximum principal amount of $13,000,000, the proceeds of which are to be used to finance the construction of Falcon Pointe. Interest only is payable during the construction period in monthly installments at a variable rate equal to 80% of 30-day SOFR plus 180 basis points (4.89% at June 30, 2025). Beginning July 2025, principal and interest are due in varying monthly installments through February 2051. The variable rate is synthetically converted to a fixed rate of 4.70% by an interest rate swap agreement (Note 4).

Security

TMH entered into a letter of credit agreement with M&T to secure the 2007 Bonds. The letter of credit balance for the 2007 Bonds consists of the 2007 Bonds outstanding plus 35 days of interest on such outstanding bonds at an interest rate not to exceed 10%. The letter of credit is secured by a first security interest in TMH's gross revenues, as defined in the applicable agreements, and a first mortgage lien on and security interest in TMH's property and equipment. TMH and M&T executed Amended Letter of Credit Agreements whereby M&T agreed to extend the term of the letter of credit agreement related to the 2007 Bonds to December 2026 and reduce the letter of credit fee to 1.10%. The letter of credit fee is classified as interest expense in the consolidated statement of operations.

The 2014 Series Note is secured by a mortgage and security agreement. The Series 2016 Note, 2017 Note, 2018 Note and 2024 Loan are secured by a first security interest in TMH's gross revenues, as defined in the applicable agreements, and a first mortgage lien on and security interest in the TMH's property and equipment.

TMH is subject to certain financial covenants in accordance with the terms of the 2014 Series Note, 2016 Note, 2017 Note, 2018 Note and 2024 Loan.

CFH

Series 2018 Bonds

In March 2018, the Penn Industrial Development Authority issued a $6,500,000 Revenue Note, Series A of 2018 (Series 2018A Revenue Note) and a $3,500,000 Revenue Note, Series B of 2018 (Series 2018B Revenue Note) (collectively, Series 2018 Revenue Notes) on behalf of CFH through Orrstown Bank. The proceeds of Series 2018 Revenue Notes were used to refinance outstanding debt, finance the costs of issuance and expand existing facilities.

Interest on the Series 2018A Revenue Note is payable monthly at a fixed rate of 3.55%, payable in monthly installments. Interest on the Series 2018B Revenue Note is payable monthly at a fixed rate of 4.85% through December 28, 2027 and thereafter at variable rate of one-month SOFR plus 210 basis points multiplied by 0.79% with a floor of 4.50%. CFH is required to make principal and interest payments based on a maturity date of April 1, 2043 with a tender option date of April 1, 2028.

Series 2019 Bonds

In February 2019, the Penn Industrial Development Authority issued a $3,000,000 Revenue Note, Series of 2019 (Series 2019 Revenue Note) on behalf of CFH through the Orrstown Bank. The proceeds of the Series 2019 Revenue Note were used for the expansion of existing facilities. Interest on the Series 2019 Revenue Note is payable at a fixed rate 4.03%. CFH is required to make principal and interest payments based on a maturity date of March 1, 2043 with a tender option date of March 1, 2028.

Series 2023 Bonds

In March 2023, the National Finance Authority issued a $4,600,000 Revenue Note, Series of 2023 (Series 2023 Revenue Note) on behalf of CFH through the Bank. The proceeds of the Series 2023 Revenue Note were used to create a capital expenditures escrow fund and for general working capital purposes. Interest through March 29, 2028, is equal to 5.03%. After March 29, 2028, interest will be based on the 30-Day Term SOFR plus 211 basis points multiplied by 83% not to exceed 15%. CFH is required to make principal and interest payments through April 2033.

2023 Business Loan

In April 2023, a Business Loan was issued for $232,000 between CFH and Orrstown Bank. The proceeds from the Business Loan were used to expand residential living facilities. Interest for the first 60 payments will be 6.47%. After the first 60 payments, interest is based on the 30-Day Term SOFR rate. CFH is required to make principal and interest payments through April 2033.

Security

Borrowings under the terms of the Business Loan and Series 2018, 2019 and 2023 Revenue Notes are secured by a first mortgage lien on the CFH's property and equipment and a security interest in substantially all other assets of the CFH.

There are certain financial covenants that are required to be met related to CFH's long-term debt.

8. Accrued Expenses

Accrued expenses are as follows:

Salaries and wages and related expenses	$	1,049,647
Paid time off		1,143,683
Retirement plan accruals		753,393
Health Insurance		337,298
Other		68,164
Interest		34,968
	$	3,387,153

9. Pension Plan

TMH sponsors a defined contribution retirement plan (the Plan) and Plan expenses were $919,007 in 2025. CFH sponsored a defined contribution retirement plan prior to its termination on August 26, 2024.

10. Net Assets With Donor Restrictions

Split-interest agreements	$	761,859
Other purpose restricted		46,345
Restricted in perpetuity		8,959,424
Total net assets with donor restrictions	$	9,767,628

11. Insurance

Workers' Compensation, Professional and General Liability Insurance

The Corporation is a member of CARE, Ltd. (CARE), a multi-provider captive reinsurance company for workers compensation, professional, automobile and general liability insurance. In connection with the reinsurance provided by CARE, the Corporation is obligated to make payments to CARE up to a predetermined percentage of its annual premiums. TMH maintains a $433,600 irrevocable stand-by letter of credit and CFH maintains a $16,472 irrevocable stand-by-letter of credit to secure the future obligations under the terms of the Corporation's insurance program.

Employee Health Insurance

The Corporation participates in a self-insured program for employee health insurance. The Corporation holds a stop-loss policy of $85,000 per eligible employee that limits the maximum liability for benefits payable under such claims. Accrued expenses on the consolidated balance sheet include $337,298 as of June 30, 2025, for reserves for unpaid claims related to the health plan and shared savings liability. Assets whose use is limited related to the health plan were $461,802 as of June 30, 2025. The Corporation does not anticipate any significant change in loss trends, settlements or other costs that would cause a significant change in net assets.

12. Contingencies

Real Estate Property Taxes

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Corporation is an organization which presently qualifies for an exemption from real estate property taxes relating to portions of its property. However, a number of cities, municipalities and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge such exemption of not-for-profit corporations from real estate taxes. The possible future financial effect of this matter on the Corporation, if any, is not presently determinable.

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future effects of this matter on the Corporation, if any, are not presently determinable.

13. Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medical Assistance and Medicare.

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

14. Net Resident Service Revenues

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors follows:

- **Medical Assistance** - Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

- **Medicare** - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. The Corporation is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Corporation's clinical assessment of its residents. The Corporation is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare Part A programs.

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenues consist of the following for the year ended June 30, 2025:

	Independent Living	Personal Care	Skilled Nursing	Total
Self-pay	$ 21,299,203	$ 6,830,767	$ 14,236,562	$ 42,366,532
Medical assistance	-	-	5,762,798	5,762,798
Medicare and other	645,230	-	2,915,730	3,560,960
Amortization of nonrefundable entrance fees	12,274,020	-	-	12,274,020
Total resident services revenues	$ 34,218,453	$ 6,830,767	$ 22,915,090	$ 63,964,310

15. Functional Expenses

The Corporation's primary program service relates to providing housing, health care and other related services to residents within its geographic location. Expenses by functional classification consist of the following for the year ended June 30, 2025:

	Resident Services	Administrative	Fundraising	Total
Salaries and wages	$ 21,051,087	$ 3,724,282	$ 215,167	$ 24,990,536
Employee benefits and payroll taxes	5,858,743	955,796	70,272	6,884,811
Professional fees and purchased services	4,577,923	1,890,028	27,731	6,495,682
Supplies and other expenses	1,469,352	2,400,424	12,034	3,881,810
Food	2,342,707	4,934	5,898	2,353,539
Utilities	2,460,086	69,198	511	2,529,795
Real estate taxes	1,917,988	-	-	1,917,988
Repairs and maintenance	735,577	8,704	-	744,281
Pharmacy	209,842	-	-	209,842
Nursing home assessment	389,629	-	-	389,629
Depreciation	11,654,338	-	-	11,654,338
Interest	1,874,870	-	-	1,874,870
Provision for credit losses	183,419	-	-	183,419
Total expenses	$ 54,725,561	$ 9,053,366	$ 331,613	$ 64,110,540

Tandem Living and Subsidiaries

Consolidating Schedule, Balance Sheet
June 30, 2025

	The Mennonite Home	Calvary Fellowship Homes, Inc.	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 14,825,923	$ 2,990,426	$ -	$ 17,816,349
Resident trust funds	28,324	1,423	-	29,747
Assets whose use is limited:				
Board-designated	2,071,850	568,382	-	2,640,232
Insurance trust funds	322,344	-	-	322,344
Accounts receivable, residents, net	1,813,787	2,573	-	1,816,360
Accounts receivable, entrance fees	412,167	138,125	-	550,292
Prepaid expenses and other current assets	1,295,778	422,510	-	1,718,288
Due from (due to) affiliates	51,852	(51,852)	-	-
Total current assets	20,822,025	4,071,587	-	24,893,612
Assets Whose Use is Limited				
Board-designated	51,331,983	5,492,194	-	56,824,177
Statutory minimum liquid reserve	2,609,000	1,214,000	-	3,823,000
Insurance trust funds	139,458	-	-	139,458
Entrance fee escrow	520,330	56,373	-	576,703
Long-Term Investments	2,762,212	-	-	2,762,212
Property and Equipment, Net	154,587,931	40,006,219	-	194,594,150
Other Assets	220,840	100,000	-	320,840
Beneficial Interest in Perpetual Trusts	7,640,800	-	-	7,640,800
Derivative Financial Instruments	628,169	-	-	628,169
Total assets	$ 241,262,748	$ 50,940,373	$ -	$ 292,203,121

	The Mennonite Home	Calvary Fellowship Homes, Inc.	Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Current maturities of long-term debt	$ 2,071,850	$ 568,382	$ -	$ 2,640,232
Accounts payable:				
Trade	1,532,010	110,597	-	1,642,607
Capital	942,795	97,462	-	1,040,257
Accrued expenses	3,187,185	199,968	-	3,387,153
Resident trust funds	28,324	1,423	-	29,747
Total current liabilities	7,762,164	977,832	-	8,739,996
Long-Term Debt, Net	40,774,906	14,378,823	-	55,153,729
Refundable Fees and Deposits	32,678,460	56,350	-	32,734,810
Deferred Revenues From Entrance Fees	64,050,835	17,879,335	-	81,930,170
Split-Interest Obligations	137,133	270,229	-	407,362
Total liabilities	145,403,498	33,562,569	-	178,966,067
Net Assets				
Without donor restrictions	86,094,442	17,374,984	-	103,469,426
With donor restrictions	9,764,808	2,820	-	9,767,628
Total net assets	95,859,250	17,377,804	-	113,237,054
Total liabilities and net assets	$ 241,262,748	$ 50,940,373	$ -	$ 292,203,121

Tandem Living and Subsidiaries

Consolidating Schedule, Statement of Operations
Year Ended June 30, 2025

	The Mennonite Home	Calvary Fellowship Homes, Inc.	Eliminations	Total
Revenues Without Donor Restrictions				
Net resident service revenues	$ 57,734,694	$ 6,229,616	$ -	$ 63,964,310
Other revenues	853,356	150,829	-	1,004,185
Employee Retention Credit revenue	-	2,394,370	-	2,394,370
Total revenues	58,588,050	8,774,815	-	67,362,865
Expenses				
Healthcare	18,166,386	176,204	-	18,342,590
Depreciation	9,817,552	1,836,786	-	11,654,338
Plant operations	7,677,384	1,819,737	-	9,497,121
General and administrative	7,188,556	2,196,423	-	9,384,979
Food service	7,315,617	747,154	-	8,062,771
Housekeeping and laundry	2,733,238	104,376	-	2,837,614
Social services and activities	1,710,837	172,372	-	1,883,209
Interest	1,263,002	611,868	-	1,874,870
Pennsylvania nursing home assessment	389,629	-	-	389,629
Provision for credit losses	167,507	15,912	-	183,419
Total expenses	56,429,708	7,680,832	-	64,110,540
Operating income	2,158,342	1,093,983	-	3,252,325
Other income (loss):				
Inherent contribution received in affiliation	-	21,387,588	-	21,387,588
Investment income	7,441,938	305,691	-	7,747,629
Contributions	647,931	311,474	-	959,405
Impairment loss	(10,595)	(5,723,752)	-	(5,734,347)
Change in fair value of derivative financial instruments	(971,143)	-	-	(971,143)
Revenues in excess of expenses	$ 9,266,473	$ 17,374,984	$ -	$ 26,641,457

Tandem Living and Subsidiaries

Consolidating Schedule, Statement of Changes in Net Assets
Year Ended June 30, 2025

	The Mennonite Home	Calvary Fellowship Homes, Inc.	Eliminations	Total
Net Assets Without Donor Restrictions				
Revenues in excess of expenses	$ 9,266,473	$ 17,374,984	$ -	$ 26,641,457
Net assets released from restrictions used for capital expenditures	74,064	-	-	74,064
Increase in net assets without donor restrictions	9,340,537	17,374,984	-	26,715,521
Net Assets With Donor Restrictions				
Contributions	73,751	2,820	-	76,571
Change in value of split-interest agreements	46,417	-	-	46,417
Valuation gain, beneficial interest in perpetual trusts	627,191	-	-	627,191
Net assets released from restrictions: Used for capital expenditures	(74,064)	-	-	(74,064)
Increase in net assets with donor restrictions	673,295	2,820	-	676,115
Increase in net assets	10,013,832	17,377,804	-	27,391,636
Net Assets, Beginning	85,845,418	-	-	85,845,418
Net Assets, Ending	$ 95,859,250	$ 17,377,804	$ -	$ 113,237,054

Tandem Living and Subsidiaries

Consolidating Schedule, Statement of Cash Flows
Year Ended June 30, 2025

	The Mennonite Home	Calvary Fellowship Homes, Inc.	Eliminations	Total
Cash Flows From Operating Activities				
Increase in net assets	$ 10,013,832	$ 17,377,804	$ -	$ 27,391,636
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Inherent contribution received in affiliation	-	(21,387,588)	-	(21,387,588)
Depreciation	9,817,552	1,836,786	-	11,654,338
Impairment loss	10,595	5,723,752	-	5,734,347
Amortization of deferred financing costs	38,210	-	-	38,210
Proceeds from entrance fees, resales	9,791,836	2,671,825	-	12,463,661
Change in entrance fee deposits	(1,748,544)	(52,404)	-	(1,800,948)
Amortization of entrance fees	(10,127,717)	(2,146,303)	-	(12,274,020)
Provision for credit losses	167,507	15,912	-	183,419
Net realized and unrealized gain on investments	(5,686,787)	(126,824)	-	(5,813,611)
Change in fair value of derivative financial instruments	971,143	-	-	971,143
Change in value and payments of split-interest agreements, net	(14)	(22,389)	-	(22,403)
Valuation gain, beneficial interest in perpetual trusts	(627,191)	-	-	(627,191)
Net change in due to/from affiliates	(51,852)	51,852	-	-
Changes in assets and liabilities:				
Accounts receivable	242,610	740,158	-	982,768
Other Assets	16,347	-	-	16,347
Prepaid expenses and other current assets	(507,223)	112,760	-	(394,463)
Accounts payable	470,395	(557,757)	-	(87,362)
Accrued expenses and other liabilities	380,274	(873,401)	-	(493,127)
Resident trust funds	23,132	(16,328)	-	6,804
Net cash provided by operating activities	13,194,105	3,347,855	-	16,541,960
Cash Flows From Investing Activities				
Cash, cash equivalents and restricted cash and cash equivalents received in affiliation	-	974,614	-	974,614
Purchases of property and equipment	(24,656,626)	(1,321,165)	-	(25,977,791)
Net sales of investments	761,824	637,403	-	1,399,227
Net cash (used in) provided by investing activities	(23,894,802)	290,852	-	(23,603,950)
Cash Flows From Financing Activities				
Proceeds from construction loan	5,034,970	-	-	5,034,970
Payment of construction loan	(5,034,970)	-	-	(5,034,970)
Proceeds from long-term debt	9,944,413	-	-	9,944,413
Payment of long-term debt	(5,957,862)	(498,985)	-	(6,456,847)
Refunds of entrance fees	(5,248,595)	(91,500)	-	(5,340,095)
Proceeds from refundable entrance fees, resales	1,585,073	-	-	1,585,073
Proceeds from entrance fees, new units	13,857,779	-	-	13,857,779
Net cash provided by (used in) financing activities	14,180,808	(590,485)	-	13,590,323
Net change in cash, cash equivalents and restricted cash and cash equivalents	3,480,111	3,048,222	-	6,528,333
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	12,356,268	-	-	12,356,268
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 15,836,379	$ 3,048,222	$ -	$ 18,884,601

Tandem Living and Subsidiaries

Consolidating Schedule, Statement of Cash Flows
Year Ended June 30, 2025

	The Mennonite Home	Calvary Fellowship Homes, Inc.	Eliminations	Total
Supplemental Disclosure of Cash Flow Information				
Interest paid, net of amount capitalized	$ 1,240,353	$ 647,428	$ -	$ 1,887,781
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheets				
Cash and cash equivalents	$ 14,825,923	$ 2,990,426	$ -	$ 17,816,349
Resident trust funds	28,324	1,423	-	29,747
Assets whose use is limited:				
Insurance trust funds	461,802	-	-	461,802
Entrance fee escrow	520,330	56,373	-	576,703
Total cash, cash equivalents and restricted cash and cash equivalents	$ 15,836,379	$ 3,048,222	$ -	$ 18,884,601

EXHIBIT 4:

ENTRANCE FEE ESCROW ACCOUNT

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have duly executed this Agreement as of the date set forth in the first paragraph hereof.

[redacted]

[redacted]

By: [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] *page for Entrance Fee Escrow Agreement*]

EXHIBIT 5

CALVARY FELLOWSHIP HOMES, INC.
PRO FORMA STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2026

UNRESTRICTED REVENUES:		
Net resident service revenues	$	6,600,940
Other Income		618,779
Benevolent care		(102,840)
Total		7,116,879
EXPENSES:		
Food Services		831,572
Housekeeping and Laundry		111,427
Social Services and Activities		206,151
Plant Operations		2,049,989
General and Administration		832,418
Real estate taxes		267,936
Depreciation		1,746,460
Interest Expense		643,749
Management Fee		878,060
Total		7,567,762
OPERATING LOSS		(450,883)
OTHER INCOME:		
Investment Income, net of expenses		166,200
Unrestricted Contributions		102,840
Total		269,040
EXPENSES IN EXCESS OF REVENUES	$	(181,843)

EXHIBIT 6

CALVARY FELLOWSHIP HOMES, INC.
STATEMENT OF OPERATIONS COMPARED TO PRIOR PRO FORMA
FOR THE ELEVEN MONTHS AUGUST 1, 2024 TO JUNE 30, 2025

	7/1/24-6/30/25 PRO FORMA	8/1/24-6/30/25 ACTUAL	$ VARIANCE Fav(Unfav)	% VARIANCE Fav(Unfav)	Explanation
UNRESTRICTED REVENUES:					
Healthcare	$ 627,647	$ 52,590	$ (575,057)	-91.62%	(A)
Personal Care	314,305	52,476	(261,829)	-83.30%	(A)
Residential Living: Cottages/ Apartments	4,157,857	4,082,804	(75,053)	-1.81%	(A)
Amortization of Entrance Fees	1,860,000	2,146,303	286,303	15.39%	(B)
Other Income	276,167	2,545,199	2,269,032	821.62%	(C)
Benevolent Care	(156,599)	(104,557)	52,042	33.23%	(F)
Total	7,079,377	8,774,815	1,695,438	23.95%	
EXPENSES:					
Healthcare	604,262	110,387	493,875	81.73%	(A)
Personal Care	206,748	65,817	140,931	68.17%	(A)
Food Service	978,747	747,154	231,593	23.66%	(A)
Housekeeping and Laundry	142,709	104,376	38,333	26.86%	(A)
Social Services and Activities	232,037	172,372	59,665	25.71%	(A)
Plant Operations	1,640,302	1,573,153	67,149	4.09%	
General and Administration	2,647,251	2,212,335	434,916	16.43%	(A)
Real Estate Taxes	267,932	246,584	21,348	7.97%	
Depreciation	2,340,000	1,836,786	503,214	21.50%	(A)
Interest Expense	668,181	611,868	56,313	8.43%	
Total	9,728,169	7,680,832	2,047,337	21.05%	
OPERATING INCOME(LOSS)	(2,648,792)	1,093,983	3,742,775	170.77%	
OTHER INCOME(EXPENSE:					
Investment Income	278,199	305,691	27,492	9.88%	
Contributions	158,599	311,474	152,875	96.39%	(D)
Inherent Contribution-Affiliation	-	21,387,588	21,387,588	100.00%	(E)
Impairment Loss	-	(5,723,752)	(5,723,752)	-100.00%	(G)
Total	436,798	16,281,001	15,844,203	3627.35%	
Revenues in Excess of Expenses	$ (2,211,994)	$ 17,374,984	$ 19,586,978	885.49%	

See next page for explanation of significant (> 10%) variances.

EXHIBIT 6

	$ VARIANCE	% VARIANCE	Explanation	
Various Revenues/Expenses	$ 990,588	87.34%	(A)	Due to timing of the affiliation and financial reporting consolidation with Tandem Living on 8/1/24 the actual results reflect 11 months of activity versus the proforma which is 12 months.
Amortization of Entrance Fees	286,303	15.39%	(B)	More unit sales and forfeited entrance fees than plan
Other Income	2,269,032	821.62%	(C)	Receipt of the Employee Retention Credit
Contributions	152,875	96.39%	(D)	More contributions received than plan
Inherent Contribution-Affiliation	21,387,588	100.00%	(E)	Fair market value of assets over liabilities recorded as a result of the affiliation acquisition accounting
Benevolent Care	52,042	33.23%	(F)	Benevolent care lower than plan due to residents transferring to Trillium Place
Impairment Loss	(5,723,752)	-100.00%	(G)	Due to the discontinuing of healthcare and personal care services on campus, certain building and equipment were written down in value

EXHIBIT 7:

RESIDENTIAL AGREEMENT

RESIDENTIAL AGREEMENT

FOR

CALVARY FELLOWSHIP HOMES

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DEFINITIONS OF WORDS AND PHRASES

ADDITIONAL OCCUPANT: An individual who, after you take Occupancy, applies and is accepted for admission to Community to occupy the Residence as a Co-Resident.

APPLICATION FOR RESIDENCY: The application submitted to Community by those individuals seeking admission to Community.

CERTIFICATE OF INSURANCE: A document issued by an insurance carrier reflecting the coverage available under the policy.

CONDITIONS OF OCCUPANCY: The health, safety and related requirements for continued Occupancy of the Residence.

CO-RESIDENT: One of two individuals who signs a residential agreement to initially occupy one residence.

DAILY RATE: The daily charge for Routine Nursing Care Services or Personal Care Services. The Daily Rate does not include charges for additional or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by us for you to accept Occupancy, and for the Monthly Service Fee to begin. This date will be no later than thirty (30) days after the Residence is finished and ready for Occupancy.

DOUBLE OCCUPANCY: Two individuals initially residing in a residence as Co-Residents.

DOUBLE OCCUPANCY FEE: The fee for a Co-Resident or an Additional Occupant of the Residence. This charge is added to the Monthly Service Fee.

ENTRANCE FEE: The initial charge for admission to the Community. The amount of the Entrance Fee is based on the model of the Residence.

MEDICAL TEAM: The Tandem Living team of healthcare professionals including but not limited to: the physician designated by us to supervise the medical affairs of the Community, Vice President of Health Services, Director of Social Services, or their designee.

MONTHLY SERVICE FEE: The charge per month for Occupancy of the Residence.

OCCUPANCY: The right of possession and use of the Residence.

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PERSONAL CARE CENTER: The licensed personal care facility of Community or a contracted provider, as determined by the Community.

PERSONAL CARE SERVICES: Assistance with or supervision in activities of daily living and/or instrumental activities of daily living in the Personal Care Center in exchange for the Daily Rate.

RESIDENCE: The apartment or villa designated under this Agreement for Occupancy by you.

ROUTINE NURSING CARE SERVICES: The level of nursing care services provided by us in the Skilled Nursing Center in exchange for the Daily Rate. The following types of services are not included in routine nursing care: one-on-one companion or CNA services when required by your care plan; care for certain high acuity conditions, such as ventilator dependent care; dialysis services; treatment for drug and alcohol conditions; or psychiatric care. Generally, services not included in routine nursing care are not available at the Community; and, if such services become or are available, then such services are only provided for an additional fee.

SERVICE FEE BOOKLET: A publication reflecting current charges for services rendered by us and is subject to change from time to time.

SINGLE OCCUPANCY: One individual initially residing in a residence.

SKILLED NURSING CENTER: The licensed nursing care facility of Community or a contracted provider, as determined by the Community.

SURRENDER: To cease Occupancy of the Residence, to remove all possessions from it, and to return all keys to it. The Entrance Fee shall continue to amortize until the termination of this Agreement and the Surrender of the Residence.

TRANSFER FEE: Charge to: (a) move to another residence within the Community; or (b) return to the Community following a permanent transfer to the Skilled Nursing Center, Personal Care Center or another facility. This charge is based upon size of residence and market supply and demand.

CALVARY FELLOWSHIP HOMES RESIDENT HANDBOOK: Community's publication reflecting the rules, regulations, policies, and procedures of the Community. You are obligated to comply with our rules, regulations, policies, and procedures reflected in this publication. The Calvary Fellowship Homes Resident Handbook should not be construed as a contract. It does not grant any contractual rights, and it is subject to change from time to time.

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RESIDENTIAL AGREEMENT

THIS RESIDENTIAL AGREEMENT (called "Agreement"), made this day of , _____, between Calvary Fellowship Homes, a Pennsylvania non-profit corporation, (called "Community," and referred to by the words "we," "us" and "our"), and (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community for Occupancy of (called "Residence").

RECITALS:

We operate a continuing care retirement community;

You have applied for admission to occupy the Residence; and,

We have reviewed and accepted your Application for Residency subject to the execution of this Agreement, and you have designated the above Residence for Occupancy.

In consideration of the mutual promises contained in this Agreement, and intending to be legally bound, we and you agree as follows:

SECTION 1: RESIDENCE AND FACILITIES

1.1 Living Accommodations and Term. We shall provide you with the accommodations, common facilities and services specified in this Agreement beginning on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, and continuing until the termination of this Agreement.

1.2 Description of Residence. We shall provide you with the Residence designated under this Agreement furnished with the items identified in Exhibit "A." You may provide other furnishings, subject to our approval, which shall remain your property.

1.3 Optional Furnishings or Fixtures. At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee or Monthly Service Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the termination of this Agreement. If maintenance stocks compatible

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parts in existing inventory, maintenance may be able to assist in the upkeep. If maintenance does not stock replacement parts as standard, they may be able to special order and/or assist for an additional cost. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us.

1.4 Structural Changes and Redecoration. Any structural or physical change of any kind or redecoration to the interior or exterior of the Residence, including, but not limited to, wallpaper, painting or floor covering, may be made only after obtaining written approval from us. The cost of any redecoration or structural change requested by you, and restoration to original condition, except that cost due to normal wear and tear, shall be paid by you unless otherwise agreed in writing by us. The selection of a contractor for any redecoration or structural changes shall be made by us. The charge or value of any physical or structural changes will not be considered in calculating any applicable Entrance Fee refunds and are not considered part of the Entrance Fee. An addendum to this Agreement reflecting all structural changes and their cost shall be signed by you and us. After twelve (12) years of Occupancy, we may redecorate and update the Residence at our expense.

1.5 Common Facilities. We shall provide certain common facilities including, but not limited to, outdoor recreational and activity areas, a community center, walkways, dining facilities, beauty/barber shop, exercise equipment, and meeting accommodations. The common facilities are available to you in accordance with our policies and procedures as reflected in the Calvary Fellowship Homes Handbook and any other publications of the Community, which are subject to change from time to time at our discretion.

1.6 Priority Access. You will receive priority access to Routine Nursing Care Services and Personal Care Services on a fee-for-service basis in accordance with Section 3.1 of this Agreement. Priority access is conditioned on you satisfying the financial and all other requirements for admission.

1.7 Designated Occupancy Date. Together we shall establish a date when you must accept Occupancy (the "Designated Occupancy Date"). We will provide notice of the Designated Occupancy Date no later than thirty (30) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Service Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on or before the Designated Occupancy Date or upon actual Occupancy, whichever is earlier.

SECTION 2: SERVICES

2.1 Utilities. We shall provide water, sewer, and trash collection. These services are included in the Monthly Service Fee. We reserve the right to establish maximum usage levels on utilities, to bundle or unbundle existing or new utilities into the Monthly Service Fee, and to charge you for any unreasonably excessive usage due to waste or abuse.

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(a) **Cottages.** In addition to the Monthly Service Fee, you shall be responsible for utilities and assessments, including but not limited to gas and electricity, telephone, television, and internet services, as well as any real estate or other taxes on a pro-rated basis if assessed against the Community. Internet service for cottages is required and billed as determined by the Community, either directly or through a third-party provider. Payment of any pro-rata tax assessment does not confer any ownership interest in the Community's property or improvements.

(b) **Apartments.** We shall provide electricity (excluding electric-vehicle charging), heat, air conditioning, and, if applicable, gas service. In addition to the Monthly Service Fee, you shall be responsible for other services and assessments, including but not limited to telephone, television, and internet services, and any real estate or other taxes on a pro-rated basis if assessed against the Community. Optional or upgraded services may be billed to you as determined by the Community, either directly or through a third-party provider. Payment of any pro-rata tax assessment does not confer any ownership interest in the Community's property or improvements.

2.2 **Television.** Bulk television service is required and may be billed in addition to the Monthly Service Fee. Expanded pay channel service and equipment is not included in the Monthly Service Fee and shall be paid by you.

2.3 **Internet.** Courtesy wireless internet is available in many common areas and apartment buildings. Any additional or in-unit service will be billed as determined by the Community, either directly or through a third-party provider.

2.4 **Maintenance and Repair of Equipment.** We shall provide necessary repairs, maintenance, and replacement of our property, equipment, and appliances. Repairs, maintenance, and replacement of your property and furnishings are your responsibility and are not included in the Monthly Service Fee. Maintenance and repair of our property, equipment or appliances necessitated by your neglect or abuse as we determine, shall be paid by you.

2.5 **Maintenance of Grounds.** We shall provide grounds keeping, lawn care, and snow removal, in accordance with our policy, which is subject to change from time to time. These services are included in the Monthly Service Fee.

2.6 **Property Insurance.** We shall provide insurance on Community's property. You are responsible for the following: (a) to insure against personal property losses; (b) to insure against general liability losses, including losses to improvements and betterments, at replacement cost, such as property damages caused by you or your guests; and (c) for the cost of such insurance. You will be responsible for all costs related to losses not covered by your insurance including temporary lodging if necessary. You will be responsible for any property damages caused by you or your guests not covered by your insurance.

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2.7 Administration. We shall provide administrative support services to implement the provisions of this Agreement. Administrative services are included in the Monthly Service Fee.

2.8 Assessments. Property taxes are included in the Monthly Service Fee.

2.9 Meals. Meals are available in the Community's dining area(s):

(a) Cottages. While we encourage a meal plan, no meal plan is included in the Monthly Service Fee. Special discounts are available.

(b) Apartments. The meal plan is included in the Monthly Service Fee in Nissley, Hamilton, and Cathedral Hall apartments. Refer to the annual Service Fee Booklet for specific information, additional plans, and discount options.

2.10 Transportation. We shall provide limited scheduled local transportation service for shopping in accordance with the policy and schedule established by us, which are subject to change from time to time. Other transportation services such as to medical appointments, airports, and other destinations may be available on a fee-for-service basis.

2.11 Activities. We, in our discretion, shall provide recreational, educational, and social services. Access to, participation in, and fees, if any, associated with activities are governed by our policy, which is subject to change from time to time.

2.12 Scope of Services Included in the Monthly Service Fee. We reserve the right to add, delete, or bundle certain services and to adjust the Monthly Service Fee appropriately. We will provide thirty (30) days advance notice of any changes in services.

2.13 Other Services. Other services, such as barber/beauty services, are available at an additional charge and are not included in the Monthly Service Fee. The charges for these services are reflected in the Service Fee Booklet, which is subject to change from time to time.

SECTION 3: NURSING AND PERSONAL CARE SERVICES

3.1 Skilled Nursing Center and Personal Care Center. We have contracted with another community to provide access to a Skilled Nursing Center (skilled nursing facility) and a Personal Care Center for the provision of licensed Routine Nursing Care Services and Personal Care Services. These services shall be available to you on a priority access basis through this contracted community, so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly Service Fee. We will exercise our best efforts to accommodate your level of care needs; however, there is no guarantee that space will be immediately available in the Skilled Nursing Center or the Personal Care Center at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are permanently transferred to the Skilled Nursing

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Center or Personal Care Center, this Agreement shall terminate and you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services.

3.2 Private Duty Nursing or Companion Services in the Residence. Subject to the approval of the Community, you may utilize the services of private duty nurses or companions providing personal or nursing care services in the Residence so long as you are able to satisfy the Conditions of Occupancy. Such services must be approved in advance and in writing by us. We reserve the right to review credentials of all nurses and companions, to approve or prohibit the use of or to require the discontinuation of such services. You are responsible to pay for all such services. As a condition of our approval, all private duty nurses or companions from a licensed agency must provide us with an appropriate release and indemnification agreement, proof of workers' compensation and liability insurance, as well as proof that such nurses or companions are free of tuberculosis and/or any other contagious or communicable disease, and are subject to a criminal background check. All private duty nurses, nurse assistants and companions from a licensed agency shall comply with our policy titled "Requirements for Agency Independent Service Providers," which policy is subject to change from time to time. Family members and friends must comply with the "Requirements for Family Members or Friends Acting as Independent Service Providers." Services of any private duty nurses, nurse assistants or companions may be used so long as you are able to satisfy the Conditions of Occupancy. In exchange for our consent to your request for the services of a private duty nurse, companion, or other assistant, you shall execute, if requested by us, an Aging-in-Place Addendum, which shall be incorporated by reference. We reserve the right to terminate your authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that you do not comply with the requirements of this Section or the Aging-in-Place Addendum, or require transfer to another level of care. If transfer to another level of care is required, then we reserve the right to transfer you to another level of care within the Community or to such other external care facility as we deem appropriate.

3.3 Health Care Services and Liability for Health Care Costs. Subject to Section 3.4 below, you remain responsible for your own Routine Nursing Care Services, Personal Care Services and health care services while residing in the Residence. All Routine Nursing Care Services, Personal Care Services and health care services of any kind provided to you under this Agreement are at an additional charge.

3.4 Liability for Health Care Services. A resident shall not be liable to a health care provider for services rendered under this Agreement if the health care services rendered are services which the Community agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. No future health care services are covered by your payment of the Entrance Fee or Monthly Service Fee.

3.5 Response Call System. We may equip your Residence, for a one-time and/or monthly cost in addition to the Monthly Service Fee, with a twenty-four (24) hour

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response call system. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, you are required to contact 911 to obtain medical assistance. While the response call system may be used to inform us of a medical emergency, we disclaim any and all responsibility for providing emergency medical care services in your Residence. If you utilize the response call system in such an emergency, we will call 911 on your behalf.

SECTION 4: FEES

4.1 **Entrance Fee.** You shall pay to us the sum of $ [_____, _____ *initials*] as an Entrance Fee in accordance with the following schedule:

(a) **Reservation Deposit.** You have paid to us the sum of $ [_____ _____*initials*].

(b) **Balance of Entrance Fee.** You shall pay $ us the balance of the Entrance Fee on or before the Designated Occupancy Date or the date of actual Occupancy, whichever is earlier. [_____ _____*initials*].

4.2 **Use of Entrance Fee.** The entire Entrance Fee shall be used for the purpose of sustaining and extending our mission.

4.3 **Amortization of Entrance Fee.** The amortization of the Entrance Fee shall be determined by the Entrance Fee plan selected by you as reflected on Exhibit "B"

4.4 **Limitations on Increases in the Entrance Fee.** After the signing of this Agreement by you, there will be no increase in the Entrance Fee for the Residence. Charges for care paid in one lump sum shall not be increased or decreased during the duration of the agreed upon care, except for changes required by State or Federal assistance programs. In accordance with Section 3.4 above, the Entrance Fee and Monthly Service Fee do not include future health care services.

4.5 **Monthly Service Fee.**

(a) **Amount.** You shall pay to us a Monthly Service Fee of $ [_____ _____ *initials*]. In situations of Double Occupancy, a fee in the amount of $ [_____ _____*initials*], which is based on the number of occupants, is added to and already included in the Monthly Service Fee stated above.

(b) **Payment and Due Date.** Your responsibility to pay the Monthly Service Fee begins on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Payment is due upon receipt of the monthly statement. We reserve the right to change our billing cycle. The Monthly Service Fee shall be pro-rated if you assume Occupancy after the first of the month. If any Monthly Service Fee or other charges for

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miscellaneous or ancillary services are not paid within thirty (30) calendar days of the due date, we may elect to exercise our available rights and remedies under this Agreement including termination.

(c) Adjustments in Monthly Service Fee. The Monthly Service Fee may be adjusted from time to time. We will provide thirty (30) days advance written notice of any changes in the Monthly Service Fee.

4.6 Other Charges. In addition to the Monthly Service Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. Payment for all such other charges is also due upon receipt as stated in Section 4.5(b).

4.7 Co-Resident's Fee Responsibility. In situations of Double Occupancy, you shall be jointly and severally liable for each other's financial obligations and for all payments due under this Agreement. If one Co-Resident dies or leaves the Community or if this Agreement is terminated as to one Co-Resident for any reason, then both Co-Residents and/or their estates shall remain jointly and severally liable for all financial obligations incurred by either Co-Resident under this Agreement. In the event one Co-Resident transfers to the Skilled Nursing Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits.

4.8 Late Charges and Cost of Collection. Any charges which are unpaid at the beginning of the next billing cycle, shall be subject to a late charge of one and one-half percent (1.5%) per month (or annual rate of eighteen percent (18%)), and you are obligated to pay any late charges. In the event we initiate any legal actions or proceedings to collect payments past due in excess of sixty (60) days, you shall be responsible to pay all attorneys' fees and costs incurred by us in pursuing the enforcement of your financial obligations under this Agreement.

4.9 Inability to Pay. It is our policy not to terminate this Agreement solely because of your inability to pay the Monthly Service Fee and other charges, so long as you qualify for and we are capable of providing financial assistance. The financial information provided in your Application for Residency, in documents subsequently requested by us, or with your request for financial assistance, must not contain any material misrepresentations or omissions. It is your responsibility to look to all other available sources of financial assistance such as family, church and other agencies, including the Pennsylvania Department of Human Services ("DHS") which administers the Medical Assistance Program (called "MA Program"), before requesting financial assistance from us. You may not transfer assets represented as available in your Application for Residency for less than fair market value unless the transfer does not impair your ability to fulfill your financial obligations to us for future Personal Care Services or Routine Nursing Care Services. If you impair your ability to pay your financial obligations by transferring assets for less than fair market value, or take such other actions that would disqualify you from benefits under the MA Program, then you shall not be considered

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for financial assistance and this Agreement may be terminated. The making of gifts to others that would impair your ability to fulfill your financial obligations to us for the duration of your stay at the Community or the intentional dissipation or transfer of your assets or resources shall also result in your ineligibility for admission to the Personal Care Center or Skilled Nursing Center due to your inability to satisfy the financial criteria for admission to such levels of care at the Community.

Our ability to provide financial assistance is contingent upon a number of factors including the availability of charitable gifts and the financial condition of the Community. If we determine that you qualify for financial assistance, then we may provide such assistance as is necessary to enable you to meet the Monthly Service Fee obligation or other charges, provided that such assistance can be granted or continued without impairing the financial stability of the Community. If financial assistance is initially granted, there is no guarantee that such assistance can or will continue indefinitely or for any specific period of time. Furthermore, the Community may require you to move to a smaller or less expensive Residence.

We shall deduct amounts necessary to fulfill all of your financial obligations to us from any remaining balance of the unamortized and/or refundable portion of the Entrance Fee. You hereby authorize such deductions from any remaining balance of the unamortized and/or refundable portion of the Entrance Fee, which otherwise would be due as a refund.

SECTION 5: FINANCIAL DISCLOSURE/ASSETS DECLARED FOR PURPOSES OF ADMISSION

5.1 **Financial Information.** You agree to provide updated financial information upon transfer to another level of care within the Community and at the request of the Community. We reserve the right to terminate this Agreement if you fail to provide the financial information within thirty (30) days of our request.

5.2 **Assets Declared for Purposes of Admission.** For purposes of this section, the term "Assets Declared for Purposes of Admission" shall include those assets declared by you on the Application for Residency together with accumulated income, any and all resources and income that you knowingly or unknowingly fail to disclose on the Application for Residency, and any future resources and income that you may receive or become entitled to after execution of this Agreement. Assets Declared for Purposes of Admission shall be utilized to pay for your stay at any level of care, including the Skilled Nursing Center. Assets Declared for Purposes of Admission shall be utilized to pay your stay at the Skilled Nursing Center prior to applying for Medical Assistance benefits, subject to spousal impoverishment protections. Assets deemed by the County Assistance Office to be a resource available to pay for your nursing facility care must be spent on your nursing facility care before you apply for Medical Assistance benefits.

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You understand and acknowledge that Community is a charitable organization that subsidizes the cost of care of those individuals who spend down their resources on their care and can no longer afford to pay for their own care. You also understand and acknowledge that Community utilizes the resources and income on the Application for Residency to budget and plan for services it provides to its residents and to Community as a whole. To that end, residents who gift or transfer assets to third parties or convert assets which render them unavailable to pay for their care (e.g., annuities, trusts and similar financial planning devices) impair Community's ability to provide care and services to its residents and to the Community at large and impairs Community's ability to carry out its mission.

5.3 Failure to Spend Down Assets. You understand and acknowledge that any failure to utilize Assets Declared for Purposes of Admission may result in termination of this Agreement or any other agreement with Community that may be executed by you. You also understand and acknowledge that failure to utilize Assets Declared for Purposes of Admission on the cost of care as more fully set forth above may result in involuntary discharge or the denial of admission to the Personal Care Center and/or the Skilled Nursing Center.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 Non-Resident. In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay the then current Entrance Fee for a studio apartment under the zero percent (0%) refund plan. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Monthly Service Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement as described in Section 4.7 of this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

6.2 Other Resident. In the event that you desire to marry or cohabit with another resident admitted under a separate Residential Agreement, and thereafter occupy a single residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two residences

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occupied by you and the other resident shall be thereafter occupied jointly. The residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated residence. Each resident shall remain under his/her respective agreement. Regardless of the residence designated for joint occupancy, the first resident to leave the jointly occupied residence shall not receive his/her applicable refund until one (1) year after vacating the residence. The second resident to vacate the residence shall receive his/her applicable refund in accordance with the terms and conditions of his/her respective agreement with Community.

In the event you request to move to a larger residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for Double Occupancy of the selected residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized in full, and shall not be subject to refund or included in the applicable amortization schedule. Upon transfer, the Monthly Service Fee for Double Occupancy of the designated residence shall be paid. This Agreement and the other resident's agreement shall be amended to reflect the change in the residence, the change in the Monthly Service Fee, and any other matters reasonably necessary for your transfer to the designated or alternative residence.

6.3 Divorce/Separation of Married Co-Residents. In the event that Co-Residents, who were married to each other at the time of the execution of this Agreement, subsequently divorce and a dispute arises between the Co-Residents over rights to any applicable refund, such refund shall be held by us until a legally binding property settlement is available or until the court with jurisdiction over the divorce proceeding shall issue an order to release such funds. The refund shall not be paid at the time one Co-Resident permanently vacates the Residence and the other Co-Resident remains in the Residence. The Co-Resident who remains at the Community must retain and maintain sufficient assets/resources to provide for his/her future care. Consultation with the Community shall be necessary to determine the amount of resources needed for future care. The departing Co-Resident shall remain jointly and severally liable for the remaining Co-Resident's financial obligations under this Agreement.

6.4 Separation of Unmarried Co-Residents. In the event that one Co-Resident terminates this Agreement for any reason, the terminating Co-Resident must ensure that the Co-Resident who remains at the Community retains and maintains sufficient assets/resources to provide for his/her future care. Consultation with the Community shall be necessary to determine the amount of resources needed for future care. As described in Section 4.7 and Section 8.6 of this Agreement, the departing Co-Resident will remain jointly and severally liable for the financial obligations of the remaining Co-Resident.

SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

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7.1 Option After Occupancy. After Occupancy, you may request to exercise a limited option to move to another residence on the Community's premises, if and when another residence becomes available, in accordance with our policies, which are subject to change from time to time. In the event you desire to exercise the option to move to another residence, you must notify us in writing of the residence desired. We reserve the right to refuse your request to move to another residence.

7.2 Costs of Election to Move.

(a) To Residence With Lesser Entrance Fee. If you elect to move to a residence, which has a lesser Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then no refund shall be due. You shall be obligated to pay the applicable Monthly Service Fee for the selected residence and the Transfer Fee.

(b) To Residence With Greater Entrance Fee. If you elect to move to a residence, which has a greater Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected residence, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move. The difference shall be immediately amortized in full, and shall not be subject to refund or included in the applicable amortization schedule. You shall be obligated to pay the applicable Monthly Service Fee for the selected residence and the Transfer Fee.

7.3 Option to Move Addendum. In the event you receive approval from us to move to another residence, you shall sign an addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Service Fee for the selected residence and the Transfer Fee.

SECTION 8: TERMINATION OF AGREEMENT

8.1 Termination by You.

(a) Rescission Period. You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to us. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, you may terminate this Agreement by delivering written notice to us prior to Occupancy. In the event of your death, illness, injury or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double

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Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Residence, then the Monthly Service Fee shall be reduced to the Monthly Service Fee for Single Occupancy.

(c) After Occupancy. After Occupancy, you may terminate this Agreement by delivery of written notice to us at least sixty (60) days prior to termination, and by the Surrender of the Residence. Termination shall be effective after the lapse of the sixty (60) day notice period and Surrender of the Residence. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

8.2 Termination by Us.

(a) Prior to Occupancy. We may terminate this Agreement at any time prior to Occupancy by providing written notice to you prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) After Occupancy. We may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice to you or your representative or such written notice as is reasonable under the circumstances. Just cause shall include but not be limited to, a default in payment; the submission of any materially false information; the failure of you to abide by our rules, regulations, policies, and procedures; the breach of any of the other terms of this Agreement, including a change in the liquidity of your assets, such as the purchase of an annuity that impairs your ability to fulfill timely your current financial obligations to us as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in your Application for Residency are no longer available in whole or in part to pay for your care and services; or a good faith determination in writing signed by our Medical Director and Administrator that your continued Occupancy in the Residence either creates a serious threat or danger to your life, health, or safety or creates a serious threat or danger to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. If you substantially impair your ability to fulfill timely your financial obligations to us due to a change in the liquidity of your assets or a transfer of assets to an irrevocable trust or any other transfer, then we may terminate this Agreement for just cause following an opportunity to cure. If you fail to cure or correct the non-compliance within a period as determined by us and to our satisfaction, then we may terminate this Agreement for just cause upon thirty (30) days written notice to you or your representative. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

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8.3 **Termination Upon Permanent Transfer.** If you are permanently transferred to the Skilled Nursing Center, Personal Care Center or another facility, this Agreement shall terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In the case of Double Occupancy, this Agreement shall terminate only as to the transferring Co-Resident. The Co-Resident remaining in the Residence shall continue to pay the Monthly Service Fee. No refund shall be due so long as the remaining Co-Resident continues to reside in the Residence and until all other conditions for a refund have been satisfied.

8.4 **Termination by Death.** Following your death, this Agreement shall terminate when the Residence has been surrendered to us. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. If the Residence remains occupied by a Co-Resident, then this Agreement shall remain in full force and effect as to the surviving or remaining Co-Resident, and no refund shall be due at that time.

8.5 **Surrender.** The obligation to pay the Monthly Service Fee shall continue until after the lapse of any mandatory notice period for termination and the Residence has been surrendered by you, or in the case of death, by your estate or your family. Surrender of the Residence shall be complete when you have ceased to occupy it, have removed all possessions from it, and have turned over the Residence keys to us. The Entrance Fee shall continue to amortize until the termination of this Agreement and the Surrender of the Residence.

8.6 **Further Obligations and Release Upon Termination.** Upon the termination of this Agreement, we are released from any further obligations to you except for the delivery of personal property as limited by this Agreement, and the payment of any refund, if any refund is due. You are released from any further obligations to the Community after all of your financial and indemnification obligations have been met under this Agreement. The provisions of Section 4.7 addressing joint and several liability for the financial obligations of Co-Residents and the indemnification provision reflected in Section 18 survive the termination of this Agreement and shall remain in full force and effect.

8.7 **Failure to Vacate and Surrender Residence.** Upon notice of termination, in the event that you fail to vacate and Surrender the Residence timely, then we may file a complaint with the applicable District Justice seeking an order to evict you from the Residence. You shall be obligated to pay us reasonable attorneys' fees and costs in the event we commence legal proceedings against you to evict you for your non-compliance with or breach of the terms of this Agreement.

SECTION 9: TRANSFER FOR OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY

9.1 **Conditions of Occupancy.** You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy, which are attached as Exhibit "C"

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and may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or conditions. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

9.2 Decision to Transfer. With the concurrence of our Medical Team, we may transfer you from and between the Residence and the Skilled Nursing Center, Personal Care Center or any other appropriate care facility if we determine that such a move should be made for your safety because you no longer satisfy the Conditions of Occupancy of the Residence, or for the proper and safe operation of the Community, or to comply with regulations of DHS, the Pennsylvania Department of Health, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or to otherwise meet the requirements of law. If you are transferred permanently to the Skilled Nursing Center, Personal Care Center or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our Medical Team, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.

9.3 Charges Related to Transfer.

(a) Single Occupancy.

(i) Temporary Transfer. During any temporary transfer to the Skilled Nursing Center, Personal Care Center or another facility, you shall continue to pay the Monthly Service Fee and additionally all costs and charges related to the transfer to and occupancy of the Skilled Nursing Center, Personal Care Center or other facility.

(ii) Permanent Transfer. Upon permanent transfer to the Skilled Nursing Center, Personal Care Center or another facility, and after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end and this Agreement shall terminate. You shall pay all costs and charges related to the transfer to and occupancy of the Skilled Nursing Center, Personal Care Center or other facility.

(b) Double Occupancy.

(i) Temporary Transfer. During temporary transfer of one Co-Resident to the Skilled Nursing Center, Personal Care Center or another facility, the Monthly Service Fee shall remain the same, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Skilled Nursing Center, Personal Care Center or other facility. In situations where one Co-Resident temporarily transfers to the Skilled Nursing Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-

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Residents are temporarily transferred to the Skilled Nursing Center, Personal Care Center or another facility, the Monthly Service Fee shall remain the same, and both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the Skilled Nursing Center, Personal Care Center or other facility.

(ii) Permanent Transfer. Subject to Section 9.4(b) below, during permanent transfer of one Co-Resident to the Skilled Nursing Center, Personal Care Center or another facility, the Monthly Service Fee shall be reduced to the Monthly Service Fee for Single Occupancy, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Skilled Nursing Center, Personal Care Center or other facility. In situations where one Co-Resident permanently transfers to the Skilled Nursing Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are permanently transferred to the Skilled Nursing Center, Personal Care Center or another facility, then, after the Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end and this Agreement shall terminate. Both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the Skilled Nursing Center, Personal Care Center or other facility.

9.4 Release of or Return to Residence After Transfer.

(a) Temporary Transfer. If you are temporarily transferred to the Skilled Nursing Center, Personal Care Center or another facility, you may return to the Residence at such time as we determine that you can satisfy the Conditions of Occupancy.

(b) Permanent Transfer. If you are permanently transferred to the Skilled Nursing Center, Personal Care Center or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a residence with a floor plan comparable to the one relinquished. You shall execute a new Residential Agreement with us, pay the applicable Entrance Fee, and pay the current Monthly Service Fee. In situations where one Co-Resident permanently transfers and, in our opinion, subsequently recovers sufficiently to satisfy the Conditions of Occupancy and be able to rejoin the Co-Resident that remained in the Residence, the Monthly Service Fee shall be increased to the Monthly Service Fee for Double Occupancy. We, in the exercise of our discretion, will determine the effective date of when the Monthly Service Fee shall be increased to the Monthly Service Fee for Double Occupancy. This effective date may be retroactively determined as the date of permanent transfer.

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SECTION 10: REFUND OF ENTRANCE FEE

10.1 Termination Before Occupancy. Any payments made toward the Entrance Fee, less a $200 administrative fee, will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of the termination of this Agreement by your death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event you are precluded from taking Occupancy because of illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we will make a full refund of all payments made toward the Entrance Fee less any amounts deducted to cover expenses incurred by us at your specific written request. If you do not terminate this Agreement within the seven (7) day rescission period, but do terminate prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity, or death; then, subject to the following, we will retain three percent (3%) of the Entrance Fee (hereinafter called "Withdrawal Fee"). In the event the Withdrawal Fee is less than $5,000, then we will, alternatively, retain $5,000 of the Entrance Fee. If the Withdrawal Fee is greater than $7,500, then we will only retain $7,500 of the Entrance Fee. The balance of the Entrance Fee will be refunded to you, less any amounts deducted to cover expenses incurred by us at your specific written request, in accordance with the refund provisions of this Agreement. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not automatically constitute termination of this Agreement. If the other Co-Resident elects to take Occupancy of the Residence, then no refund shall be due at that time. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we shall make a full refund of all payments made toward the Entrance Fee.

10.2 Termination After Occupancy. Any applicable refund due to you after Occupancy shall be determined by the Entrance Fee plan selected by you as reflected on Exhibit "B."

10.3 Double Occupancy – Limitation on Availability of Refund. It is the intention of the parties that any applicable refund will only be made in accordance with Section 10.5 after the last surviving Co-Resident vacates and surrenders the Residence, and this Agreement is terminated. In situations of Double Occupancy where one Co-Resident is transferred to the Skilled Nursing Center and becomes eligible for Medical Assistance, no potential future refund shall be available to pay for Routine Nursing Care Services. If, however, DHS construes any potential future refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 10.5 is contrary to law or Medical Assistance eligibility requirements, then we shall make available the amount determined by DHS or other appropriate tribunal as an available resource as a refund, and apply such refund to the payment of Routine Nursing Care Services for the particular Co-Resident.

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10.4 **No Accrual of Interest.** No interest will accrue to the benefit of you or your estate on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

10.5 **Conditions and Due Date for Refund Payments.** Prior to Occupancy, any applicable refund will be made within thirty (30) days of the termination of this Agreement. After Occupancy, any applicable refund will be made upon the earlier of: (a) receipt of the replacement Entrance Fee in full for the Residence most recently occupied by you; or (b) one (1) year after the termination of this Agreement and the Surrender of the Residence. Any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. The Entrance Fee shall continue to amortize until the termination of this Agreement and the Surrender of the Residence. Subject to the terms and conditions of Section 6.2, in situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident.

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SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian. If you become incapacitated or unable to properly care for self or property, and no representative has been lawfully designated to act on your behalf or no lawfully designated representative is available or able to act on your behalf, then we shall have the option to institute legal proceedings to adjudge you incapacitated and have a guardian appointed for you or your estate or both. You authorize us to nominate a legal guardian to serve, subject to court approval, and you release us from any liability related to the nomination. All costs of such legal proceedings, including legal fees, shall be paid by you or the legally appointed guardian of your estate.

11.2 Power of Attorney. We require that you furnish to us, no later than the actual date of Occupancy, a Durable Power of Attorney executed by you, which shall be maintained in our files.

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right to Receive Disclosure Statements. We shall deliver to you prior to or at the time of the execution of this Agreement, and make available to you at least annually within four (4) months following the end of each fiscal year thereafter, a copy of our Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

12.2 Rights to Property/Subordination. The rights and privileges granted to you by this Agreement do not include any right, title, or interest in any part of the personal property, land, buildings, and improvements owned, leased or administered by us. Your rights are primarily for services, with a contractual right of Occupancy. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between you and us. Any rights, privileges, or benefits under this Agreement, including your right to a full or partial refund, shall be subordinate to any existing or subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real property of the Community and to all amendments, modifications, replacements, or re-financings of any existing or subsequent mortgages or deeds of trust or to any liens or security interests held by secured creditors of Community. This subordination provision means that the claims of secured creditors in the event of Community's bankruptcy or default on its financial obligations shall be paid before you are entitled to receive any applicable refund. Upon request, you shall execute and deliver any document, which is required by us, or by the holder of any such mortgages or deeds of trust or other encumbrances, to effect such subordination or to evidence the same.

12.3 Inspection of Residence and Right of Entry. You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property, to enter your Residence for the purpose of making reasonable inspections, repairs, and replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by

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us. We shall have the right to enter your Residence to perform routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

12.4 Housekeeping/Housecleaning Responsibilities. You shall maintain your Residence in a clean, sanitary, and orderly condition. If you do not maintain your Residence in a reasonable manner as determined by us, after notice to you, we shall have the right to maintain the Residence and the cost of such additional cleaning or maintenance shall be charged to you.

12.5 Health Insurance. We expect that some of the cost of medicines, medical or nursing services or equipment provided to you by health care providers will be paid by present or future federal, state, municipal, or private plans or programs of medical/surgical insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy approved in writing by us, and at least one Medicare supplemental health insurance policy (commonly known as Medigap insurance, which must include coverage for nursing care co-insurance) such as those offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by us, which provides coverage for Medicare deductibles and co-insurance. Acquisition of equivalent Medicare benefits from a managed care organization ("MCO") will not satisfy the insurance requirement under this Agreement unless the MCO is approved by us in writing as an equivalent policy. Proof of such insurance must be provided at the time of application and prior to admission. In the event you fail to maintain in force, because of failure to make premium payments, such health care insurance after Occupancy, we reserve the right to make such payments for purposes of maintaining such insurance in force for your benefit. You are obligated to reimburse us for such payments made on your behalf and the cost of such premium shall be added to and included in the Monthly Service Fee. The payment by us of any premium due on the required policies does not constitute a waiver of our right to terminate this Agreement upon your failure to make such premium payments and we have no obligation or liability to provide or pay for your health insurance. The Community may require you to provide proof of health insurance from time to time after Occupancy.

12.6 Vehicle Registration and Insurance. You may operate a vehicle on our campus only if you have a valid driver's license and a valid state registration. You must register the vehicle with us, and comply with our rules and policies governing the safe operation of motor vehicles. We reserve the right to revoke your operating privileges and remove your vehicle from our property if you do not abide by our policy as reflected in the Calvary Fellowship Homes Resident Handbook, which is subject to change from time to time.

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12.7 Insurance Requirements. You shall obtain and maintain at your expense personal property insurance to insure against personal property losses and general liability insurance to insure against general liability losses, including losses to improvements and betterments, at replacement cost, such as property damages caused by you or your guests. You shall provide us with Certificates of Insurance verifying required coverage with a minimum personal liability limit of $300,000. Policies shall be endorsed so as to provide that we shall receive thirty (30) days prior written notice of cancellation or non-renewal. You will be responsible for all costs related to losses not covered by your insurance including temporary lodging if necessary. You will be responsible for any property damages caused by you or your guests not covered by your insurance. Calvary Fellowship Homes must be named as Additional Insured under the General Liability section of your policy.

12.8 Reduction of Income or Other Resources. You shall make every reasonable effort to meet your financial obligations to us. You shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of the Application for Residency, nor make any transfers or gifts after Occupancy, including a transfer of assets to an irrevocable trust, or change the liquidity of your assets in any manner, including the purchase of an annuity, which would substantially impair your ability to fulfill timely your financial obligations to us or the ability of your estate to satisfy your financial obligations to us. In the event you substantially impair your ability to fulfill timely your financial obligations to us, we may terminate this Agreement for just cause following an opportunity to cure. If you fail to cure or correct the non-compliance within a period as determined by us and to our satisfaction, then we may terminate this Agreement for just cause upon thirty (30) days written notice to you or your representative. If you fail to cure within the afforded time and we decide not to terminate this Agreement, then you shall not have access to or the ability to transfer to another level of care within the Community, and you shall not be eligible for financial assistance. Our decision not to terminate this Agreement shall not be construed as a waiver of our right to terminate at a later date.

12.9 Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Residence Upon Termination. Upon the termination of this Agreement, or at such other time as you shall vacate and Surrender the Residence, you must leave it in as good condition as the date of Occupancy except for reasonable wear and tear. If the Residence is damaged beyond ordinary wear and tear, as reasonably determined by us, the costs of repair shall be your obligation and such costs shall be billed directly to you or your estate, or alternatively, deducted from any refund that may be due.

(b) Property Damages Caused by Resident. Any loss or damage to our real or personal property caused by you or your guests shall be paid by you. In the event of your death, your estate shall be liable for any loss or damage to our property caused by you.

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12.10 Release Regarding Conduct of Other Residents or Guests. We assume no liability for your conduct or any other residents or guests, and you hereby release and discharge us from any claims for personal injury to you or damage to your personal property caused by the conduct of other residents or guests. You may bring any claims for personal injury sustained by you from the actions or omissions of other residents directly against the residents and/or guests that are responsible for your injury.

12.11 Responsibility For Your Personal Property.

(a) Responsibility for Loss or Damage. We shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to you, or your estate, or your guests.

(b) Removal of Personal Property. Your personal property shall be removed from the Residence within thirty (30) days following your move or your death. If removal of property is not accomplished within such time, then we shall have the right to remove such property and store the same at the expense and risk of you or your estate. Articles of personal property remaining in storage sixty (60) days following Surrender shall become our property.

12.12 Rules, Regulations, Policies, and Procedures. You shall cooperate, and comply with all rules, regulations, policies, and procedures established by the Community. Rules, regulations, policies, and procedures are set forth in the Calvary Fellowship Homes Resident Handbook, and other publications or documents of the Community, and they are subject to change from time to time.

12.13 Your Rights are Personal and Non-transferable. Your rights and privileges under this Agreement are personal to you and cannot be transferred or assigned. No person other than you may occupy or use the Residence covered by this Agreement unless approved in writing by us.

12.14 Right of Self-Organization. You along with other residents of Community shall have the right of self-organization and may establish and participate in a Residents' Council. The Residents' Council may serve as a forum for planning resident activities, communicating with us, and developing proposed rules of resident conduct to submit to us for approval or for other activities as appropriate. A representative designated by us shall hold quarterly meetings during the calendar year with the Residents' Council. At least seven (7) days notice of each quarterly meeting shall be given to the Residents' Council.

12.15 Pets. Under limited circumstances as approved by us, you may have a pet so long as it meets the requirements of our pet policy. You shall assume financial responsibility and any obligations for any damage caused by the pet and shall pay an additional fee as set by us in accordance with our policy, which is subject to change from time to time. We

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reserve the right to rescind approval of the pet if we determine that the pet constitutes a nuisance or danger to Community, or threatens the quiet enjoyment of other residents.

12.16 Smoking. We are a smoke-free community. We do not permit smoking anywhere on our campus, including your Residence, in accordance with our smoking policy described in the Calvary Fellowship Homes Resident Handbook, which is subject to change from time to time.

12.17 Guests. You shall have the right to entertain guests in the Residence for only up to eight (8) consecutive days per calendar year. Failure to abide by this policy shall be considered a violation of this Agreement and therefore, grounds for termination of this Agreement by us. Prices for guest meals are reflected in the Service Fee Booklet, which is subject to change from time to time.

SECTION 13: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, which will provide an opportunity for the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 10 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Service Fee shall be reduced proportionately, unless a vacant residence is available for temporary Occupancy by you. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

SECTION 14: RENOVATION OF RESIDENCE

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We reserve the right to relocate you to another residence within the Community in the event the Residence occupied by you or the building in which the Residence is located is subject to renovation. In such event, you shall relocate to a residence that is substantially similar to the Residence designated under this Agreement. In the event of such relocation, we shall assume responsibility for your reasonable moving costs. During temporary occupancy of the other residence, you shall continue to pay the Monthly Service Fee. Upon completion of the renovations, you shall return to the renovated Residence or the renovated building in which the Residence is located. All costs associated with relocation to the renovated Residence or the building in which the Residence is located shall be paid by us.

SECTION 15: SEVERABILITY

If any provision of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this Agreement shall remain in full force and effect.

SECTION 16: ACTS OF FORBEARANCE

No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by us shall be construed as a waiver of any of the rights granted to us.

SECTION 17: ENTIRE AGREEMENT

This Agreement along with applicable addendum(s), constitute the entire Agreement between you and us. We shall not be responsible or liable for any statements, representations, or promises made by any person representing or purporting to represent us, unless such statements, representations, or promises are set forth in this Agreement. Any brochures or advertisements describing us are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. This Agreement may not be amended except by a subsequent written addendum approved by us and executed by the parties.

SECTION 18: INDEMNIFICATION

You shall indemnify and hold us harmless from and against, and are responsible to pay for, any damages, including our attorneys' fees and reasonable costs, including those incident to establishing the right to indemnification, arising from any injury to or death of any person or other resident, or arising from any damage to or loss of the property of any person or resident, caused by your acts or omissions, to the fullest extent permitted by law.

SECTION 19: GRIEVANCE PROCEDURE

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19.1 Reporting Complaints. If you believe that you are being mistreated in any way or your rights have been or are being violated by staff or another resident, you shall make your complaint known to us. You must first notify us of any such complaints, and provide us with sixty (60) days to resolve the complaint satisfactorily to you before you may pursue mediation and/or arbitration.

19.2 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by us, which shall be at the Community or at a site within a reasonable distance of Community. If the parties are unable to resolve their dispute through mediation, then the dispute can only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they must proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees.

19.3 Mandatory, Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 19.3(h) of this Agreement.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) eviction proceedings initiated by us; (3) collection actions initiated by us for non-payment of stay which results in a financial loss to us; and (4) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. **This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us.** It

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also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 19.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be resolved exclusively by arbitration. **This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community.** Subject to Section 19.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

(c) Exclusion From Arbitration. Those disputes which have been excluded from mandatory arbitration (i.e., guardianship proceedings, eviction proceedings initiated by us, collection actions initiated by us and disputes involving amounts in controversy of less than $12,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from mandatory arbitration, neither you nor we are required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute.

(d) Right to Legal Counsel. You have the right to be represented by legal counsel, at your own cost, in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, we encourage and recommend that you obtain the advice and assistance of legal counsel to review the legal significance of this mandatory arbitration provision prior to signing this Agreement.

(e) Location of Arbitration. The Arbitration will be conducted at a site selected by us, which may be at the Community or at a site within a reasonable distance of Community.

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(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 19.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

1800 John F. Kennedy Blvd.
Suite 1110
Philadelphia, PA 19103
Phone: (215) 564-1775/ (800) 364-6098
Fax: (215) 564-1822
Website: www.adroptions.com

(g) Allocation of Costs for Arbitration. The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees.

(h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 19.3(a-l) of this Agreement). You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by you or your authorized representative.

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(i) Not a Condition of Admission or Continued Stay. Mandatory arbitration is not required as a condition of admission or continued stay in the Community.

(j) Confidentiality. You agree that, at all times, you will keep any information regarding the arbitration proceeding, including rulings, decisions and awards by the arbitrator, confidential and will not disclose voluntarily to any third party, except to the extent required by law. You are permitted to disclose that the matter has been resolved, without disclosing the results of the arbitration proceeding.

(k) Severability of Arbitration Clause (Section 19.3(a-l) of this Agreement). If any provision of this arbitration clause is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this arbitration clause shall remain in full force and effect.

(l) Law Governing Arbitration Clause. This arbitration clause shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16.

SECTION 20: NOTICE

Notice, when required by the terms of this Agreement, shall be deemed to have been properly given, if and when delivered personally, or if sent by certified mail, return receipt requested, when post-marked, postage prepaid, and addressed as follows:

To Community:

Marketing Department
Calvary Fellowship Homes
502 Elizabeth Drive
Lancaster, PA 17601

To Resident (Before Occupancy):

After Occupancy, notice will be provided to you at the Residence specified in this Agreement.

SECTION 21: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is reflected in our Disclosure Statement, which is made available to you on an annual basis within four (4) months following the end of each fiscal year.

SECTION 22: MISCELLANEOUS PROVISIONS

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22.1 Your Continuing Disclosure Obligation. The information regarding your age and financial affairs and your ability to meet the Conditions of Occupancy submitted by you in our admissions forms and related application documents is a material part of this Agreement, and this information is incorporated as a part of this Agreement. You acknowledge that the submission of false information may, in our judgment, constitute grounds for the termination of this Agreement. You must disclose any material changes in your financial situation or your ability to meet the Conditions of Occupancy before and after Occupancy. We may from time to time request verified financial statements and copies of tax returns from you. The failure to make such disclosure within thirty (30) days of our request may, in our judgment, constitute grounds to terminate this Agreement.

22.2 Receipt of Disclosure Statement and Calvary Fellowship Homes Resident Handbook. You will be provided with a copy of our Disclosure Statement and the Calvary Fellowship Homes Resident Handbook prior to final settlement. The Calvary Fellowship Homes Resident Handbook is subject to change from time to time and shall not be construed as imposing any contractual obligations on us or granting any contractual rights to you.

22.3 Community's Modification of Agreement and Policies. We reserve the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in our rules, regulations, policies, and procedures as we deem reasonably appropriate for the safe and efficient operation of the Community.

22.4 Binding Effect. Except as otherwise provided herein, this Agreement shall bind and serve to benefit our successors and assigns, and your heirs, executors, administrators and assigns.

22.5 Consent to Assignment. You consent to the collateral or other assignment by us of our right, title and interest in this Agreement.

22.6 Governing Law. Unless otherwise provided herein, this Agreement shall be interpreted according to the laws of the Commonwealth of Pennsylvania.

22.7 Headings. Section headings are included solely to provide ease of reference, and are to be given no effect in the interpretation of this Agreement.

22.8 Non-waiver of the Continuing Care Provider Registration and Disclosure Act of 1984. No act, agreement, or statement of you, or of an individual purchasing care for you under this Agreement or any agreement to furnish care to you, shall constitute a valid waiver of any provision of the Continuing Care Provider Registration and Disclosure Act of 1984 ("Act") which is intended for the benefit or protection of you or the individual purchasing care for you.

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22.9 **Limitations on Private Cause of Action.** You may not file or maintain an action under the Act if you, before filing the action, received an offer, approved by the Insurance Commissioner, to refund all amounts paid by you to us, the facility or person alleged to have violated the Act together with interest from the date of payment, less the reasonable value of care and lodging provided prior to receipt of the offer and you failed to accept the offer within thirty (30) days of its receipt.

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AGREEMENT AUTHORIZATIONS AND SIGNATURES

You hereby acknowledge reading this Agreement in its entirety, understanding its provisions, and having been provided an opportunity to consult with personal advisors, including legal counsel, regarding its terms.

IN WITNESS WHEREOF, we have caused this Agreement to be signed by our authorized representative, and you have hereunto affixed your signature(s), the day and year first above written.

Calvary Fellowship Homes

By: _____
Authorized Representative

Date: _____

Witness:

_____ _____
Resident

Date: _____ Date: _____

Witness:

_____ _____
Co-Resident

Date: _____ Date: _____

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NOTICE OF RIGHT TO RESCIND

Date rescission period begins , _____. You may rescind and terminate your Residential Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Residential Agreement within this seven (7) day period.

To rescind your Residential Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter or telegram, stating your desire to rescind to the following address:

Calvary Fellowship Homes
502 Elizabeth Drive
Lancaster, PA 17601

Not later than midnight of , _____ (last day for rescission).

Pursuant to this notice, I hereby cancel my Residential Agreement.

Date:_____

PROSPECTIVE RESIDENT(S) SIGNATURE

_____

_____

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EXHIBIT "A"

FURNISHINGS

The following items will be provided by Community as part of the Residence:

- Kitchen appliances
- Carpeting and/or flooring
- Washer and dryer

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EXHIBIT "B"

SELECTION OF ENTRANCE FEE PLAN

THIS ADDENDUM, effective _____ , _____ amends the Residence Agreement of even date herewith (called "Agreement") between Calvary Fellowship Homes Inc., a Pennsylvania non-profit corporation, (called "Community," and referred to by the words "we," "us" and "our") and (called "Resident," and referred to by the words "you" and "your" and where two individuals sign the Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident").

RECITALS:

Contemporaneously with the execution of this Addendum, you entered into the Agreement with us;

We offer three Entrance Fee plans: (a) a zero percent (0%) refund plan; (b) a twenty-five percent (25%) refund plan; and (c) a fifty percent (50%) refund plan;

You desire to select one of the above Entrance Fee plans; and

We and you desire to enter into this Addendum to specify the Entrance Fee plan selected by you. In consideration of the mutual promises contained in this Addendum, and intending to be legally bound, we and you agree as follows:

1. Selection of Entrance Fee. You may select one of the following Entrance Fee plans, and your initials next to the description of a particular plan shall indicate the plan selected by you:

[_____ _____ *initials*] **(a) 0% Refund Plan.** Under this plan, you or your estate generally will not be entitled to a refund of the Entrance Fee following the termination of the Agreement. If, however, the Agreement is terminated during the amortization period, then subject to the conditions of Section 10 of the Agreement, you will be entitled to receive a portion of the Entrance Fee as a refund.

[_____ _____ *initials*] **(b) 25% Refund Plan.** Under this plan, you or your estate, subject to the conditions of Section 10 of the Agreement, will be entitled to a refund of twenty-five percent (25%) of the Entrance Fee. Depending upon when the Agreement is terminated during the amortization period, you will be entitled to receive a greater portion of the Entrance Fee as a refund.

[_____ _____ *initials*] **(c) 50% Refund Plan.** Under this plan, you or your estate, subject to the conditions of Section 10 of the Agreement, will be entitled to a refund of fifty percent (50%) of the Entrance Fee. Depending upon when the Agreement is terminated during the amortization period, you will be entitled to receive a greater portion of the Entrance Fee as a refund.

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2. Amortization of Entrance Fee.

(a) 0% Refund Plan. In the event of termination at any time during the first year of Occupancy, twenty-five percent (25%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the second year of Occupancy, fifty percent (50%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the third year of Occupancy, seventy-five percent (75%) of the Entrance Fee shall be amortized by us. In the event of termination at any time during the fourth year of Occupancy or subsequently thereafter, the Entrance Fee shall be earned in full by us, and you or your estate will not be entitled to a refund of any portion of the Entrance Fee.

(b) 25% Refund Plan. In the event of termination at any time during the first year of Occupancy, twenty percent (20%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the second year of Occupancy, forty percent (40%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the third year of Occupancy, sixty-five percent (65%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the fourth year of Occupancy, seventy percent (70%) of the Entrance Fee shall be amortized by us. In the event of termination at any time during the fifth year of Occupancy or subsequently thereafter, seventy-five percent (75%) of the Entrance Fee shall be amortized by us.

(c) 50% Refund Plan. In the event of termination at any time during the first year of Occupancy, twenty percent (20%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the second year of Occupancy, thirty-five percent (35%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the third year of Occupancy, forty percent (40%) of the Entrance Fee shall be amortized by us. If you terminate the Agreement at any time during the fourth year of Occupancy, forty-five percent (45%) of the Entrance Fee shall be amortized by us. In the event of termination at any time during the fifth year of Occupancy or subsequently thereafter, fifty percent (50%) of the Entrance Fee shall be amortized by us.

(d) Determination of Time Period for Amortization. The amortization period shall run from Occupancy until the termination of the Agreement and the Surrender of the Residence.

3. Termination After Occupancy. In the event of termination after Occupancy for any reason, any applicable refund shall be paid in accordance with the Entrance Fee plan selected by you. The refund schedule for each Entrance Fee plan is reflected above. All refunds are subject to deductions for the amount of any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific written request, and/or any unpaid charges. All refunds shall

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be paid to you or your estate in accordance with Section 10.5 of the Agreement.

4. <u>Other Terms and Conditions.</u>

All other terms and conditions of the Agreement, to the extent not inconsistent with this Addendum, shall remain in full force and effect and shall govern the terms and conditions of the relationship between you and us.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have signed this Addendum on this day of , _____.

Calvary Fellowship Homes

By: _____
Authorized Representative

Date: _____

Witness:

_____ _____
Resident

Date: _____ Date: _____

Witness:

_____ _____
Co-Resident

Date: _____ Date: _____

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EXHIBIT "C"

CALVARY FELLOWSHIP HOMES

CONDITIONS of OCCUPANCY of CONTINUING CARE RESIDENCE

In order to qualify for initial residency as well as continued residency in a residence, an applicant/resident must satisfy the following conditions of occupancy in addition to other requirements of the Community as reflected in its rules, regulations, policies, and procedures:

1. Possess the ability to meet one's individual personal care needs (e.g., eating, drinking, personal hygiene) so as to reside safely in the residence.

2. Maintain one's self and the residence in a safe and sanitary manner so as not to pose a threat or danger to one's health or safety or the health or safety of others in the Community.

3. Maintain the ability to reside safely in the residence without becoming disoriented as to person, place and/or time so as to be at risk of elopement or other actions, including socially offensive or aggressive behaviors, which would endanger the resident or threaten the safety or well-being of other residents.

4. Demonstrate that, upon applicant's/resident's request for a reasonable accommodation to remain in the residence, such reasonable accommodation shall be secured with appropriate and qualified assistance, and, if requested by Community, by the execution of and compliance with the Aging-in-Place Addendum, and demonstrate sufficient resources to pay for such reasonable accommodation without impairing one's financial obligations to Community and without prematurely depleting such resources as determined by Community.

5. Demonstrate sufficient financial resources to meet all financial requirements of residency.

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SIGNATURES ON FOLLOWING PAGE]

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Calvary Fellowship Homes

By: _____
Authorized Representative

Date: _____

Witness:

_____ _____
Resident

Date: _____ Date: _____

Witness:

_____ _____
Co-Resident

Date: _____ Date: _____

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