bakertilly

Mr. Michael Humphrey
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Strawberry Square
Harrisburg, Pennsylvania 17120

Dear Commissioner Humphrey:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements Christ the King Manor, Inc. (the Manor), for the year ended June 30, 2025, and have issued our report thereon dated October 27, 2025. In connection therewith, we advise you as follows:

a) We are independent certified public accountants with respect to the Manor and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Pennsylvania Board of Public Accountancy.

b) The engagement Principal, who is a certified public accountant, has over 20 years of experience in public accounting and is experienced in auditing continuing care retirement communities. Members of the engagement team, some of whom have had experience in auditing continuing care retirement communities and some of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c) We understand that the Manor intends to file its audited consolidated financial statements and our report thereon with the Commonwealth of Pennsylvania Insurance Department (the "Insurance Department") and that the Commonwealth of Pennsylvania Insurance Commissioner (the "Insurance Commissioner") will be relying on that information in monitoring and regulating the financial condition of the Manor.

While we understand that an objective of issuing a report on the consolidated financial statements is to satisfy regulatory requirements, our audit was not planned or conducted to satisfy all objectives or responsibilities of insurance regulators. In this context, the Manor and the Insurance Commissioner should understand that the objectives of an audit of financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion as to whether the consolidated financial statements, which are the responsibility and representations of management, present fairly, in all material respects, the financial position, results of operations, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America. Consequently, under generally accepted auditing standards, we have the responsibility, within the inherent limitations of the auditing process, to design our audit to provide reasonable assurance that errors and fraud that have a material effect on the consolidated financial statements will be detected, and to exercise due care in the conduct of our audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and as to the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on the consolidated financial statements. Thus, our audit, based on the concept of selective testing, is subject to the inherent risk that material errors or fraud, if they exist, would not be detected. In addition, an audit does not address the possibility that material errors or fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may have existed that would have been assessed differently from you.

It is the responsibility of the management of the Manor to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of continuing care retirement communities and should not rely solely upon the independent auditors' report.

d) We will retain the audit documentation prepared in the conduct of our audit until the Insurance Department has filed a Report of Examination covering 2025, but no longer than seven years. After notification to the Manor, we will make the audit documentation available for review by the Insurance Department at the offices of the Manor, at our offices, at the Insurance Department, or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit documentation may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.

e) This is the engagement Principal's first year serving in this capacity with respect to the Manor. He is licensed by the Pennsylvania Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

f) To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the NAIC's *Model Rule (Regulation) Requiring Annual Audited Financial Reports* regarding qualifications of independent certified public accountants.

This report is intended solely for the information and use of the Finance Committee, the Board of Directors and management of the Manor, and the Insurance Department, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle Pennsylvania
October 27, 2025

bakertilly

Mr. Micheal Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Strawberry Square
Harrisburg, Pennsylvania 17120

Dear Commissioner Humphreys:

We have been engaged by Christ the King Manor, Inc. (the Manor) to perform the annual audit in accordance with auditing standards generally accepted in the United States of America of the Manor's financial statements. In connection therewith, we acknowledge the following:

> We are aware of the provisions relating to the accounting and financial reporting matters in the Insurance Code of the Commonwealth of Pennsylvania Insurance Department (the "Insurance Department") and the related rules and regulations of the Insurance Department that are applicable to audits of financial statements of insurance enterprises. We have issued our report on its conformity with accounting principles generally accepted in the United States of America as permitted by the Insurance Department for continuing care retirement communities.

This letter is intended solely for the information and use of the board of directors and management of the Manor and the Insurance Department, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle, Pennsylvania
October 27, 2025

CHRIST THE KING MANOR, INC.

1100 West Long Avenue
Dubois, PA 15801

A Licensed Continuing Care Retirement Community Providing
Independent Living
Personal Care
Nursing Care

DISCLOSURE STATEMENT

Christ The King Manor, Inc.
1100 West Long Avenue
Dubois, PA 15801

June 30, 2025

EQUAL HOUSING OPPORTUNITY

THE ISSUANCE OF CERTIFICATE OF AUTHORITY BY THE INSURANCE DEPARTMENT OF PENNSYLVANIA DOES NOT CONSTITUTE THAT DEPARTMENT'S APPROVAL, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO, THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

TABLE OF CONTENTS

	Item	Page
I.	Information Summary	3-4
II.	Description of Facility	4
III.	Officers and Board of Directors	4-5
IV.	Administration	5
V.	Affiliations	5
VI.	Description of Provider	5-6
VII.	Services	5-7
VIII.	Fees and Charges	7-8
IX.	Reserve Funding	9
X.	Certified Financial Statement	9
XI.	Right to Rescind	9
XII.	Admissions Agreement	10
XIII	Escalation of Rents	10

Tab B1 – A brief biographical description of the Nursing Home Administrator and Medical Director

Tab B2 – A copy of Christ the King Manor Independent Living Resident Agreement

Tab B3 – Last Two Years Financial Statements

Tab B4 – Pro Forma comparison of current budget to actual results with a budget for the upcoming year

Tab B5 – Notice of Right to Rescind

I. INFORMATION SUMMARY

1.	**Facility**	The Cottages at Christ the King Manor	1100 West Long Avenue, Dubois, PA 15801
2.	**Provider**	Christ The King Manor, Inc.	1100 West Long Avenue, Dubois, PA 15801

3. **Admissions Contact** – Please call (814) 371-3180 and ask to speak with the Administrator.

4. **Property** – Christ The King Manor, Inc. ("Christ The King Manor") is located on a 67-acre site in suburban Dubois, Sandy Township, Clearfield County, Pennsylvania. The Facility consists of a 160-bed Licensed Skilled Nursing Facility and a 60-bed Licensed Personal Care Home. Christ The King Manor also has Independent Living Units located in a development known as The Cottages at Christ the King Manor. The development is located across the street from the Skilled Nursing Facility and Personal Care Home on 40 acres of land. The Cottages at Christ the King Manor consists of 54 cottages, and two 24-Unit apartment buildings.

5. **Admission Age** – Admission is open to individuals who are at least 62 years of age and married couples or related couples, where one person is at least 62 years of age and the other is at least 55 years of age.

6. **Affiliations** – Christ The King Manor, Inc. is a non-profit corporation and is an agency of the Catholic Charities and the Diocese of Erie. Neither the Diocese nor the other agencies of the Diocese are responsible for the debts or other obligations of Christ the King Manor.

7. **Resident Population-** Residents by type of accommodation are listed below:

	Units/Beds	**Residents**
Independent Living	102	137
Personal Care	60	54
Skilled Nursing Facility	160	120

8. **Sample of Fees**: 30 days' notice will be provided for any increases in rates and will be distributed to all CCRC residents and will be attached to the back of this Disclosure Statement as Supplement "A."

Please Note: No Entrance Fee or any portion of any Entrance Fee will be accepted prior to the date of occupancy by any resident.

	Entrance Fee	**Maintenance Fee**
A. Single Occupancy:	$165,000	$675 per month

B. Double Occupancy:	$165,000	$675 per month

II. DESCRIPTION OF FACILITY

The Provider is Christ the King Manor, Inc., which is a Pennsylvania non-profit corporation. Christ The King Manor, Inc. ("Christ The King Manor") is located on a 67-acre site in suburban Dubois, Sandy Township, Clearfield County, Pennsylvania. The Facility consists of a 160-bed Licensed Skilled Nursing Facility and a 60-bed Licensed Personal Care Home. Christ The King Manor also has Independent Living Units located in a development known as The Cottages at Christ the King Manor. The development is located across the street from the Skilled Nursing Facility and Personal Care Home on 40 acres of land. The Cottages at Christ the King Manor consists of 54 cottages, and two 24-Unit apartment buildings.

Phase I of The Cottages at Christ the King Manor began in 2000 and consisted of 30 independent living cottages. The first two units were occupied in November 2001. Phase II construction began in the fiscal year ended June 30, 2006, and added 15 additional cottages. Construction of Phase III, the final phase, began in fiscal year ended June 30, 2014, which added 9 Cottages, for a total of 54 cottages. There are five (5) different cottage models offered: The Laurel, The Oakmont, The Bayhill, The Mayfield, and The Augusta.

Christ The King Manor is exempt from payment of Federal Income Tax under section 501c (3) of the Internal Revenue Code. Christ The King Manor, Inc., is an agency of Catholic Charities and the Diocese of Erie.

III. OWNERSHIP AND MANAGEMENT OF CHRIST THE KING MANOR

The Board of Directors of Christ the King Manor is vested with the authority to govern and manage the affairs of the community. The Board of Directors serve on a voluntary basis and receive no remuneration for their activities as a Director or Officer. The names for each of the Officers and Directors are listed below:

Christ The King Manor Board of Directors 2025:

John Luchini (Chairman of the Board)
Gretchen Caruso (Vice Chairman)
Ray Donati
Kathleen Kunkle
Mary Jan Yarger
Tom Glasl (Treasurer)
Dr. Jim Scerbo (Secretary)
Tom Rubritz
Joanne Genevro

The Members of Christ the King Manor, Inc. have oversight authority over the business affairs of the Continuing Care Retirement Community. The business address for all Members is 1100 West Long Avenue, Dubois, PA 15801.

Paula Felton-Werner is the Nursing Home Administrator of the Healthcare Center and is responsible for the day-to-day management of the nursing facility and all patient care operations on behalf of Christ the King Manor. The Medical Director is Dr. Eric Peck. A brief biographical description of the Administrator and Medical Director is attached at **Tab B1**.

None of the individuals listed above, including those listed at **Tab B1**, have been convicted of a felony or pled *nolo contendere* to a felony charge or have been held liable or enjoined in a civil action by final judgement involving fraud, embezzlement, fraudulent conversion, or misappropriation of property. The business address of these individuals is 1100 West Long Avenue, Dubois, PA 15801.

Unless disclosed hereto, no professional service, firm, association, trust, partnership, or corporation, in which such person has, or which has in such person, a 10% or greater equity or beneficial interest in the provider, has or presently intends to provide goods, leases, or services to the facility of a value of $500 or more, within any fiscal year.

IV. ADMINISTRATION

Paula Felton-Werner is the CEO and Chief Nursing Home Administrator of the Healthcare Center and is responsible for the day-to-day management of the nursing facility and CCRC and all patient/resident care on behalf of Christ the King Manor. She is also charged with monitoring the performance of the organization to ensure that it is operating at optimal levels and in satisfaction of the regulatory guidelines.

Ann Burt is the Controller of Christ the King Manor, Inc. Ms. Burt is charged with operations of the Business Office. Managing the day to day accounts, investments, accounts receivables and payables. Ms. Burt also participates in development of budgeting, goal setting, and financial review of Christ the King Manor, Inc.

V. AFFILIATIONS

Christ The King Manor, Inc. is a non-profit corporation and is an agency of Catholic Charities and the Diocese of Erie. Neither the Diocese nor the other agencies of the Diocese are responsible for the debts or other obligations of Christ the King Manor.

VI. DESCRIPTION OF PROVIDER

The Provider is Christ the King Manor, Inc., which is a Pennsylvania non-profit corporation. The Board of Directors of Christ the King Manor is vested with the authority to govern and manage the affairs of the community. The Board of Directors serve on a voluntary basis and receive no remuneration for their activities as a Director or Officer.

The total cost to develop the Independent Living Cottages was approximately $1,500,000. Christ The King Manor financed The Cottages through individual term loans with S&T Bank.

VII. SERVICES

Christ The King Manor, Inc. ("Christ The King Manor") is located on a 67-acre site in suburban Dubois, Sandy Township, Clearfield County, Pennsylvania. The Facility consists of a 160-bed Licensed Skilled Nursing Facility and a 60-bed Licensed Personal Care Home. Christ The King Manor also has Independent Living Units located in a development known as The Cottages at Christ the King Manor. The development is located across the street from the Skilled Nursing Facility and Personal Care Home on 40 acres of land. The Cottages at Christ the King Manor consists of 54 cottages, and two 24-Unit apartment buildings.

There are five (5) different cottage models offered:

- The Laurel — one bedroom, one bath, den
- The Oakmont — two bedrooms, two bath
- The Bayhill — two bedrooms, two bath, den
- The Mayfield — two bedrooms, two bath, den
- The Augusta — two bedrooms, two bath, den

Each Cottage Includes:

- Wall-to-wall carpeting or LVT flooring
- Quality vinyl flooring in kitchens and bath(s)
- Storage Space
- Washer and dryer
- Individual temperature control
- Single car garage
- Emergency call device
- Patio

BASIC CONTRACT SERVICES:

SERVICES INCLUDED IN THE MONTHLY FEE:

- Grounds keeping, snow and trash removal
- Maintenance of the cottages
- 24-hour emergency response
- Social and recreational activities

SERVICES AVAILABLE AT AN ADDITIONAL CHARGE:

- Resident and Guest Meals
- Utilities
- Telephone
- Cable Television

Please refer to the Resident Agreement, which provides additional details concerning the services offered at Christ the King Manor or contact the administrator for more information.

Christ The King Manor, Inc. independent living leases are not life-care contracts. Residents moving from independent living to skilled nursing or personal care are responsible for paying the per diem rates at the skilled nursing center or for the personal care services. While residents who move from independent living to the skilled nursing facility are responsible for the per diem charges at that level of care, they are provided priority admission as part of their independent living resident agreements. *See*, Christ The King Manor, Inc. Independent Living Resident Agreement attached hereto as **Tab B2**.

VIII. FEES AND CHARGES

30 days' notice will be provided for any increases in rates and will be distributed to all CCRC residents and will be attached to the back of this Disclosure Statement as Supplement "A".

Please Note: No Entrance Fee or any portion of any Entrance Fee will be accepted prior to the date of occupancy by any resident.

Skilled Nursing Fees/Rates: - Effective July 1, 2025

Private Room:	$324.00 per day
Semi-Private Room:	$288.00 per day
Suite:	$360.00 per day
Memory Support unit:	$339.00 per day
Short Term Rehab Unit:	$375.00 per day

Beauty Shop Charges:

Hair Cut:	$20.00
Shampoo/Set:	$25.00
Shampoo:	$15.00
Color:	$45.00
Perm:	$48.00

Transportation Services:

Within DuBois:	$30.00 per hour
Outside DuBois:	$30.00 per hour (+ $0.70 per mile)

Personal Care Room Rates: - Effective July 1, 2025

Single Room:	$130.00 per day	
Suite:	$190.00 per day single	$225.00 double occupancy
PC Alzheimer Unit:	$145.00 per day	

Beauty Shop Charges:	
Hair Cut:	$20.00
Shampoo/Set:	$25.00
Shampoo:	$12.00
Color:	$45.00
Perm:	$48.00
Cable TV:	Included
Telephone Charges:	Included
Transportation Services:	
Within DuBois:	$30.00 per hour
Outside DuBois:	$30.00 per hour (+ $0.70 per mile)

Independent Living Rates:

	Entrance Fee	Maintenance Fee
The Laurel:	$165,000	$675 per month
The Oakmont:	$180,000	$675 per month
The Oakmont (2 Car)	$200,000	$675 per month
The Bayhill (sq. ft. 1650)	$190,000	$675 per month
The Bayhill (sq. ft. 2000)	$220,000	$675 per month
The Augusta/The Mayfield (1 Car)	$230,000	$675 per month
The Augusta/The Mayfield (2 Car)	$250,000	$675 per month

Entrance Fee: Resident shall pay to the Community the total amount of the Entrance Fee by cashier's check, counter check, wire transfer or other immediately available funds. The Entrance Fee shall be due upon occupancy. The Entrance Fee shall not increase in the event of Double Occupancy.

Monthly Maintenance Fee: The current Monthly Maintenance Fee for Continuing Care Residents is $675. The Monthly Maintenance Fee shall not increase in the event of Double Occupancy. Christ The King Manor may periodically increase the amount of the Monthly Maintenance Fee. Residents are provided with at least 30 days' written notice of any Monthly Maintenance Fee changes.

Amortization of Entrance Fee: 20% of the Entrance Fee shall be earned by the Community on the first day the resident occupies the unit. The remaining 80% of the Entrance Fee shall be amortized and earned by the Community at the rate of twenty (20%) percent each year for a period of 4 years from the Date of Occupancy of the living unit. At the conclusion of the 4-year period the remaining 80% of the Entrance Fee shall be earned by the Community in full and zero (0%) percent of the Entrance Fee will be refundable. The Amortization of Entrance Fee will be pro-rated and calculated on a monthly basis.

Dollar Increases in Rates Over the Last 5 Years

	2023	2024	2025	2026	2027
Skilled Nursing Facility (per day)	7	6	9		
Personal Care Home (per day)	5	5	5		
Independent Living	0	0	0		

IX. RESERVE FUNDING

Christ The King Manor will maintain such liquid reserves as are required by the Continuing Care Provider Registration and Disclosure Act (hereinafter "Act"). These funds are invested in financial instruments that are easily converted to cash such as Certificates of Deposit insured by insurance financial institutions, money market funds issued by a regulated investment company, other acceptable securities, and commercial paper to assure liquidity. Paula Felton-Werner, CEO/Chief Administrator and Ann Burt, Business and Finance Director of Christ the King Manor, Inc. will be in charge of maintaining and investing these funds.

X. CERTIFIED FINANCIAL STATEMENT

Audited financial statements from the last two years are attached at **Tab B3**. Updated audited financial statements for Christ the King Manor operations will be provided when available.

In addition, a spreadsheet comparing the 2024-2025 budget to the actual results for 2024-2025 will be attached hereto at **Tab B4**. The spreadsheet will include a narrative statement highlighting the material differences between the 2024-2025 budget to the actual results for 2024-2025. Finally, the spreadsheet will contain Christ the King Manor's budget for 2025-2026.

XI. RIGHT TO RESCIND

Prospective residents have the right to cancel the Resident Agreement by following the terms outlined in the notice attached as **Tab B5**.

XII. ADMISSIONS AGREEMENT

A copy of the independent living resident agreement is attached hereto as **Tab B2**.

XIII. ESCALATION OF RENTS

Charges that are paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes by State or Federal assistance programs.

RECEIPT

The undersigned hereby acknowledges delivery and receipt of Christ the King Manor, Inc. Disclosure Statement dated _____ and all attachments including a copy of the Independent Living Resident Agreement and the Notice of Right to Rescind.

_____
Signature of Resident

_____
Signature of Co-Resident (if applicable)

_____
Signature of Responsible Party / Family Member (if applicable)

_____
Date

TAB B1

Brief Biographical Descriptions:

Paula Felton-Werner is the CEO and Chief Nursing Home Administrator for Christ the King Manor, Inc. since 2019. Paula graduated from The Pennsylvania State University with Bachelor of Science in Health Policy and Administration. After graduation Paula immediately went to work in the Senior Living field and obtained her license as a Personal Care Home Administrator in 1993 in the State of Pennsylvania. While working in a Personal Care Home for several years, she married and moved to Cleveland, Ohio with her husband Dustin. There she worked to obtain her Nursing Home License in 1999 in the state of Ohio. Later in her career Paula would obtain her Nursing Home licenses in various states including Ohio, Arkansas, Kentucky and Pennsylvania. She managed various health care facilities including Skilled nursing and Rehabilitation Centers, Personal Care, long term care and Assisted living. Paula obtained her Certified Director of Assisted Living in 2014 while managing multiple assisted living properties in Houston, Texas. Prior to Paula joining Christ the King Manor she managed over 15 Assisted Living properties throughout the U.S.

Ann Burt is the Controller for Christ the King Manor, Inc. Ann joined Christ the King Manor in May of 2025 to lead our Business office team. Ann comes to our organization with many years of experience in the healthcare sector, working in the LTC industry specifically over the past 5.5 years as an Accounting Manager. She has an extensive knowledge base not only in accounting but also in the skilled nursing reimbursement.

Dr. Eric Peck is the Medical Director for Christ the King Manor, Inc. He has served as the Medical Director since 2013. However, has been attending physician with Christ the King Manor since 2008. He serves on our Quality Assurance Committee and review all our clinical processes in partnership with our Director of Nursing Services.

John Luchini is a Member of the Board of Directors and the Chairman of the Board for Christ the King Manor, Inc.

Gretchen Caruso is a Member of the Board of Directors and the Vice Chairman of the Board for Christ the King Manor, Inc.

Tom Glasl is a Member of the Board of Directors and the Treasurer for Christ the King Manor, Inc.

Dr. Jim Scerbo is a Member of the Board of Directors and the Secretary for Christ the King Manor, Inc.

Ray Donati is a Member of the Board of Directors for Christ the King Manor, Inc.

Kathleen Kunkle is a Member of the Board of Directors for Christ the King Manor, Inc.

Mary Joan Yarger is a Member of the Board of Directors for Christ the King Manor, Inc.

Tom Rubritz is a Member of the Board of Directors for Christ the King Manor, Inc.

Joann Gevevro is a Member of the Board of Directors for Christ the King Manor, Inc.

Christ the King Manor Board of Directors
2025-2026

Last	First	Title	Address	City	State	Zip	Email	Phone
Caruso	Gretchen	Vice Chair	[redacted]					
Donati	Ray							
Genevro	Joanne							
Glasl	Tom	Treasure						
Kunkle	Kathleen							
Luchini	John	Chairman						
Rubritz	Tom							
Scerbo	Jim	Secretary						
Yarger	Mary Joan							

TAB B1

Brief Biographical Descriptions:

Paula Felton-Werner is the CEO and Chief Nursing Home Administrator for Christ the King Manor, Inc. since 2019. Paula graduated from The Pennsylvania State University with Bachelor of Science in Health Policy and Administration. After graduation Paula immediately went to work in the Senior Living field and obtained her license as a Personal Care Home Administrator in 1993 in the State of Pennsylvania. While working in a Personal Care Home for several years, she married and moved to Cleveland, Ohio with her husband Dustin. There she worked to obtain her Nursing Home License in 1999 in the state of Ohio. Later in her career Paula would obtain her Nursing Home licenses in various states including Ohio, Arkansas, Kentucky and Pennsylvania. She managed various health care facilities including Skilled nursing and Rehabilitation Centers, Personal Care, long term care and Assisted living. Paula obtained her Certified Director of Assisted Living in 2014 while managing multiple assisted living properties in Houston, Texas. Prior to Paula joining Christ the King Manor she managed over 15 Assisted Living properties throughout the U.S.

Ann Burt is the Controller for Christ the King Manor, Inc. Ann joined Christ the King Manor in May of 2025 to lead our Business office team. Ann comes to our organization with many years of experience in the healthcare sector, working in the LTC industry specifically over the past 5.5 years as an Accounting Manager. She has an extensive knowledge base not only in accounting but also in the skilled nursing reimbursement.

Dr. Eric Peck is the Medical Director for Christ the King Manor, Inc. He has served as the Medical Director since 2013. However, has been attending physician with Christ the King Manor since 2008. He serves on our Quality Assurance Committee and review all our clinical processes in partnership with our Director of Nursing Services.

John Luchini is a Member of the Board of Directors and the Chairman of the Board for Christ the King Manor, Inc.

Gretchen Caruso is a Member of the Board of Directors and the Vice Chairman of the Board for Christ the King Manor, Inc.

Tom Glasl is a Member of the Board of Directors and the Treasurer for Christ the King Manor, Inc.

Dr. Jim Scerbo is a Member of the Board of Directors and the Secretary for Christ the King Manor, Inc.

Ray Donati is a Member of the Board of Directors for Christ the King Manor, Inc.

Kathleen Kunkle is a Member of the Board of Directors for Christ the King Manor, Inc.

Mary Joan Yarger is a Member of the Board of Directors for Christ the King Manor, Inc.

Tom Rubritz is a Member of the Board of Directors for Christ the King Manor, Inc.

Joann Gevevro is a Member of the Board of Directors for Christ the King Manor, Inc.

TAB B2

CHRIST THE KING MANOR
INDEPENDENT LIVING RESIDENT AGREEMENT

TABLE OF CONTENTS

DEFINITIONS OF WORDS AND PHRASES.....Section A

SECTION 1: LIVING ACCOMMODATIONS AND FACILITIES

1.1 Living Accommodations and Term
1.2 Common Facilities
1.3 Personal Care Facility
1.4 Skilled Nursing Facility
1.5 Designated Occupancy Date

SECTION 2: SERVICES

2.1 Utilities
2.2 Assessments
2.3 Telephone
2.4 Cable Television
2.5 Maintenance and Repair of Equipment
2.6 Maintenance of Grounds
2.7 Insurance
2.8 Administration
2.9 Foods and Meals
(a) Resident Meals
(b) Guest Meals
2.10 Housekeeping
2.11 Transportation
2.12 Parking
2.13 Additional Miscellaneous Services
2.14 Changes in Service

SECTION 3: HEALTH AND PERSONAL CARE SERVICES
3.0 Personal Care Provided Within Personal Care Unit and its Attendant Costs
3.1 The Skilled Nursing Facility
3.2 Emergency Response Services
3.3 Temporary Nursing or Companion Services in the Living Unit
3.4 Hospitalization
3.5 Accident or illness Away from Community
3.6 Mental Illness and Other Limitations on Care
3.7 Costs in the Skilled Nursing Facility or by Provision of Personal Care Within Personal Care Unit
(a) Exclusions (not covered by Monthly Fee)
(b) Ancillary Services
(c) Living Unit Reservation Costs
(i) Temporary Transfer
(A) Single Occupancy
(B) Double Occupancy
(ii) Permanent Transfer
(A) Single Occupancy

(B) Double Occupancy

SECTION 4: FEES

4.1 Entrance Fee
4.2 Amortization of Entrance Fee
4.3 Use of Entrance Fee
4.4 Fee for Optional/Additional Furnishings or Appliances
4.5 Monthly Fee
(a) Amount
(b) Payment and Due Date
4.6 Other charges
4.7 Co-Resident's Fee Responsibility
4.8 Service Charge for Late Payment
4.9 Disclosure of Financial Information
4.10 Comment RE: 40 P.S. Section 3214(a)(11)

SECTION 5: CIRCUMSTANCES UNDER WHICH RESIDENT WILL BE PERMITTED TO REMAIN IN UNIT IN THE EVENT OF FINANCIAL DIFFICULTIES

5.1 Inability to Pay -- Deductions From Any Unamortized Portion of the Entrance Fee

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 Non-Resident
6.2 Other Living Unit resident
6.3 In the Case of Personal Care Provided Within the Personal Care Unit

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by Resident
(a) Rescission Period
(b) Prior to Occupancy
(c) After Occupancy
(d) Inability to Occupy Due to Illness or Death
7.2 Termination by Community
(a) Prior to Occupancy
(b) After Occupancy
7.3 Termination by Death
7.4 Surrender

SECTION 8: LEVEL OF CARE TRANSFERS OR TRANSFERS TO AN OUTSIDE FACILITY

8.1 Conditions of Living Unit Occupancy
8.2 Decision to Transfer
(a) Authority to Transfer
(b) Role of Community's Medical Director
8.3 Transfer Within the Community's Facilities
(a) Transfer to the Skilled Nursing Facility
(b) Transfer to the Personal Care Residence

8.4 Transfer to Hospital or Other Outside Facility
8.5 Costs Related to Transfer to an Outside Facility
(a) Single Occupancy
(b) Double Occupancy
8.6 Release of or Return to Living Unit After Transfer
(a) Temporary Transfer
(b) Permanent Transfer

SECTION 9: REFUND OF ENTRANCE FEE

9.1 Termination Before Occupancy
9.2 Termination After Occupancy
9.3 No Accrual of Interest
9.4 Conditions and Due Date for Refund Payments
9.5 Distribution of Refund Upon Death

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER LIVING UNIT

10.1 Option After Occupancy
10.2 Costs of Election to Move
10.3 Option to Move

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian
11.2 Will and Funeral Arrangements
11.3 Advance Directives
(a) Power of Attorney
(b) Living Will

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right of Self-Organization
12.2 Right to Receive Disclosure Statements
12.3 Guest Privileges
12.4 Rights to Property/Subordination
12.5 Inspection of Living Unit and Right of entry
12.6 Housekeeping/Housecleaning Responsibilities
12.7 Health Insurance and Third-Party Payments
(a) Required Insurance
(b) Assignment of Required Insurance and Third-Party Payments
12.8 Automobile Insurance
12.9 Reduction of Income or Other
12.10 Medical Examinations
12.11 Responsibility for Property Damage to Community
(a) Responsibility for Condition of Living Unit Upon Termination
(b) Property Damages Caused by Resident
12.12 Release Regarding Conduct of Other Residents or Guests
12.13 Responsibility for Resident's Personal property
12.14 Rules, Regulations, Policies and Procedures
12.15 Resident Obligation for Level of Care Transfer
12.16 Grievance Procedure and Voluntary Dispute Arbitration

SECTION 13: AVERAGE ANNUAL COST OF PROVIDING SERVICES

SECTION 14: SEVERABILITY

SECTION 15: ACTS IF FORBEARANCE

SECTION 16: ENTIRE AGREEMENT

SECTION 17: INDEMNIFICATION

SECTION 19: SUBROGATION

SECTION 19: NOTICE

SECTION 20: MISCELLANEOUS PROVISIONS

20.1 Resident's Continuing Disclosure Obligation
20.2 Receipt of Disclosure Statement
20.3 Community's Modification of Agreement and Policies
20.4 Binding Effect
20.5 Governing Law
20.6 Non-Waiver of the Continuing Care Provider Registration and Disclosure Act of 1984

Attachment A: NOTICE OF RIGHT TO RECIND

Attachment B: GRIEVANCE PROCEDURE & VOLUNTARY ARBITRATION AGREEMENT

Attachment C: MISCELLANEOUS SERVICES OR GOODS OFFERED BY CHRIST THE KING MANOR AT AN ADDITIONAL FEE NOT PART OF THE MONTHLY MAINTENANCE FEE OR ENTRANCE FEE

DEFINITIONS OF WORDS AND PHRASES

SECTION A

ADDITIONAL OCCUPANT: An individual who, after Resident takes occupancy applies and is accepted for admission to the Community to occupy as a Co-Resident the living unit.

ASSIGNMENT OF INSURANCE: The granting of authority to the Community to apply for and collect insurance benefits from Resident's insurance carrier(s) for services furnished to Resident or on Resident's behalf by Community.

CHIEF OPERATION OFFICER: The individual responsible for the day-to-day operations of the Community.

CONDITIONS FOR OCCUPANCY OF INDEPENDENT LIVING UNIT: Resident's physical and mental health condition as documented by medical examinations conducted by a licensed physician, including any conducted by the Community's Medical Director, does not require the level of care services provided by a licensed personal care home, a licensed nursing home, or other specialized health or mental/behavioral health care facility, and can otherwise be reasonably accommodated through the use of in-unit services paid for by Resident, as well as compliance with Resident's financial obligation for charges and other requirements as specified in this Agreement.

CONTINUING CARE: The provision by the Community of living accommodations and care for Resident in a living unit and, if available, in the Personal Care Unit or Skilled Nursing Facility, until termination of this Agreement.

CO-RESIDENT: One of two individuals who signs as Resident to occupy initially one living unit.

DESIGNATED OCCUPANCY DATE: The date designated by the Community on which Resident must accept occupancy of the living unit.

DOUBLE OCCUPANCY: Two individuals initially residing in a living unit as co-Residents.

ENTRANCE FEE: The charge for admission to the Community. The amount of the Entrance Fee is based on the type of the living unit.

SKILLED NURSING FACILITY: The licensed skilled nursing care facility of the Community.

LIVING ACCOMMODATION: The living unit, or Personal Care room, or nursing care bed provided for occupancy by Resident.

LIVING UNIT: A room or combination of rooms in the Community provided for occupancy by Resident that does not include the nursing facility or Personal Care services.

MEDICAL DIRECTOR: The physician designated by the Community to supervise the medical affairs of the Community and residents.

MONTHLY FEE: The monthly charge for occupancy of a living unit.

OCCUPANCY: The right to possession and use of the living accommodation.

DAILY ROOM AND BOARD RATE: The daily charge for routine health care services. It does not include charges for ancillary or miscellaneous services. Routine health care services are in semi-private accommodations. There is an additional charge for private accommodations.

RATE SCHEDULE: The Community publication reflecting current charges for services rendered by Community.

REFURBISHMENT FEE: The charge for transferring and moving from the living unit designated under this Agreement to another living unit.

SINGLE OCCUPANCY: One individual initially residing in the living unit.

SURRENDER: To cease to occupy a living accommodation, to remove all possessions from it, and to return all keys for it.

THE COMMUNITY
INDEPENDENT LIVING
RESIDENT AGREEMENT

THIS RESIDENCY AGREEMENT (called "Agreement"), made this _____, 20__ between The Cottages at Christ the King Manor, Inc. (also called "Community") and _____ (called "Resident", and when two individuals sign this Agreement for double occupancy, they are called collectively "Resident," where the context permits, and individually "Co-Resident") for admission of Resident to the Community for occupancy.

RECITALS:

The Community consisting of a licensed health care facility, a licensed personal care facility, and independent living units for residents who do not require nursing facility or personal care services; and,

Resident has applied for admission to the Community; and,

The Community has reviewed and accepted Resident's application subject to the execution of this Agreement.

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

SECTION 1: LIVING ACCOMODATIONS AND FACILITIES

1.1 Living Accommodations and Term.

The Community shall provide Resident with the living accommodations, specifically located at _____, Dubois, Pennsylvania 15801 (hereinafter "Unit"). The main campus, skilled nursing facility, and personal care residence, commonly known as Christ the King Manor, has a mailing address of 1100 West Long Avenue, Dubois, PA 15801. The Community shall provide Resident with access to the Unit and 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 Common Facilities.

Resident may use in common with others the social and recreational facilities, grounds, and other facilities provided by the Community for all residents.

1.3 Personal Care.

The Community shall maintain its license to provide personal care. Once a resident's needs meet licensure requirements for this level of care as determined by the Community subject to State review, this level of care shall be available at the Unit on a priority basis subject to availability and for an additional charge. This additional fee is outlined in the Community's annual disclosure statement filed with the Pennsylvania

Department of Insurance each year and which is furnished to all residents each year. This paragraph is subject to the provisions of Section 3 & 8 of this Agreement, below.

1.4 Skilled Nursing Facility

The Community shall operate a skilled nursing facility at 1100 West Long Avenue, Dubois, PA 15801 commonly known as Christ the King Manor for the delivery of healthcare services, which shall be available on a priority access basis, subject to availability and for an additional charge, to Residents whose care needs meet licensure requirements for this level of care as determined by the Community subject to State and Federal review (hereinafter "Skilled Nursing Facility"). This additional fee is outlined in the Community's annual Disclosure Statement filed with the Pennsylvania Insurance Department each year and which is furnished to all residents each year. This paragraph is subject to the provisions of Section 3 & 8 of this Agreement, below.

1.5 Designated Occupancy Date.

The Community expects that a placement will be available for Residents occupancy _____ (the "Designated Occupancy Date"). The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or upon occupancy, whichever is earlier. The Entrance Fee is not due until the Designated Occupancy Date or actual date of occupancy, whichever is earlier.

SECTION 2: SERVICES

2.1 Utilities.

The Community shall provide trash removal and recycling without additional charge to the Monthly Fee. Cottage Residents will be responsible for all other utilities, including water and sewage, gas, and electricity, which are not included in the Monthly Fee.

The Community reserves the right to establish maximum usage levels on any utilities provided, and to charge Resident for any excessive or unreasonable usage.

2.2 Assessments.

The Community may be assessed real estate taxes. Real estate taxes are included in the monthly fee. Monthly fee adjustments will reflect any increase in future assessments. Payment of a pro-rata portion of any real estate tax assessment does not give the Resident any interest in the land, improvements, or real estate of the Community.

2.3 Telephone.

The Community shall provide each Resident with access to basic telephone service. All basic telephone service charges, including connection charges, are not included in the Monthly Fee and shall be paid by Resident.

2.4 Cable Television.

The Community shall provide each Resident with a hookup for basic cable television. All charges for basic cable television services are not included in the Monthly Fee and shall be paid by the Resident.

2.5 Maintenance and Repair of Equipment.

The Community shall provide necessary repairs, maintenance and replacement of the Community's property, equipment, and appliances. Repairs, maintenance, and replacement of resident's property and furnishings shall be the responsibility of Resident and are not included in the Monthly Fee. Redecoration will be at the discretion of the Community and will be implemented as part of the Community's preventive maintenance program and is included in the Monthly Fee.

2.6 Maintenance of Grounds.

The Community shall provide grounds keeping, lawn care, snow removal and grounds lighting. These services are included in the Monthly Fee.

2.7 Insurance.

The Community shall provide insurance on the Community's property only. Resident is responsible to insure personal property and for the cost of such insurance.

2.8 Administration.

The Community shall provide administrative support services to implement the provisions of this Agreement. Administrative services are included in the Monthly Fee.

2.9 Food and Meals.

(a) Resident Meals. Meals will be available at the Community Center and will be available at an additional charge. *See* Disclosure Statement.

(b) Guest Meals. Guest meals will be available at the Community Center as an additional charge at rates determined by the Community. *See* Disclosure Statement.

2.10 Housekeeping.

The Community shall make available a limited housekeeping service, which will be available at an additional charge to the Monthly Fee. The Community reserves the right to inspect the residence after appropriate notice and upon discovery of an unsanitary or otherwise unmaintained unit. The Community reserves the right to perform the necessary maintenance of the unit and charge Resident for the services performed.

2.11 Transportation.

The Community shall make available local transportation service in accordance with the schedule established by the Community for an additional fee. *See* Disclosure Statement.

2.12 Parking.

The Community shall provide one parking space for each living unit. Authorization for parking is contingent upon Resident registering the automobile with the Community.

2.13 Additional Miscellaneous Services.

Other miscellaneous services are available at the main campus at an additional charge and are not included in the Monthly Fee. *See* Disclosure Statement.

2.14 Changes in Service.

The Community reserves the right to alter services and will provide thirty (30) days advance notice of any changes in services.

SECTION 3: HEALTH AND PERSONAL CARE SERVICES

3.0 Personal Care Provided Within Personal Care Unit and its Attendant Costs

The Community shall at all times maintain its license to offer personal care services at the Community. Once a resident's needs meet licensure requirements for this level of care as determined by the Community as outlined in Section 8 of this Agreement and subject to State review and the availability of a placement in a Community Personal Care Unit, this level of care will be provided to the resident within a Personal Care Unit for the Community's then prevailing monthly fees for personal living care. There is no guarantee that space will be available in the Community's Personal Care Unit at such time as Resident may require personal care services. The resident will be required to execute the Community's personal care Admission Agreement then in effect. The prevailing personal care monthly rates are outlined in the Community's annual disclosure statement filed with the Pennsylvania Department of Insurance each year and which is furnished to all residents each year. Ancillary charges are not included in the personal care monthly rate and will be provided at an additional fee. Ancillary services may include the following: routine nursing care services in the Skilled Nursing Facility, therapist, or rehabilitation services, physician services, diagnostic services, dental services, drugs and medications, private duty nurses or companions, care for psychiatric conditions, podiatry, refractions, eyeglasses, hearing aids, orthopedic appliances, incontinence supplies, specialized treatment or any other health or medical service not provided under this Agreement. Except in cases of Temporary Transfers, upon execution of the Community's Personal Care Unit Admission Agreement then in effect, as contemplated by this paragraph, the entrance fee shall be promptly refunded in accordance with this agreement to the resident, less any amount that is owed to the Community at such time. In the case of Temporary Transfer, Resident shall retain possession of Resident's Independent Living Unit, until such time as the Community determines that Resident cannot satisfy the conditions of occupancy. In the case of Temporary Transfer, there will be no Entrance Fee refund and Resident remains responsible for payment of the monthly charges for the Independent Living Unit.

3.1 The Skilled Nursing Facility

The Community shall operate the Skilled Nursing Facility and shall make available on a priority access basis and at an additional charge routine health care for temporary or permanent illnesses. Resident shall sign an Admission Agreement upon transfer to the health facility. There is no guarantee that space will be available in the Community's Skilled Nursing Facility at such time as the resident may require nursing care services. In the event of a permanent transfer of the resident to the Skilled Nursing Facility, any unamortized portion of the Entrance Fee shall be promptly refunded to the

resident, less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the living unit in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges.

3.2 Emergency Response Services.

In the event of an accident/emergency, emergency response services will be provided at no additional cost. The Cottages will provide the following emergency response services:

Life Station – respond to emergency medical alarms on a 24-hour basis.

3.3 Temporary Nursing or Companion Services in the Living Unit.

The use of private duty nurses, companions or individuals providing personal services must be approved in writing by the Community. All private duty nurses or companions must provide the Community with an appropriate Release and Indemnification Agreement, as well as proof of liability insurance as a condition of the Community's approval. Resident must make all arrangements and is responsible to pay the cost for such services. To the extent required by law, Resident may be required to provide worker's compensation insurance. The Community reserves the right to approve/disapprove all nurses and companions and to prohibit the use of such services. The Community permits in-unit personal care services necessary to reasonably accommodate a resident's disability, where the resident's level of care needs meet the conditions for occupancy. Residents determined to require transfers to a higher level of care, pursuant to the terms of this Agreement, will not be permitted to provide for such care in the Independent Living Unit.

3.4 Hospitalization.

The Community does not provide hospital or acute care. The Community will arrange for the prompt transfer of Resident to a hospital on order of a physician. The costs of ambulance or emergency transportation for transfer to a hospital or other acute care provider and the costs of such hospitalization and acute care are not included in this Agreement and shall be the responsibility of resident.

3.5 Accident or Illness Away from the Community.

In the event Resident suffers an accident or illness while away from the Community, and resident relies on health care and support services available in the area where the accident or illness occurred, Resident's health insurance or other personal resources available to Resident must be used for payment for such services.

3.6 Mental Illness and Other Limitation on Care.

The Skilled Nursing Facility and Personal Care Residence is not designed to care for persons who are afflicted with serious mental illness or who require specialized psychiatric care or services not authorized or permitted under the Skilled Nursing Facility or Personal Care licensure regulations. If the Community determines that Resident's mental or physical condition is such that resident's, or in the case of double occupancy, one Co-Resident's continued presence in the Community is either dangerous or detrimental to the life, health, safety of resident, or in the care of double occupancy, a Co-Resident, or other residents or the peaceful enjoyment of the Community by other residents,

the Community may transfer Resident or in the case of double occupancy a Co-Resident, to an appropriate outside care facility. The Community's determination shall be made in writing and signed by the Medical Director and the Chief Operating Officer or designee of the Community. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Fee and also shall be responsible to pay for the cost of Resident's or in the case of double occupancy, Co-Resident's care in such other facility. If the transfer is to be permanent, then the termination provisions of this Agreement shall apply, except that only such notice of termination as is reasonable under the circumstances shall be given in any situation where the resident is a danger to self or others, or to the health, safety, or peace of the Community.

3.7 Costs in the Skilled Nursing Facility.

(a) Exclusions (not covered by the Monthly Fee). There will be an additional charge for all personal, medical, health and nursing care services. The cost of nursing care services are not included in the Monthly Fee, and Resident shall be responsible to pay the charges and costs for all health and related services, including, but not limited to routine nursing care services in the Skilled Nursing Facility, therapist, or rehabilitation services, physician services, diagnostic services, dental services, drugs and medications, private duty nurses or companions, care for psychiatric conditions, podiatry, refractions, eyeglasses, hearing aids, orthopedic appliances, incontinence supplies, specialized treatment or any other health or medical service not provided under this Agreement. Resident shall pay the Daily Room and Board Rate for Skilled Nursing Facility services as that charge is reflected in the Description of Current Charges and Fees in the Community's Disclosure Statement. The Community, not Resident, shall be liable to another health care provider (including an employee or subcontractor of the Community) for health care services that the Community agrees to furnish under this Agreement in consideration of Resident's payments of the Entrance Fee and other periodic fees.

(b) Ancillary Services. All miscellaneous charges and fees for ancillary services not covered or included in the Daily Room and Board Rate are an additional charge and shall be paid by resident. A description of the routine healthcare services covered by and included in the Daily Room and Board Rate and ancillary services not covered by or included in the Daily Room and Board Rates are contained in the Community's current Disclosure Statement.

(c) Living Unit Reservation Costs. Resident shall pay the then current Daily Room and Board rate for services at the Skilled Nursing Facility as reflected in the Disclosure Statement and the charges for reserving the living unit as set forth below.

(i) Temporary Transfer.

(A) Single Occupancy. During any period of temporary transfer, resident shall be charged and shall pay the Daily Room and Board Rate for routine care at the Skilled Nursing Facility and any other additional charges for ancillary or miscellaneous services in the Skilled Nursing Facility and shall continue to pay the then current applicable Monthly Fee for reservation of the living unit. There will be no reduction in the Monthly Fee upon temporary transfer to the Skilled Nursing

Facility. The Community reserves the right to declare the transfer permanent at any time in accordance with Section 8.2 of this Agreement.

(B) Double Occupancy. During the period of temporary transfer, the Co-resident in the Skilled Nursing Facility shall be charged and shall pay the then current Daily Room and Board Rate for routine nursing care, and any other additional charges for ancillary or miscellaneous services. The Co-Resident remaining in the living unit shall be charged and shall pay the Monthly Fee. In the event both Co-residents are temporarily transferred, each Co-resident shall be charged and shall pay the Daily Room and Board Rate for nursing care services and any additional charges for ancillary or miscellaneous services in the Skilled Nursing Facility, and collectively shall be charged and shall pay the then current Monthly Fee for Single Occupancy. Each Co- resident remains jointly and severally liable for each other's charges. The Community reserves the right to declare any transfer permanent at any time in accordance with Section 8.2 of this Agreement.

(ii) Permanent Transfer.

(A) Single Occupancy. Upon the permanent transfer of Resident to the Skilled Nursing Facility, and subsequent surrender of the Living Unit, the obligation to pay the Monthly Fee shall cease, and the Resident shall pay only the Daily Room and Board Rate for nursing care services. Upon permanent transfer of the resident to the status of providing personal care from within the personal care unit the resident will be responsible for paying the Daily Room and Board Rate for personal care services, and the other additional charges for ancillary or miscellaneous services, as outlined in Attachment "A" to the Community's annual Disclosure Statement filed with the Department of Insurance which are made available to all residents pursuant to paragraph 12.2 of this Agreement. Any unamortized portion of the entrance fee shall be promptly refunded to the resident in the case of permanent transfer, less any amount that is owed to the Community at such time.

(B) Double Occupancy. At the time one Co-Resident is permanently transferred to the Skilled Nursing Facility the Co-resident in the Skilled Nursing Facility shall be charged and shall pay the applicable Daily Room and Board Rate for routine nursing care and any additional charges for ancillary or miscellaneous services, and the Co-resident remaining in the living unit shall be charged and shall pay the Monthly Fee. In the event both Co-Residents are permanently transferred to the Skilled Nursing Facility, each Co-Resident shall be charged and shall pay the Daily Room and Board Rate for nursing care services and any other additional charges for ancillary or miscellaneous services. Each obligation to pay the Monthly Fee shall cease upon permanent transfer of both Co-residents and surrender of the living unit. At the time one Co-Resident is permanently transferred to the status of providing personal care in the personal care unit only that Co-Resident will be responsible for paying the Daily Room and Board Rate for personal care services, and the other additional charges for ancillary or miscellaneous services, as outlined in Attachment "A" to the Community's annual Disclosure Statement filed with the Department of Insurance which are made available to all residents pursuant to paragraph 12.2 of this Agreement. In the event both Co-Residents are permanently transferred to the status of providing personal care in the personal care unit

each Co-Resident resident will be responsible for paying the Daily Room and Board Rate for personal care services, and the other additional charges for ancillary or miscellaneous services, as outlined in Attachment "A" to the Community's annual Disclosure Statement filed with the Department of Insurance which are made available to all residents pursuant to paragraph 12.2 of this Agreement. When both Co-Residents are permanently transferred either to the Skilled Nursing Facility or to the status of providing personal care within the personal care unit, each obligation to pay the Monthly Fee shall cease upon surrender of the living unit. Any unamortized portion of the entrance fee shall be promptly refunded in accordance with the provisions of this agreement to Resident, less any amount owed to the Community at such time.

SECTION 4: FEES

4.1 Entrance Fee.

a) Reservation Fee. The Community does not require the payment of a Reservation Fee. No Entrance Fee or any portion of any Entrance Fee, as a Reservation Fee, will be accepted prior to the Designated Date of Occupancy by any resident.

b) Entrance Fee. Resident shall pay to the Community the sum of $ _____ as an Entrance Fee. The Entrance Fee or any portion of the Entrance Fee will not be accepted prior to the date of occupancy by the resident even though this Agreement may have been executed in advance of that date. In the event of termination for any reason after occupancy, the Resident will be entitled to a refund of any unamortized portion of the Entrance Fee, less deductions for any amounts necessary to cover costs incurred by Christ the King Manor to refurbish, restore, or repair the residential unit in the event of unreasonable wear and tear, and/or costs incurred at the specific request of Resident, and/or any unpaid charges.

4.2 Amortization of Entrance Fee.

20% of the Entrance Fee shall be earned by the Community on the first day the resident occupies the unit. The remaining 80% of the Entrance Fee shall be amortized and earned by the Community at the rate of twenty (20%) percent each year for a period of 4 years from the Date of Occupancy of the living unit. At the conclusion of the 4-year period the remaining 80% of the Entrance Fee shall be earned by the Community in full and zero (0%) percent of the Entrance Fee will be refundable. The Amortization of Entrance Fee will be pro-rated and calculated on a monthly basis.

4.3 Use of Entrance Fee.

The entire Entrance Fee after payment shall be used by the Community for any corporate purpose and in any manner deemed appropriate by the Community in its sole and absolute discretion consistent with law. No portion of the Entrance Fee shall be held in Trust for Resident and the Community assumes no fiduciary obligations to resident with respect to any amounts paid for admission to or continued occupancy in the Community. However, any unamortized portion of the Entrance Fee shall be refundable to the resident should the resident elect to cancel this Agreement or if the resident moves to a higher level of care or if this Agreement is otherwise properly cancelled pursuant to its terms.

4.4 Fee for Optional/Additional Furnishings or Appliances. If applicable, the fee of $_____ for any optional or additional furnishings or appliances, must be paid on or before the Designated Occupancy Date or prior to occupancy, whichever is earlier.

4.5 Monthly Fee.

(a) Amount. Resident shall pay to THE COMMUNITY a Monthly Fee of $_____in advance each month for occupancy of the living unit. When personal care or nursing care is needed on a permanent basis, the resident will surrender the independent living unit currently occupied and transfer to a unit that coincides with the appropriate level of care needed. The resident will then cease to pay the monthly maintenance fee for the independent living unit and begin paying the current daily room and board rate for the appropriate level of care, plus any additional charges depending on the severity of the care needed. An explanation and description of the additional personal care fees are published in the Community's annual disclosure statement filed with the Department of Insurance which are made available to all residents pursuant to paragraph 12.2 of this Agreement. 30 days prior written notice shall be provided prior to an increase in the Monthly Fee.

(b) Payment and Due Date. Payment of the first Monthly Fee is due on the date Resident accepts occupancy or the Designated Occupancy Date, whichever is earlier. The Monthly Fee shall be pro-rated if Resident assumes occupancy after the first of the month. Resident shall receive a monthly invoice on or about the fifth (5^{th}) day of each subsequent month. All subsequent Monthly Fee payments are due on the fifteenth (15^{th}) day of each month thereafter. If subsequent Monthly Fee or other charges for care or for miscellaneous or ancillary services are not paid within thirty (30) days of the due date, then, subject to Section 5 of this Agreement or as it may be periodically revised, the Community may elect to exercise its available rights and remedies under this Agreement, including termination.

4.6 Other Charges.

The monthly invoice shall reflect all other charges for routine nursing care and for miscellaneous, ancillary, or other services in addition to the Monthly Fee. Payment for all other charges also is due on or before the seventh day of the month of the receipt of the invoice.

4.7 Co-Resident's Fee Responsibility.

In situations of Double Occupancy, each Co-Resident, shall be jointly and severally liable for all payments due under this Agreement. If one Co-Resident dies or leaves the facility, the remaining Co-Resident shall be responsible for payment of the applicable Monthly Fee and any other charges.

4.8 Service Charge For Late Payment.

A service charge of one and one-quarter (1 ¼%) percent per month will be added to amounts past due in excess of thirty (30) days. Resident is obligated to pay all actual attorney's fees and costs relative to the collection of any amounts past due in excess of ninety (90) days.

4.9 Disclosure of Financial Information.

THE COMMUNITY reserves the right to require Resident upon request to update the financial information disclosed in the application for admission.

4.10 Comment RE: 40 P.S. Section 3214(a)(11)

Pursuant to 40 P.S. Section 3214(a)(11), to the extent this Agreement contains charges for care paid in one lump sum, they shall not be increased or changed during the duration of the agreed upon care, except for changes required by State or Federal assistance programs. In addition, the Community shall not seek to enter into any addendum to this Agreement which will seek to alter any lump sum payment for care made or which seeks to charge a lump sum payment for care.

SECTION 5: Circumstances Under Which Resident Will be Permitted to Remain in Unit in the Event of Financial Difficulties

5.1 Inability to Pay -- Deductions From Any Unamortized Portion of the Entrance Fee.

If Resident's income and assets are no longer sufficient to pay the Monthly Fee and any other financial obligations under this Agreement, then the Community shall deduct from any funds otherwise due Resident as a refund, amounts necessary to fulfill all of Resident's financial obligations under this Agreement. Resident hereby authorizes such deductions from any unamortized portions of the Entrance Fee. The Community shall make such deductions from any refunds otherwise due under this Agreement at such time as any amounts due the Community under this Agreement have been unpaid for more than thirty (30) days from the payment due date. The Community shall continue to make such deductions from any amounts otherwise due as a refund under this Agreement on a monthly basis to offset any unpaid financial obligations of resident until all funds otherwise due Resident as a refund have been exhausted and paid to the Community. The Community offers no other financial assistance to the resident and reserves the right to terminate this Agreement should the resident exhaust all financial resources.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS.

6.1 Non-Resident.

In the event that a single resident wishes to marry or have another person not admitted to the Community under a Residency Agreement share Resident's living unit as a Co-Resident, the proposed Additional Occupant must file an application for admission and meet all age, medical and other requirements for admission applicable to Residents of the living unit. Admittance of an Additional Occupant shall be at the sole discretion of the Community. If the proposed Additional Occupant receives approval to occupy the living unit, this Agreement will be amended, and the Additional Occupant shall be added to this agreement and shall be held joint and severally liable along with the primary resident for all responsibilities under this agreement. In the event that the proposed Additional Occupant does not meet the requirements for admission, then the

proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to the Community. If an agreement cannot be reached regarding the admission of the proposed Additional Occupant, Resident may exercise the option to terminate this Agreement in accordance with its termination provisions.

6.2 Other Resident.

In the event that Resident desires to marry another resident admitted under a separate Residency Agreement, and, thereafter, occupy a single living unit, resident first must select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the living units occupied by each resident, shall be thereafter occupied jointly. The living unit not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated living unit. The Residency Agreements shall be amended to reflect the change in the living unit and any other matters reasonably necessary for the transfer of the resident to the designated or alternative living unit. Upon transfer to the designated or alternative living unit, any unamortized portion of the Entrance Fee paid by the resident shall continue to be amortized and shall be subject to refund only in accordance with the refund provisions of this Agreement relating to Co-Residents.

6.3 In the Case of Personal Care Provided Within the Personal Care Unit.

In the event that resident desires to marry a resident of the Personal Care Residence admitted under a separate Personal Care Admission Agreement, resident first must provide the Community with notice in writing at least sixty (60) days in advance of the proposed transfer of the Personal Care Resident to the living unit. The resident occupying the Personal Care Residence and intending to transfer must be capable of satisfying the health and other conditions of occupancy of the living unit. If the resident proposing to transfer cannot satisfy the conditions of occupancy of the living unit as determined in the sole discretion of the Community, the Community reserves the right to deny the request to transfer to the living unit. If the Community denies the request to transfer, Resident may request transfer to the Personal Care Residence or alternatively may exercise the option to terminate this Agreement in accordance with its termination provisions. Upon transfer, the Residency Agreement shall be amended to reflect the Co-Residency of the additional occupant and any other matters reasonably necessary for the transfer. The Entrance Fee paid by Resident shall be retained by the Community and shall be subject to refund only in accordance with the refund provisions of this Agreement relating to Co-Residents.

SECTION 7: TERMINATION OF AGREEMENT

7.1 Termination by Resident

(a) Rescission Period. Resident may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to the Community. In addition, in the event Resident dies before the Designated Occupancy Date, or through illness, injury, or incapacity is precluded from becoming a resident under the terms of this Agreement, this agreement is automatically rescinded, and a full refund shall issue to Resident, Resident's legal representative, or Resident's estate as the case may be as per the terms of 40 P.S. § 3214(c).

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date, Resident may terminate this Agreement by delivering written notice to the Community prior to occupancy. In such event, this agreement is automatically rescinded and a full refund shall issue to Resident, Resident's legal representative, or Resident's estate as the case may be as per the terms of 40 P.S. § 3214(c).

(c) After Occupancy. After occupancy, Resident may terminate this Agreement by delivery of written notice to the Community at least thirty (30) days prior to termination, and by the surrender of the living accommodation. Termination shall be effective after the lapse of the thirty (30) day notice period and surrender of the living accommodation. Any unamortized portion of the Entrance Fee, as described in Section 4, above, shall be refunded to the Resident.

(d) Inability to Occupy Due to Illness or Death. This Agreement will be automatically rescinded if the Resident dies before occupancy date, or through illness, injury or incapacity is precluded from becoming a resident under the terms of this Agreement and the Resident or his legal representative shall receive a full refund of all moneys paid to the facility, except those costs specifically incurred by the facility at the request of the resident.

7.2 Termination by Community

(a) Prior to Occupancy. The Community may terminate this Agreement at any time prior to occupancy by providing written notice to Resident prior to the Designated Occupancy Date if for whatever reason the Community elects to discontinue operations. All payments shall be refunded to Resident.

(b) After Occupancy. The Community may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice or such written notice as is reasonable under the circumstances to Resident or Resident's representative, subject to any additional laws or regulations then in effect. Just cause shall include, but not be limited to, a default in payment subject to Section 5 of the Agreement, the submission of any materially false information in the application documents, the failure of Resident to abide by the Community's rules, regulations, policies and procedures, the breach of any of the other terms of this Agreement, or a good faith determination in writing signed by the medical director and the administrator of the facility that continued occupancy in the living accommodation by Resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of Resident or other residents or persons in the Community as per the terms of 40 P.S. § 3214(d). The refund provisions of this agreement shall apply to terminations for just cause in the same manner as such provisions would apply to any other termination. Nothing in this subsection shall limit the Resident's rights of continued occupancy under the separate admission agreements for the Skilled Nursing Facility or the Personal Care Facility and the laws and regulations limiting cause for transfer or discharge of Skilled Nursing or Personal Care residents.

7.3 Termination by Death.

Following the death of Resident this Agreement shall terminate when the

living accommodation has been surrendered to the Community. In the event there is any remaining unamortized portion of the Entrance Fee left as described in Section 4, above, it will be promptly refunded to the resident.

7.4 Surrender.

The obligation to pay the Monthly Fee shall continue until the living unit has been surrendered by Resident, or in the case of death, by the estate or family of Resident. Surrender of the living accommodation shall be complete when Resident has ceased to occupy it, has removed all possessions from it, and has turned over to the Community the keys for it.

SECTION 8: LEVEL OF CARE TRANSFERS OR TRANSFER TO AN OUTSIDE FACILITY

8.1 Conditions of Living Unit Occupancy.

Resident shall have the right to occupy the living unit for so long as Resident satisfies the health and other conditions of occupancy. Continued occupancy of the living unit shall, in general, be controlled by the Resident's physical and mental condition. The Community may require Resident to obtain at Resident's expense at least one annual medical examination, or letter from Resident's attending physician confirming that Resident does not need Personal Care or Skilled Nursing services and can otherwise satisfy the Community's conditions for living unit occupancy.

8.2 Decision to Transfer.

(a) Authority to Transfer. The Community shall have the right to transfer Resident from and between the living unit and the Skilled Nursing Facility or Personal Care Residence, or any other appropriate care facility if it determines that such a move or increase in care should be made because of the health of the Resident, for the proper operation of the Community, to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, the Pennsylvania Insurance Department, local regulations of the Fire Department, or any other duly constituted authorities or agencies, or otherwise to meet the requirements of law. The decision as to whether a transfer to provide increased care shall be deemed temporary or permanent shall be made by the Community in its sole discretion, except where limited by law or regulation then in effect. The Community's decision regarding such a transfer and the temporary or permanent nature of any transfer may be made prior to the date of the transfer or at any other time deemed appropriate by the Community, after 30 days prior written notice to Resident (except in emergency situations). The Community shall consider, subject to time constraints in emergency situations, the opinion of Resident and the advice of a family representative, if available, and, if requested and at the Resident's expense, a private physician; however, the opinion of Resident and the advice of family and Resident's physician is advisory only and shall not be binding on the Community.

(b) Role of the Community's Medical Director. The Community has a medical doctor licensed to practice medicine in the Commonwealth of Pennsylvania as the Community's Medical Director. Upon certification by the Community's Medical

Director that Resident is no longer capable of satisfying the conditions for occupancy of the living unit and is in need of Skilled Nursing, Personal Care Home services, or other specialized care, Resident or Resident's next of kin, legal representative or agent acting on Resident's behalf, will be notified by the Community that arrangements will be made for Resident's immediate transfer to the Skilled Nursing Facility, Personal Care Residence, or other appropriate care facility. The Community shall not be liable for acting in accordance with the certification of the Medical Director or attending physician.

8.3 Transfers Within the Community's Facilities.

(a) Transfer to the Skilled Nursing Facility. If Resident becomes ill or incapacitated, and in the opinion of the Community's COO or designee, with the advice of the Medical Director, the Resident requires nursing care, such care will be available on a priority access basis in the Skilled Nursing Facility either on a temporary or permanent basis. If the Community's COO or designee determines that the health of the Resident is such the occupancy in the Skilled Nursing Facility will be permanent, Resident's living unit will be released (if not occupied by a Co-Resident) and made available for occupancy by another. In the event that the Community decides that the transfer is permanent, Resident shall surrender the living unit and cause his/her personal possessions to be removed with thirty (30) days of notice of the Community's decision. This paragraph is subject to the provisions of Section 7, above.

(b) Transfer to the Personal Care Residence. If Resident becomes ill or incapacitated, and in the opinion of the Community's COO or designee, with the advice of the Community's Medical Director, that the resident needs personal care, the Community will provide such personal care services to Resident in the Personal Care Residence. Such care will be subject to an additional fee. Such action will only be taken upon certification by the Community's Medical Director that Resident is no longer capable of satisfying the conditions for occupancy of the living unit solely on an independent living basis and is in need of personal care, Resident or Resident's next of kin, legal representative or agent acting on Resident's behalf, will be notified by the Community that arrangements will be made for providing personal care in the Personal Care Residence. The Community shall not be liable for acting in accordance with the certification of the Medical Director or attending physician.

8.4 Transfer to Hospital or Other Outside Facility.

In the event that hospitalization or outside care of the Resident becomes necessary as determined by the Community's Medical Director, Resident will be transferred to a hospital or other acute or outside health care provider. In the event Resident's mental, emotional or physical condition deteriorates to a degree that in the professional opinion of the Medical Director, Resident's presence in the Community is deemed detrimental to the health, safety or peace of other residents, the Community may transfer Resident to an appropriate outside care facility. The Community's COO or designee with the advice of the Medical Director may declare Resident's living unit vacant (unless occupied by a Co-resident) if Resident has been transferred to an outside health care or other special service facility or hospital for health conditions which, in the opinion of the Medical Director or Resident's physician, require permanent or

prolonged residence in the outside facilities (i.e. generally sixty (60) days or more). Resident shall surrender the living unit and cause Resident's personal possessions to be removed from the living unit within thirty (30) days after notice of Community's determination that the transfer will be permanent. This paragraph is subject to the provisions of Section 7, above.

8.5 Cost Related to Transfer to an Outside Facility.

(a) Single Occupancy. During any temporary transfer to a hospital or outside facility, Resident shall continue to pay the Monthly Fee and additionally all costs and charges related to the transfer to and occupancy of the outside facility or hospital. Upon permanent transfer to an outside facility, and after surrender of the living unit, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Any refund due shall be paid in accordance with the refund provisions of this Agreement. Resident is obligated to pay the charges for transfer to and occupancy of any outside facilities including the charges for care in an outside personal or nursing care facility resulting from a transfer because of insufficient space in the Community's Skilled Nursing Facility.

(b) Double Occupancy. During any temporary transfer of one Co-Resident to a hospital or any outside facility, the Monthly Fee shall continue to be due and payable. Upon the permanent transfer of one Co-Resident to an outside facility, the remaining resident shall be responsible for the Monthly Fee and shall remain jointly and severally liable along with the Co-resident for all responsibilities under this agreement. In the event both Co-Residents are temporarily transferred to an outside facility, the Monthly Fee shall continue to be due and payable. In the event both Co-Residents are permanently transferred to an outside facility, then, after the surrender of the living unit, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Any refund due shall be paid in accordance with the refund provisions of this Agreement. Resident is obligated to pay all costs and charges related to the transfer to and occupancy of the outside facility or hospital, including care in an outside personal or nursing care facility resulting from a transfer because of insufficient space in the Community's Skilled Nursing Facility.

8.6 Release of or Return to Living Unit After Transfer.

(a) Temporary Transfer. If Resident is admitted temporarily to one of the Community's Skilled Nursing Facility or a hospital or other outside facility or provided temporary personal care from within the Personal Care Residence, with a medical prognosis of recovery and return to health consistent with the conditions of living unit occupancy on an independent basis, then Resident shall retain possession of the living unit for the purpose of resuming residence. During any period of temporary transfer to the Community's Skilled Nursing Facility or to the Personal Care Residence, Resident shall pay the costs for retaining the living unit set forth in Section 3.7 of this Agreement. During any period of temporary transfer to a hospital or other outside facility, Resident shall pay the costs for retaining the living unit set forth in Section 8.5 above. Resident may return to the living unit at such time as the Community determines that Resident can satisfy the conditions of occupancy.

(b) Permanent Transfer. If a transfer to the Community's Skilled

Nursing Facility or a hospital or other appropriate outside facility exceeds sixty (60) days, or if at an earlier time the Community determines that Resident will not be able to satisfy the conditions of occupancy, so as to resume residence in the living unit, the Community shall have the right to declare the living unit vacant (unless occupied by a Co-resident) and release the living unit to another. Resident shall surrender and vacate the living unit within thirty (30) days of written notice of the Community's decision to permanently transfer Resident and release the living unit. If, in the Community's opinion, Resident subsequently recovers sufficiently to satisfy the conditions of occupancy of a living unit, the Community in the exercise of its discretion shall make available as soon as reasonably practicable a living unit with a floor plan comparable to the one relinquished. Resident shall be obligated to pay a refurbishment fee prior to re-occupancy which fee is subject to change from time to time. This paragraph is subject to the provisions of Section 7, above.

SECTION 9: REFUND OF ENTRANCE FEE

Upon termination of this Agreement, Community shall refund the Entrance Fee in accordance with the following provisions:

9.1 Termination Before Occupancy.

Because no entrance fees are taken until the actual date of occupancy, the resident may terminate this agreement at any time before occupancy without penalty. If the termination occurs any time up to seven (7) days after execution of this Agreement, the contract may easily be terminated by mailing the Notice of Right to Rescind attached to the bottom of the Agreement. If the resident wishes to terminate this Agreement for any period longer than seven (7) days after execution of this agreement but before occupancy, the resident can cancel by providing written notice at the address indicated in the "Notices" Section of this Agreement, and, again, this termination will be without penalty of any kind.

9.2 Termination After Occupancy

Any unamortized portion of the Entrance Fee, except as provided in Section 9.5 relating to termination by death of Resident, shall be refunded to Resident, less any amounts deducted to cover costs incurred by the Community to refurbish, restore or repair the living unit in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of Resident, or to satisfy unpaid charges, and shall be refunded to Resident in accordance with Section 9.4 below.

9.3 No Accrual of Interest.

No interest will accrue to the benefit of Resident on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

9.4 Conditions and Due Date for Refund Payments.

Prior to occupancy, all applicable refunds will be made after termination and within sixty days of Resident's request. After occupancy, all applicable refunds will be made only after the Resident's, or in situations of double occupancy, both Co-Residents', vacated living unit has been reoccupied by another resident, and the Entrance Fee for the reoccupied living unit has been paid in full, and this Agreement has been terminated. In the event Resident's vacated living unit is reoccupied by a then current

resident of the Community through an internal living unit transfer, then only at such time as the Community receives an Entrance Fee in full for the living unit vacated by the existing resident transferring to Resident's living unit under this Agreement, shall a refund be due. As long as Resident, or in the case of Double Occupancy, a Co-Resident, continues to occupy any living accommodation within the Community, including accommodations in the Skilled Nursing Facility, no refund shall be due and no refund shall be paid until the death, permanent transfer outside of the Community, discharge or voluntary departure outside the Community by Resident, or in situations of double occupancy, both Co-Residents, and/or the termination of this Agreement. The amount of any refund due will be calculated by reference to the date of surrender of the living unit. Where a living unit is occupied by Co-Residents, there will be no refund, partial or otherwise, upon the death, permanent transfer within or outside Community, discharge or voluntary departure from the Community of only one of the Co-Residents.

9.5 Distribution of Refund Upon Death.

In the case of single occupancy, refunds to Resident's estate shall be paid to the duly appointed representative of the estate after proof of such appointment is provided to the Community in the form of a certified copy of the testamentary letters confirming such appointment. In situations of double occupancy, any applicable refund shall be paid by the Community to the estate of the last surviving Co-Resident unless otherwise agreed in writing.

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER LIVING UNIT

10.1 Option After Occupancy.

After occupancy, Resident may request to exercise a limited option to move to another living unit, if and when another living unit becomes available (including any new living units that may have been added to the Community), in accordance with the terms and conditions set forth in this section. A request to move must be based on health, financial conditions, death of a Co-Resident, marriage, or other grounds deemed reasonably necessary by the Community. Resident may elect to move to a smaller living unit, or a larger living but not to a living of substantially equivalent size in a different location. The Community reserves the right to disapprove Resident's request to move. In the event Resident desires to exercise the option to move to another living unit, Resident must notify the Community in writing of the living unit desired.

10.2 Costs of Elections to Move.

If Resident elects a smaller living unit, Resident shall pay a Refurbishment Fee in an amount determined from time to time by the Community. There will be no Entrance Fee credit or refund even if the Entrance Fee for the surrendered living unit is greater than the fee Resident would have paid for the smaller living unit designated under this Agreement. Resident shall pay, prior to moving to the selected living unit, an additional amount equal to the three quarters (75%) of the difference between the initial Entrance Fee paid and any higher Entrance Fee in effect at the time of the move. The additional Entrance Fee shall be immediately amortized and be earned in full by the Community. Any unamortized portion of the remaining entrance fee shall be promptly refunded.

10.3 Option to Move.

In the event Resident receives approval from the Community to move to another living unit, Additional Occupant shall sign a new Independent Living Resident Agreement but will not be responsible to pay any entrance fee and will only pay the additional monthly maintenance fee for additional occupants as published in the Community's annual disclosure statement filed with the Department of Insurance which are made available to all residents pursuant to paragraph 12.2 of this Agreement.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian

If Resident becomes incompetent or unable to properly care for self or property, and no representative has been lawfully designated to act on behalf of Resident or no lawfully designated representative has been lawfully designated to act on behalf of Resident, then the Community shall have the option to institute legal proceedings to adjudge Resident incompetent and have a guardian appointed for Resident. All costs of such legal proceedings, including actual legal fees, shall be paid by Resident or the legally appointed guardian of Resident's estate from Resident's assets.

11.2 Will and Funeral Arrangements.

The name of the executor/executrix designated in Resident's will, and the name of the funeral director selected by Resident shall be provided in writing to the Community. In the event that Resident changes the name of the executor/executrix designated in Resident's will or selects another funeral director, Resident shall notify the Community of the changes in writing. The name and address of the designated executor/executrix is _____.

11.3 Advance Directives.

(a) Power Of Attorney. Residents shall furnish THE COMMUNITY, no later than the date of occupancy, a durable power of attorney executed by Resident which shall be maintained in the files of the Community. The name and address of the designated power of attorney is: _____

(b) Living Will. If Resident has executed an advance directive in the form of a living will relating to the provision of health care services in the event of terminal or other illnesses/conditions, Resident shall provide the original of the living will to Community, and the original of any revisions or changes made to the document during Resident's term of occupancy. In the event of transfer to the Skilled Nursing Facility, The Community shall comply with the instructions/requests as consistent with law and the Community's policy, as such policy may change from time to time. If the Community cannot comply with Resident's advance directive as reflected in Resident's living will, then the Community shall assist in arranging for the transfer of Resident to another health care provider, if reasonably available, which will comply with Resident's advance directive. The transfer and cost of care in another health care facility shall be an additional cost, and Resident shall be responsible to pay such costs.

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right of Self-Organization.

Residents of the Community shall have the right to self-organization. A representative designated by the Community shall hold quarterly meetings with the organization representing the residents known as the "Resident's Council". At least seven (7) days notice of each quarterly meeting shall be given. The purpose of the quarterly meetings shall be to discuss such subjects as the Community's income, expenditures, financial trends and issues, and proposed changes in policies, programs, and services.

12.2 Right to Receive Disclosure Statements.

The Community shall make available to Resident at the time of the execution of this Agreement, and at least annually thereafter, a copy of its disclosure statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984, as amended (40 P.S. §§ 3201 *et seq.*).

12.3 Guest Privileges.

Resident shall be authorized to entertain and accommodate guests in accordance with the Community's guest policy.

12.4 Rights to Property/Subordination.

The rights and privileges granted to Resident do not include any right, title or interest in any part of the personal property, land, buildings and improvements owned or administered by the Community. Resident's 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 the Community and Resident. Any rights, privileges, or benefits under this Agreement shall be subordinate to any existing or subsequent mortgages or deeds of trust or any other comparable interests. Upon request Resident shall execute and deliver any document which is required by the Community, or by the holder of any such mortgages or deeds of trust or similar interests, to affect such subordination or evidence the same.

12.5 Inspection of Living Unit and Right of Entry.

Resident shall permit the Community, or its agents, or any representative of any holder of a mortgage or similar interest on the property, or, when authorized by the Community, the employees of any contractor, utility company, municipal agency or others, to enter the living unit for the purpose of making reasonable inspections and repairs and replacements. Such entry will be made only with reasonable advance notice, except in emergency situations. The Community shall have the right to enter the living unit to perform scheduled housekeeping, and to perform routine maintenance and for other reasonably necessary purposes having due regard for Resident's privacy.

12.6 Housekeeping/Housecleaning Responsibilities.

Resident shall maintain the living unit in a clean, sanitary, and orderly condition. If Resident does not maintain the living unit in a reasonable manner, the Community, after notice to Resident, shall have the right to maintain the living unit, and the cost of such additional cleaning or maintenance shall be charged to Resident.

12.7 Health Insurance and Third-Party Payments.

(a) Required Insurance. The Community expects that some of the cost of medicines, medical or nursing services or equipment provided for Resident under this Agreement 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 under the federal government social security health insurance program known as "Medicare Parts A, B, and D", or an equivalent policy and at least one supplemental co-pay health insurance policy with Medicare co-insurance coverage for skilled nursing facility care, (commonly known as "medigap" insurance), such as Blue Cross-Blue Shield Security 65 plans C and H, or an equivalent policy as approved by the Community. For a Resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and co-pay health insurance policies are allowable for nursing or related care provided by the Community, those proceeds shall be paid to the Community directly. Proof of such insurance must be provided at the time of application and prior to admission. In the event Resident fails to maintain in force, because of failure to make premium payments, such health care insurance after occupancy, the Community reserves and is hereby granted the right to make such payments for purposes of maintaining such insurance in force for Resident's benefit. Resident shall be obligated to reimburse the Community for such payments made on behalf of Resident and the cost of such premiums shall be in addition to and not included in the Monthly Fee.

(b) Assignment of Required Insurance and Third-Party Payments. If Resident becomes eligible to receive payments form any third party for services provided under this Agreement by the Community, Resident shall at all times cooperate fully with the Community and each third-party payor so that the Community may make claim for and receive any applicable third-party payments. The Community has the right to any applicable benefits payable to Community under the insurance coverages required by this Agreement.

12.8 Automobile Insurance.

Residents who drive motor vehicles shall maintain their own automobile liability insurance to cover liability and medical expenses arising from injury to themselves and others.

12.9 Reduction of Income or Other Resources.

Resident shall make every reasonable effort to meet his/her financial obligations to THE COMMUNITY. Resident shall not transfer control of assets or property or make any gifts subsequent to the date of application for admission and shall not make any transfers or gifts after occupancy, which would substantially impair Resident's ability or the ability of Resident's estate to satisfy Resident's financial obligations to the Community.

12.10 Medical Examinations.

Resident must be examined by a qualified physician of Resident's own choosing prior to occupancy and must make the results of the examination available to the Community in writing. If the pre-occupancy medical examination reveals that

resident's health is not consistent with the conditions of occupancy in the living unit, the Community may terminate this Agreement. Resident agrees that the Community reserves the right to require Resident, upon request by the Community, to obtain annual medical examinations at Resident's expense and submit the results of the examinations to the Community and Resident agrees to permit medical examinations by Community's Medical Director as may be required by the Community to determine Resident's appropriate level of care.

12.11 Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Living Unit Upon Termination. Upon termination of this Agreement, Resident shall vacate and surrender the living unit and leave it in as good condition as the date of occupancy except for reasonable wear and tear. If the living unit is damaged beyond ordinary wear and tear, the costs of repair shall be the obligation of Resident and such costs shall be billed directly to Resident or Resident's estate, or alternatively, deducted from any refund that may be due.

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

12.12 Release Regarding Conduct of Other Residents or Guests.

The Community assumes no liability for the conduct of Resident or any other residents or guests, and Resident hereby releases and discharges the Community from any claims for personal injury to Resident or damages to Resident's personal property caused by the conduct of other residents or guests.

12.13 Responsibility For Resident's Personal Property.

(a) Responsibility for Loss or Damage. The Community shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to Resident or Resident's estate or Resident's guests, including motor vehicles, unless the care and control of such property is specifically accepted in writing by the Community, and then only for willful or gross negligence in failing to safeguard and account for it. Resident shall have the responsibility to provide such insurance as Resident deems necessary to protect against such losses. No Personal property insurance is provided Resident by the Community, and Resident bears the risk of any damage or loss to personal property held in storage by the Community.

(b) Obligations Upon Termination. (i) If Resident has become unable to comply with the conditions of occupancy of the living accommodation, or this Agreement has been terminated for any reason other than the death of Resident, Resident or the duly authorized representative of Resident's estate must remove all personal property from the living accommodation, including property held in storage. If Resident's personal property is not removed by Resident or Resident's representative within thirty (30) days of Resident's permanent transfer from the living accommodation or termination of this Agreement, The Community shall dispose of Resident's property in any manner it deems appropriate, and shall not be liable or responsible for any

damages to it. Resident or Resident's estate shall be obligated to pay all costs for the removal, storage or disposal of Resident's property. If Resident's property is moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for Resident's property. If Resident's property is moved to and stored in a commercial warehouse, the Community shall have no liability or responsibility for Resident's property during the transfer of the property or the storage of it. (ii) Within 24 hours of Resident's death, the Community shall contact or make a good faith effort to contact the personal representative or guardian of Resident to arrange for an inventory of Resident's personal property, after which the legal representative(s) of Resident Estate or family may remove Resident personal property or the Community may place the personal property into storage. If Resident's personal property is not thereafter claimed by Resident's Estate or family within thirty (30) days, the Community shall send a notice by certified mail to Resident's executor/executrix named in this Agreement or, if the Community has received prior written notice of a different legal representative for Resident's Estate, to that legal representative, stating that the Community will dispose of the property if not claimed within fourteen (14) days from the date such notice was postmarked; and, if the property is not claimed thereafter, such property shall be disposed of by the Community and all costs of, less any proceeds from, such disposal shall be charged to and payable by Resident's Estate.

12.14 Rules, Regulations, Policies and Procedures.

The rights and privileges of Resident under this Agreement are personal to Resident and cannot be transferred or assigned. No person other than resident may occupy or use the living accommodations covered by this Agreement unless approval is obtained in writing from the Community.

12.15 Resident Obligation for Level of Care Transfer. Subject to the limitations in Section 3, 7, and 8 above, Resident shall transfer from the Independent Living Unit for the appropriate level of care services as determined by the Community.

12.16 Grievance Procedure and Voluntary Dispute Arbitration. Resident's grievances and complaints concerning services, and disputes with decisions or actions of the Community under this Agreement, shall be brought to the attention of the Community pursuant to the procedures provided in Attachment B to this Agreement (Grievance Procedure and Voluntary Arbitration Agreement), which is herein incorporated by reference. Also, residents have the option of entering into a Voluntary Arbitration Agreement, as described in Attachment B, to resolve disputes, including those involving a Level of Care Transfer.

SECTION 13: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve month period for which a report is available for a resident is:

$_____

SECTION 14: 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 15: ACTS OF FORBEARANCE

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

SECTION 16: ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between THE COMMUNITY and Resident. The Community shall not be responsible or liable for any statements, representations or promises made by any person representing or purporting to represent the Community, unless such statements, representations or promises are set forth in the Agreement. Any brochures or advertisements describing the Community are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. Resident may not amend this Agreement except by a subsequent written Agreement approved by the Community's Chief Operating Officer and executed by the parties.

SECTION 17: INDEMNIFICATION

THE COMMUNITY shall not be responsible or liable for , and Resident shall indemnify, defend and hold the Community harmless from any and all claims, losses, damages, fines, penalties, expenses, judgments, reasonable settlements, or lawsuits, including actual attorneys' fees and all costs incurred in defending against any such claims, arising from or based upon any injury or death to persons or any damages to property caused by, or arising from, or based on, or in any way attributable to or connected with the negligent, reckless, intentional or other acts, conduct or omissions of Resident. Resident's indemnification obligation is payable on demand by the Community.

SECTION 18: SUBROGATION

In the event Resident is physically injured by an individual or entity not a party to this Agreement, Resident grants to the Community a right of subrogation, and authorizes the Community to bring such demands, claims or legal proceedings in the name of or on behalf of Resident for purposes of recovering from any third party or third party's insurer responsible for Resident's injury, the dollar value of all care provided by the Community to Resident as a result of any such injury. Resident shall cooperate and sign any documents necessary to facilitate the Community's ability to exercise its subrogation right.

SECTION 19: 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 postmarked, postage prepaid and addressed as follows:

To The Community:

Christ The King Manor, Inc.
1100 West Long Avenue
Dubois, PA 15801
Attention: Chief Operating Officer

To Resident (Before Occupancy):

After occupancy, notice will be provided to Resident at the living accommodation specified in this Agreement.

SECTION 20: MISCELLANEOUS PROVISIONS

20.1 Resident's Continuing Disclosure Obligation. The information regarding Resident's age, health and financial affairs submitted by Resident in the forms and related application documents constitutes a material part of this Agreement, and said information is incorporated as a part of this Agreement. Resident acknowledges that the submission of false information shall constitute grounds for the termination of this Agreement. Resident must disclose any material changes in Resident's physical, financial or mental condition. The failure to make such disclosure shall constitute grounds to terminate this Agreement.

20.2 Receipt of Disclosure Statement. Resident acknowledges receiving a copy of THE COMMUNITY's annual Disclosure Statement prior to signing this Agreement.

20.3 Community's Modification of Agreement and Policies. THE COMMUNITY reserves the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in its rules, regulations, policies and procedures as permitted by the Continuing Care Provider Registration and Disclosure Act of 1984.

20.4 Binding Effect. This Agreement shall bind and serve to benefit the legal representatives, successors and assigns of the Community, and the heirs, executors, administrators and assigns of Resident.

20.5 Governing Law. This Agreement shall be interpreted according to the laws of the Commonwealth of Pennsylvania.

20.6 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 provisions of the Continuing Care Provider Registration and Disclosure Act of 1984 which is intended for the benefit or protection of you or the individual purchasing care for you.

Resident hereby acknowledges reading this Agreement in its entirety, including Attachment A (Notice of Right of Rescission), Attachment B (Grievance Procedure & Voluntary Arbitration Agreement), and Attachment C (Miscellaneous Services or Goods Offered by Christ the King Manor at an Additional Fee Not Part of The Monthly Maintenance Fee or Entrance Fee), understanding all of the provisions of this Agreement (including the Attachments) and that Resident has been provided an opportunity to consult with personal advisors, including legal counsel, regarding its terms, prior to signing this Agreement.

IN WITNESS WHEREOF, THE COMMUNITY has caused this Agreement to be signed by its authorized representative, and Resident has hereunto affixed his/her/their signature(s), the day and year first above written.

Attest: THE COMMUNITY

_____ BY:_____ _____
Chief Operating Officer Date

Witness:

_____ _____ _____
Resident SEAL Date

_____ _____ _____
Resident SEAL Date

ATTACHMENT A:

NOTICE OF RIGHT OF RESCISSION

DATE RESCISSION PERIOD BEGINS: _____.

YOU MAY RESCIND AND TERMINATE YOUR RESIDENT'S AGREEMENT, WITHOUT PENALTY OR FORFEITURE, WITHIN 7 DAYS OF THE ABOVE DATE. YOU ARE NOT REQUIRED TO MOVE INTO THE CONTINUING CARE FACILITY BEFORE THE EXPIRATION OF THIS 7 DAY PERIOD. NO OTHER AGREEMENT OR STATEMENT YOU SIGN SHALL CONSTITUTE A WAIVER OF YOUR RIGHT TO RESCIND YOUR AGREEMENT WITHIN THE SEVEN (7) DAY PERIOD. TO RESCIND YOUR RESIDENT'S 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: CHRIST THE KING MANOR, INC., 1100 WEST LONG AVENUE, DUBOIS, PA 15801.

NOT LATER THAN MIDNIGHT OF _____(LAST DAY FOR RECISSION).

PURSUANT TO THIS NOTICE, I HEREBY CANCEL MY RESIDENT'S AGREEMENT.

DATED: _____

_____
Signature of Prospective Resident

_____
Print Name of Prospective Resident

ATTACHMENT B:
CHRIST THE KING MANOR
GRIEVANCE PROCEDURE & VOLUNTARY ARBITRATION AGREEMENT

A. **Reporting Complaints.**
   1. **Internal Complaint.** If Resident believes that Resident is being mistreated in any way or Resident's rights under the Resident Agreement have been or are being violated by staff or another resident, Resident shall make his/her complaint known to Christ the King Manor's Chief Administrator.
   2. **Internal Resolution.** Resident must first notify Christ the King Manor's Chief Administrator of any such complaints and provide the Community with 5 days to resolve the complaint satisfactorily to Resident before the Resident may pursue mediation and/ or arbitration.
   3. **Other Government Agencies.** This notice requirement is not intended to preclude Resident from filing a complaint or communicating with any appropriate federal, state, or local governmental regulatory agency at any time.
   4. **Community Obligations. Christ the King Manor** will review and investigate the complaint and provide a response to Resident.

B. **Voluntary Mandatory Binding Arbitration.** Arbitration is a dispute resolution process used instead of the traditional state or federal court system and juries. 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, 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 using the court system. Christ the King Manor offers mandatory binding arbitration as a dispute resolution option under this Agreement.

   1. **Exclusions from Mandatory Arbitration**. These disputes are **excluded** from mandatory arbitration: guardianship proceedings; collection actions initiated by the Community for non-payment or non-compliance with the Resident or Resident Representative duties and obligations listed in this Agreement; disputes involving amounts in controversy of less than $8,000; and complaints submitted for administrative review to Government entities. These disputes may be resolved through the use of the judicial system, including administrative review. In situations involving any of the matters not excluded from mandatory arbitration, Resident and Christ the King Manor will be required to use the arbitration process. NOTE: Any disputes about level of care decisions made pursuant to this Agreement would be subject to Mandatory Arbitration.

   2. **Contractual and/or Property Damage Disputes.** Unless resolved or settled by mediation, any claim, controversy, dispute, or disagreement related to this Agreement the Resident may have against Christ the King Manor, that is not

excluded above, shall be settled exclusively by arbitration. This means the Resident cannot file a lawsuit in any court to resolve any such disputes or claims that any of them may have against the Community. It also means that the parties are relinquishing or giving up all rights that they may have to a jury trial to resolve any such disputes or claims.

3. **Personal Injury or Medical Malpractice.** Unless resolved or settled by mediation, any claim that the Resident may have against the Community for any personal injuries sustained by the Resident arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in the Community, shall be settled exclusively by arbitration.

4. **Right to Legal Counsel.** The parties have the right to be represented by legal counsel in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, Christ the King Manor encourages and recommends that Resident obtain the advice and assistance of independent legal counsel to review the legal significance of this mandatory arbitration provision prior to signing this Agreement.

5. **Administration of Arbitration**. Arbitration shall be administered by a neutral arbitrator agreed to by both parties, such as ADR (Alternative Dispute Resolution) Options, Inc., in accordance with the ADR Options Rules of Procedure. The Arbitration will be conducted at a site which is convenient to both parties. Contact information for ADR Options, Inc. is as follows: Two Commerce Square, Suite 1100, 2001 Market Street, Philadelphia, PA 19103-7044. Phone: (215) 564-1775 / (800) 364-6098. Website: www.adroptions.com.

6. **Time Limitation for Arbitration.** Any request for arbitration of a dispute must be requested and submitted to the neutral arbitrator 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. The failure to submit a request for Arbitration within the designated time 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.

7. **Limitation of Damages 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.

8. **Limited Resident Right to Rescind the Mandatory Arbitration.** Resident or, in the event of Resident's incapacity, Resident's authorized representative, has the right to rescind this arbitration clause by notifying the Facility in writing within thirty (30) calendar days of the date on which this Agreement is initially signed by or on behalf of Resident. The Notice must be sent via certified mail to the attention of the Administrator of the Facility, and the Notice must be postmarked

within 30 days of the execution of this Agreement. The Notice may also be hand-delivered to the Administrator within the same 30-day period. The filing of a claim in any court within the 30-day period will automatically rescind these provisions without any further action by Resident or Resident's authorized representative.

9. **Retention of Arbitration Records**. When the parties resolve a dispute through Arbitration, Christ the King Manor will retain a copy of the signed agreement for binding arbitration and the arbitrator's final decision for 5 years after the resolution of that dispute and be available for inspection upon request and as may be required by law.

C. ACKNOWLEDMENT.

1. I UNDERSTAND THAT SIGNING THIS ARBITRATION AGREEMENT IS **NOT** A CONDITION OF ADMISSION TO, OR AS A REQUIREMENT TO CONTINUE TO RECEIVE CARE AT CHRIST THE KING MANOR;
2. I UNDERSTAND THAT I MAY DECLINE THE USE OF ARBITRATION PRIOR TO ADMISSION OR WITHIN 30 DAYS AFTER ADMISSION; AND
3. THIS AGREEMENT HAS BEEN EXPLAINED TO ME IN A FORM, MANNER, AND LANGUAGE THAT I UNDERSTAND, AND I UNDERSTAND THE TERMS OF THIS AGREEMENT.

YOU MUST HAVE **EXPRESS AUTHORITY TO EXECUTE THIS ARBITRATION AGREEMENT.
**YOU MUST BE THE RESIDENT, LEGAL GUARDIAN, OR THE RESIDENT'S POWER-OF-ATTORNEY.

NAME: _____ **(Please Print)**

MY AUTHORITY TO EXECUTE THIS AGREEMENT IS: _____
(SEE ABOVE EXAMPLES)

CHOSE ONE OF THE FOLLOWING AND SIGN WHERE INDICATED:

I AGREE TO ACCEPT ARBITRATION FOR DISPUTE RESOLUTION PURSUANT TO THE TERMS OF THIS AGREEMENT ABOVE:

_____

I DECLINE TO ACCEPT ARBITRATION FOR DISPUTE RESOLUTION:

_____

ACCEPTANCE BY : _____

ON BEHALF OF CHRIST THE KING MANOR

ATTACHMENT C:

MISCELLANEOUS SERVICES OR GOODS OFFERED BY CHRIST THE KING MANOR AT AN ADDITIONAL FEE NOT PART OF THE MONTHLY MAINTENANCE FEE OR ENTRANCE FEE

The types of goods and services offered by Christ the King Manor at an additional fee are described in detail in an attachment to Christ the King Manor's Annual Disclosure Statement provided to all residents prior to admission to Christ the King Manor and provided annually to all current CCRC residents. They may be purchased here at the time of executing this Agreement and may be purchased additionally at any time during residency.

Type of Goods or Services	Units	Cost Per Unit	Total

Attest:

THE COMMUNITY

_____

BY:_____ _____

Chief Operating Officer Date

Witness:

_____

_____ _____

Resident SEAL Date

_____

_____ _____

Resident SEAL Date

TAB B3

bakertilly

Christ the King Manor, Inc.

Financial Statements

June 30, 2025 and 2024

Christ the King Manor, Inc.

Table of Contents
June 30, 2025 and 2024

	Page
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Operations and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	7

Independent Auditors' Report

To the Board of Directors and Management of
Christ the King Manor, Inc.

Opinion

We have audited the financial statements of Christ the King Manor, Inc. (the Manor), which comprise the balance sheet as of June 30, 2025, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Manor 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.

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 Financial Statements section of our report. We are required to be independent of the Manor 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.

Other Matter

The financial statements of the Manor for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on October 22, 2024.

Responsibilities of Management for the Financial Statements

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

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

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 judgment made by a reasonable user based on the financial statements.

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 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 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 Manor'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Manor'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.

Baker Tilly US, LLP

New Castle, Pennsylvania
October 27, 2025

Christ the King Manor, Inc.

Balance Sheets
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 774,664	$ 363,992
Accounts receivable	2,423,821	2,023,912
Prepaid expenses	287,218	325,323
Total current assets	3,485,703	2,713,227
Investments	10,749,444	10,687,381
Assets Whose Use is Limited		
Restricted resident funds	36,920	39,268
Statutory liquid reserve	347,809	345,357
Total assets limited as to use	384,729	384,625
Property and Equipment, Net	22,515,035	23,473,215
Total assets	$ 37,134,911	$ 37,258,448
Liabilities and Net Assets		
Current Liabilities		
Line of credit	$ -	$ 550,284
Current maturities of long-term debt	508,608	578,366
Accounts payable	653,700	454,744
Accrued expenses and other current liabilities	1,508,632	1,329,706
Total current liabilities	2,670,940	2,913,100
Long-Term Liabilities		
Long-term debt, net	5,049,572	5,847,967
Resident funds payable	36,891	39,268
Refundable fees	1,924,936	1,440,942
Deferred revenue from entrance fees	2,473,925	2,476,238
Total long-term liabilities	9,485,324	9,804,415
Total liabilities	12,156,264	12,717,515
Net Assets		
Without donor restrictions	24,978,647	24,540,933
Total net assets	24,978,647	24,540,933
Total liabilities and net assets	$ 37,134,911	$ 37,258,448

See notes to financial statements

Christ the King Manor, Inc.

Statements of Operations and Changes in Net Assets
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenues		
Net resident service revenue	$ 18,951,395	$ 19,257,865
Independent living and apartments	1,845,082	2,013,820
Grant revenues	400,000	-
Other operating revenue	340,726	230,267
Total operating revenue	21,537,203	21,501,952
Operating Expenses		
Salaries and wages	10,882,162	11,026,628
Payroll taxes and benefits	2,774,724	2,595,991
Professional services	2,205,579	1,758,953
Supplies	2,078,421	1,905,373
Occupancy	672,845	588,112
Repairs and maintenance	42,756	125,223
Insurance	751,409	712,618
Administrative and other expenses	546,352	456,614
Pennsylvania nursing home assessment	347,729	356,648
Depreciation	1,513,619	1,739,512
Interest expense	308,153	306,437
Credit losses	807,734	263,008
Total operating expenses	22,931,483	21,835,117
Operating loss	(1,394,280)	(333,165)
Nonoperating Income		
Net investment income	1,476,541	1,312,475
Contributions	224,452	99,121
Miscellaneous revenue	131,001	-
Revenues in excess of expenses and increase in net assets without donor restrictions	437,714	1,078,431
Net Assets, Beginning	24,540,933	23,462,502
Net Assets, Ending	$ 24,978,647	$ 24,540,933

See notes to financial statements

Christ the King Manor, Inc.

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 785,443	$ 1,078,431
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,513,619	1,739,512
Amortization of deferred financing costs	16,735	16,735
Credit loss expense	807,734	263,008
Net realized and unrealized gains on investments	(1,214,952)	(1,027,014)
Amortization of CCRC entrance fees	(413,319)	(529,195)
Changes in operating assets and liabilities:		
Accounts receivable	(1,207,643)	(1,015,825)
Prepaid expenses	38,104	191,628
Accounts payable	198,956	22,151
Resident fund payable	(2,377)	(4,695)
Accrued expenses and other current liabilities	178,926	(94,490)
Net cash provided by operating activities	701,226	640,246
Cash Flows From Investing Activities		
Net proceeds from sale of investments	1,152,889	59,618
Purchases of property and equipment	(555,439)	(867,711)
Net cash provided by (used in) investing activities	597,450	(808,093)
Cash Flows From Financing Activities		
Proceeds from line of credit	-	734,516
Payments on line of credit	(550,284)	(184,232)
Proceeds from advance fees	1,100,000	540,000
Refunds of advance fees	(205,000)	(356,875)
Principal payments on long-term debt	(884,887)	(576,690)
Net cash (used in) provided by financing activities	(540,171)	156,719
Net change in cash and cash equivalents, restricted cash and restricted cash equivalents	758,505	(11,128)
Cash and Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning	748,617	759,745
Cash and Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Ending	$ 1,507,122	$ 748,617

See notes to financial statements

Christ the King Manor, Inc.

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	$ 774,664	$ 363,992
Restricted resident funds	36,920	39,268
Statutory liquid reserve	347,809	345,357
	$ 1,159,393	$ 748,617
Supplemental Cash Flows Information		
Interest paid	$ 291,418	$ 289,702

See notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Operations

Christ the King Manor, Inc. (the Manor) is a wholly owned subsidiary of the Catholic Diocese of Erie, Pennsylvania. Since its inception in 1971, the Manor has provided health care facilities and services for its residents. Also, the Manor provides a personal care home and specialized Alzheimer patient care, individual homes, local transportation for residents, and help and support in the daily activities of individuals within their own home. Separate reporting is maintained by each operating division and is included in other information in these financial statements. Any interdivisional transactions have been eliminated for presentation in the financial statements.

Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Manor considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts. Uninvested cash and cash equivalents included in assets whose use is limited, including restricted resident funds and statutory liquid reserve, are considered to be cash and cash equivalents for purposes of the statements of cash flows. Uninvested cash and cash equivalents included in investments are not considered to be cash and cash equivalents for purposes of the statements of cash flows.

Assets Whose Use is Limited

Assets whose use is limited include assets held in trust for residents and assets restricted by the Commonwealth of Pennsylvania. These assets are more fully described in Note 5.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities and certificates of deposit are measured at fair value in the balance sheets. Cash and cash equivalents are carried at cost, which approximates fair value.

Investment income (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.

The Manor's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the balance sheets 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 certain 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 balance sheets could change materially in the near term.

Accounts Receivable

Accounts receivable reflects the outstanding amount of consideration to which the Manor expects to be entitled for services provided to residents and patients. These amounts are due from residents, third-party payors (including health insurers and government programs), and others. As a service to the resident, the Manor bills third-party payors directly and bills the patient when the patient's responsibility for co-pays, coinsurance and deductibles is determined. Accounts receivable are due and payable in full when billed.

The Manor performs individual credit risk assessments which evaluate the individual circumstances, abilities and intentions of each resident prior to providing the resident services. If subsequent to providing services, the Manor becomes aware of resident-specific events, facts, or circumstances indicating residents no longer have the ability or intention to pay the amount of consideration to which the Manor expected to be entitled for providing the resident services, then the related resident receivable balances are written off as a credit loss. Credit loss expense is reported in the statement of operations and changes in net assets as an operating expense.

Property and Equipment

Property includes the cost of land and land improvements, buildings, equipment and significant improvements which add to the productive capacity or extend the life of the assets. The Manor capitalizes assets generally over the cost of $250. Donated assets are recorded at their fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life (ranges from 3 to 50 years) of each class of depreciable asset.

Impairment of Property and Equipment

The Manor evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2025 and 2024.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the remaining term of the respective debt using the straight-line method, which approximates the effective interest method and are netted against long-term debt in the accompanying balance sheets. Amortization expense of $16,735 was recognized in the accompanying statements of operations and changes in net assets as a component of interest expense at June 30, 2025 and 2024, respectively.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets without donor restrictions include amounts available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors as well as 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 will be met 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. The Manor did not have any net assets with donor restrictions as of June 30, 2025 or 2024, respectively.

Net Resident Service, Independent Living and Apartments Revenue

Net resident service, independent living and apartments revenue includes monthly fees from residents and is recognized as revenue in the related month of occupancy. Net resident service, independent living and apartments revenue are recognized as the Manor satisfies performance obligations under its contracts with residents. Net resident service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Manor expects to be entitled to in exchange for providing services to residents and others for services rendered. The Manor determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors.

The nonrefundable portion of the entrance payment is recognized on the straight-line basis over the expected life of the residents, which is when the performance obligations are satisfied. Service fees are billed monthly and are recognized as performance obligations are satisfied.

Net resident service revenue amounts are due from residents, third-party payors (including health insurers and governments programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Manor bills the residents and third-party payors monthly after the services are performed or the resident is discharged from the health center and resident accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

Pennsylvania Nursing Home Assessment

As a general nursing facility participating in the Pennsylvania Medicaid System, the Manor is subject to the Pennsylvania Nursing Home Assessment Program (Program). Under the Program, nursing facilities are assessed a quarterly tax payable to the Pennsylvania Department of Human Services (DHS), and receives monthly supplemental payments from each of the three Community HealthChoices (CHC) Managed Care Organizations (MCO) based upon submitted census data. The Manor has elected to record the tax as an operating expense and supplemental payments as operating revenue in the accompanying statements of operations and changes in net assets.

Refundable and Nonrefundable Fees

Under entrance plans for cottage units, the Manor receives payments in advance. Effective May 2006, a flexible refund plan was implemented. Refunds ranging from 0% to 100% can be chosen. The total entrance fee can be paid up front or through an increase to the monthly fee or through a combination of up-front payment and an increased monthly fee. A net cash flow analysis is used to determine required payments based on customer parameters. All plans are calculated using the same net cash flow to ensure equality among plans.

Refunds due to residents are payable by the Manor either within 60 to 90 days from the vacancy of the unit or upon the re-occupancy of the cottage unit and the receipt of a new entrance fee for the cottage unit, depending on the terms of the residency agreement. These amounts are accounted for as a liability and reported as refundable fees.

The amount of entrance fees which are refundable to residents under contractual refund provisions was $1,924,936 and $1,440,942 at June 30, 2025 and 2024, respectively.

The nonrefundable portion of the entrance fees is reported as deferred revenue from entrance fees and amortized to income over the estimated remaining life expectancy of the resident(s) on a straight-line basis. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancy of each resident occupying the same unit. The unamortized portion of the nonrefundable admission fees, if any, is recognized as revenue in the year the resident leaves the unit.

At June 30, 2025 and 2024, the amount of the deferred revenue from entrance fees under existing resident agreements was $2,473,925 and $2,476,238, respectively.

Entrance fee deposits received are deposits on homes which have not yet been occupied. The balance of the admission fee is due upon occupancy. These amounts are refundable. There were no significant entrance fee deposits received as of June 30, 2025 and 2024.

Financial Assistance

The Manor provides care at amounts less than its established rates to residents who meet certain criteria under its financial assistance policy. Because the Manor does not pursue collection of amounts determined to qualify for financial assistance, these amounts are not reported as resident service revenue. The Manor's direct and indirect costs for services furnished under its financial assistance policy were insignificant in 2025 and 2024.

Income Taxes

The Manor is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Manor is subject to federal income tax on any unrelated business taxable income. The Manor files tax returns in the U.S. federal jurisdiction.

Advertising

The Manor expenses advertising costs as incurred. Advertising costs totaled $38,833 and $18,350 for the years ended June 30, 2025 and 2024, respectively.

Revenues in Excess of Expenses

The statement of operations and changes in net assets include revenues in excess of expenses. Transactions deemed by management to be ongoing, major or central to the provision of healthcare services are reported as operating revenue and expenses. Transactions deemed peripheral or incidental to the Manor are reported as nonoperating income.

Subsequent Events

Subsequent events have been evaluated through October 27, 2025, which is the date the financial statements were available to be issued.

Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

2. Net Resident Service Revenues

The Manor disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors.

Net resident service revenues consist of the following for the years ended June 30:

	2025			
	Skilled Nursing	Personal Care	At Home	Total
Self-pay	$ 4,129,185	$ 2,239,851	$ 663,976	$ 7,033,012
Medicare	3,221,440	-	-	3,221,440
Medical assistance	6,454,433	-	-	6,454,433
Other	1,694,162	-	548,348	2,242,510
Total	$ 15,499,220	$ 2,239,851	$ 1,212,324	$ 18,951,395

	2024			
	Skilled Nursing	Personal Care	At Home	Total
Self-pay	$ 4,874,624	$ 2,446,084	$ 696,194	$ 8,016,902
Medicare	3,137,658	-	-	3,137,658
Medical assistance	5,968,566	-	-	5,968,566
Other	1,369,629	-	765,110	2,134,739
Total	$ 15,350,477	$ 2,446,084	$ 1,461,304	$ 19,257,865

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Manor. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Manor believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Manor measures performance obligations for resident service revenue from admission to the health center to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge. The Manor measures performance obligations for resident service revenue and resident fees revenue as a series of distinct services that are considered one performance obligation which is satisfied over time.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Manor has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Transaction Price

The Manor determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions, which consist of contractual adjustments provided to third-party payors. The Manor determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Manor determines its estimate of implicit price concessions based on its historical collection experience with this class of residents.

Third-Party Payors

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare - The Manor has been reimbursed for services rendered to residents covered by the federal Medicare program on a prospective payment system for Part A Medicare services and on a fee schedule basis for Part B Medicare therapy services. The reimbursement plan is on a prospective basis, and no additional settlement will be made on the difference between the rates paid and actual costs.

Medicaid - The Manor has been reimbursed for services rendered to Title XIX state sponsored Medicaid patients on the basis of estimated per diem rates. The reimbursement plan is on a prospective basis and, subject to certain limitations, no additional settlement will be made on the difference between the interim per diem rates paid and actual costs.

Other - Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined rates per day.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Manor's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Manor. In addition, the contracts the Manor has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Manor's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from the change in transaction price were not significant as of June 30, 2025 or 2024.

Contract Balances

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

The Manor's beginning and ending contract assets and liabilities are separately presented on the balance sheets as of June 30, 2025 and 2024. There were no contract assets as of June 30, 2023. Contract liabilities related to deferred revenues from entrance fees were $2,521,915 as of June 30, 2023.

3. Investments and Investment Return

Investments, including assets whose use is limited, at June 30, include:

	2025	2024
Investments:		
Equity mutual funds	$ 5,594,794	$ 5,405,057
Fixed income mutual funds, bonds and CD's	4,746,811	5,220,767
Money market mutual funds	404,819	61,557
Cash	3,020	-
Total investments	$ 10,749,444	$ 10,687,381

Net investment income is comprised of the following:

	2025	2024
Interest and dividend income	$ 261,589	$ 285,461
Realized and unrealized gains on investments	1,214,952	1,027,014
Total	$ 1,476,541	$ 1,312,475

4. 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 Manor 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 tables present financial instruments measured at fair value at June 30:

	2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity mutual funds	$ 5,594,794	$ -	$ -	$ 5,594,794
Fixed income mutual funds	2,773,022	-	-	2,773,022
U.S. government securities and corporate bonds	-	1,973,789	-	1,973,789
Total	$ 8,367,816	$ 1,973,789	$ -	10,341,605
Cash and cash equivalents				407,839
Total investments				$ 10,749,444

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity mutual funds	$ 5,405,057	$ -	$ -	$ 5,405,057
Fixed income mutual funds	2,479,615	-	-	2,479,615
U.S. government securities and corporate bonds	-	2,741,152	-	2,741,152
Total	$ 7,884,672	$ 2,741,152	$ -	10,625,824
Cash and cash equivalents				61,557
Total investments				$ 10,687,381

The following methods were used by the Manor in estimating the fair value of its financial instruments. There have been no changes in the methodologies used as of June 30, 2025 and 2024

Mutual funds and marketable equity securities are valued based on quoted market prices.

U.S. government securities and corporate bonds are valued based on estimated quoted market prices of similar securities.

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

5. Assets Whose Use is Limited

Resident Funds

The Manor is the trustee of funds received on behalf of various residents. The Manor has fiduciary responsibility for the administration and the distribution of the funds to residents. These balances were $36,920 and $39,268 as of June 30, 2025 and 2024, respectively.

Statutory Liquid Reserve

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Manor designated a portion of assets whose use is limited "reserved" to meet the requirements of Act 82. All residents under CCRC contract had taken occupancy prior to June 30, 2025. There were no entrance fees required to be escrowed as of June 30, 2025. The amount designated by the Manor was $347,809 at June 30, 2025 and was calculated as follows:

Budgeted operating expenses for the year ended June 30, 2026	$ 21,962,083	
Less budgeted depreciation and amortization expense	(1,502,720)	
Expenses subject to minimum liquid reserve requirement	20,459,363	
Statutory requirement	10%	
	2,045,936	
Ratio of CCRC residents to total residents	17%	
Statutory minimum liquid reserve requirement	347,809	(a)
Debt service requirements for the year ended June 30, 2026: Principal and Interest payments due	$ 765,807	
Ratio of CCRC residents to total residents	17%	
Statutory minimum liquid reserve requirement	$ 130,187	(b)
Greater of (a) or (b) above	$ 347,809	

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	2025	2024
Land and improvements	$ 1,026,618	$ 1,026,618
Buildings	30,092,018	30,143,158
Improvements	12,897,213	12,427,284
Furnishings	3,286,919	3,245,146
Vehicles	589,024	516,526
Construction in progress	326,786	161,051
	48,218,578	47,519,783
Less accumulated depreciation	(25,703,543)	(24,046,568)
Total	$ 22,515,035	$ 23,473,215

7. Long-Term Debt

Long-term debt consisted of the following at June 30:

	2025	2024
Mortgage note - bank (A)	$ 1,564,352	$ 1,841,460
Note payable - bank (B)	-	352,549
Mortgage note - bank (C)	1,799,101	1,931,955
Mortgage note - bank (D)	2,312,508	2,434,885
	5,675,961	6,560,849
Less unamortized deferred financing costs	(117,781)	(134,516)
Less current maturities	(508,608)	(578,366)
Total	$ 5,049,572	$ 5,847,967

(A) Payable in monthly installments of $28,258, interest at 3.95% for 198 months, due July 2030, secured by a first mortgage on all land and buildings of the Manor.

(B) Payable in monthly installments of $5,717, interest at 6.08% for 198 months, due July 2030, secured by a second mortgage on all land and buildings of the Manor. The note was paid in full on December 12, 2024.

(C) Payable with interest only payments for 18 months. Principal and interest installments of $16,704 began in January 2016, with interest at 4.40% for 180 months, due December 2030, secured by a third mortgage on all land and buildings of the Manor.

(D) Payable with interest only payments for 18 months. Principal and interest installments of $19,831 began in June 2018, with interest at 5.26% for 180 months, due April 2033, secured by a mortgage and the assignment of leases and rents.

Long-term debt maturities during each of the next five years and thereafter are as follows:

2026	$ 508,608
2027	578,910
2028	605,144
2029	632,803
2030	675,633
Thereafter	2,674,863
Total	$ 5,675,961

8. Line of Credit

The Manor maintains a line of credit agreement with First Commonwealth Bank. The Manor has a maximum credit line of $1,200,000 at the Wall Street Journal Prime Rate (7.5% at June 30, 2025) subject to a 4.00% floor. The agreement is secured by investments. As of June 30, 2024 the outstanding borrowings were $550,284. There were no borrowings as of June 30, 2025.

9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following at June 30, 2025 and 2024:

	2025	2024
Accrued payroll and related liabilities	$ 370,035	$ 413,853
Accrued vacation	718,093	713,554
Other accrued liabilities	420,504	202,299
Total	$ 1,508,632	$ 1,329,706

10. Retirement Plan

The Manor has a defined contribution 401(k) retirement plan which covers substantially all employees. The Manor's contributions to the plan are based on employee compensation and amounted to $202,106 and $179,461 for the years ended June 30, 2025 and 2024, respectively.

11. Donated Services

The Manor receives a significant amount of donated services from unpaid volunteers who assist with activities, visit with residents and provide transportation to activities. No amounts have been recognized in the statements of operations and changes in net assets because the criteria for recognition have not been satisfied.

12. Liquidity and Availability

The following reflects the Manor's financial assets reduced by the amount not available for general use within one year of the balance sheets date because of contractual or donor-imposed restrictions or internal designations at June 30:

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 774,664	$ 363,992
Investments	10,749,444	10,687,381
Accounts receivable	2,423,821	2,023,912
Total financial assets available to meet general expenditures within one year	$ 13,947,929	$ 13,075,285

The Manor manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long term obligations will be discharged.

The Manor has a liquidity strategy aligned with certain financial benchmarks to maintain an adequate debt service coverage ratio and days cash on hand ratio. To achieve these targets, the Manor forecasts its future cash flows and monitors its liquidity. During the years ended June 30, 2025 and 2024, the level of liquidity and reserves were managed within the strategic target.

13. Functional Expenses

The Manor provides patient care services primarily to residents within its geographic location. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Manor. Costs of these categories were allocated on estimates of time and effort. The following schedules present the natural classification of expenses by function as follows for the years ended June 30:

	2025		
	Program	Administration	Total
Salaries and wages	$ 9,596,979	$ 1,285,183	$ 10,882,162
Payroll taxes and benefits	2,430,381	344,343	2,774,724
Professional services	1,612,499	593,080	2,205,579
Supplies	2,062,209	16,212	2,078,421
Occupancy	619,892	52,953	672,845
Repairs and maintenance	30,699	12,057	42,756
Insurance	599,324	152,085	751,409
Administrative and other expenses	31,087	515,265	546,352
Pennsylvania nursing home assessment	347,729	-	347,729
Depreciation and amortization	1,492,277	21,342	1,513,619
Interest expense	-	308,153	308,153
Bad debt expense	-	807,734	807,734
Total	$ 18,823,076	$ 4,108,407	$ 22,931,483

	2024		
	Program	Administration	Total
Salaries and wages	$ 9,724,123	$ 1,302,505	$ 11,026,628
Payroll taxes and benefits	2,273,955	322,036	2,595,991
Professional services	1,286,049	472,904	1,758,953
Supplies	1,890,523	14,850	1,905,373
Occupancy	541,833	46,279	588,112
Repairs and maintenance	89,904	35,319	125,223
Insurance	568,362	144,256	712,618
Administrative and other expenses	26,003	430,611	456,614
Pennsylvania nursing home assessment	356,648	-	356,648
Depreciation and amortization	1,714,908	24,604	1,739,512
Interest expense	-	306,437	306,437
Bad debt expense	-	263,008	263,008
Total	$ 18,472,308	$ 3,362,809	$ 21,835,117

14. Concentrations of Credit Risk

The Manor grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicare, Medicaid and various commercial insurance companies. The Manor maintains cash, restricted cash and cash equivalents accounts, which, at times, may exceed federally insured limits. The Manor has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash, restricted cash and cash equivalents accounts.

15. Commitments and Contingencies

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Medical Malpractice Claims

The Manor maintains professional and general liability coverage on a claims made basis through a commercial carrier. General coverage limits are insured up to $1,000,000 per occurrence and $3,000,000 in aggregate. Professional liability coverage limits are insured up to $1,000,000 per occurrence and $3,000,000 in aggregate. There are no reported or unreported claims expected to exceed the Manor's insurance coverage limits as of June 30, 2025 and 2024.

General Litigation

In the normal course of business, the Manor is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Manor evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Regulatory Matters

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. In addition, changes to the regulatory environment could negatively impact the Manor's financial position.

TAB B4

Christ the King Manor
Consolidated Statement of Activities
Material Differences from Budget
June 30, 2025

	Description	Actual 06/2025	Budget 06/2025	Actual to Budget Variance	% Change	
Revenues						
	SNF Revenue	15,958,494	15,894,040	64,454	0.41%	
	PC Revenue	2,300,320	2,564,796	(264,476)	-10.31%	(A)
	I/L Revenue	1,044,122	912,100	132,022	14.47%	
	Apartments Revenue	869,190	884,400	(15,210)	-1.72%	
	Home Support Revenue	1,184,390	1,491,084	(306,694)	-20.57%	(B)
	Total Revenue	21,356,516	21,746,420	(389,904)		
Operating Expenses						
	Direct Care	10,166,375	10,727,250	(560,875)	-5.23%	(C)
	Administration	3,208,951	2,972,303	236,648	7.96%	(D)
	Activities/Beauty Shop	521,489	577,862	(56,373)	-9.76%	
	Food Service	2,223,634	2,566,889	(343,255)	-13.37%	(E)
	Housekeeping/Laundry	1,026,454	952,697	73,757	7.74%	
	Maintenance	1,313,773	1,426,258	(112,485)	-7.89%	(F)
	Social Services	203,449	218,382	(14,933)	-6.84%	
	Therapy	1,580,648	1,455,550	125,098	8.59%	(G)
	Total Operating Expenses	20,244,773	20,897,191	(652,418)		
	Net Operating Income	1,111,743	849,229	262,514		
Other Expenses						
	Depreciation	1,530,354	1,525,578	4,776	0.31%	
	Total Other Expense	1,530,354	1,525,578	4,776		
	Net Income	(418,611)	(676,349)	257,738		

Explanations

(A)- Personal Care Occupancy lower than projected, plus a lot of turnover with residents on hospice
(B)- Home Support revenue lower than projected due to less client intakes
(C)- Expense management and over project to budget
(D)- Higher than expected use of third party support for AR biling, MDS Consultant and Medicaid PDPM preparedness
(E)-Cost savings with vendor
(F)-Lower expense projected
(G)-Additional therapy within the CCRC than excepted

Christ the King Manor
2024 - 2025 Actual Income to 2025 - 2026 Budget Comparison

	Description	Actual 2024 - 2025	Budget 2025 - 2026	Budget to Actual Variance
Revenues				
	SNF Revenue	15,958,494	16,357,625	399,131
	PC Revenue	2,300,320	2,774,775	474,455
	I/L Revenue	1,044,122	1,054,040	9,918
	Apartments Revenue	869,190	922,013	52,823
	Home Support Revenue	1,184,390	1,266,305	81,915
	Total Revenue	21,356,516	22,374,758	1,018,242
Operating Expenses				
	Direct Care	10,166,375	10,215,839	49,464
	Administration	3,208,951	2,979,955	(228,996)
	Activities/Beauty Shop	521,489	557,332	35,843
	Food Service	2,223,634	2,331,565	107,931
	Housekeeping/Laundry	1,026,454	1,134,038	107,584
	Maintenance	1,313,773	1,424,509	110,736
	Social Services	203,449	226,625	23,176
	Therapy	1,580,648	1,562,100	(18,548)
	Total Operating Expense	20,244,773	20,431,963	187,190
	Net Operating Income	1,111,743	1,942,795	831,052
Other Expenses				
	Depreciation	1,530,354	1,530,120	(234)
	Total Other Expense	1,530,354	1,530,120	(234)
	Net Income	(418,611)	412,675	831,286

DISCLOSURE OF DEFERRED REVENUES

Under entrance plans for cottage units, Christ the King Manor, Inc. receives payments in advance. Effective May 2006, a flexible refund plan was implemented. Refunds ranging from 0% to 100% can be chosen. The total entrance fee can be paid up front or through an increase to the monthly fee or through a combination of an up-front payment and an increased monthly fee. A net cash flow analysis is used to determine required payments based on customer parameters. All plans are calculated using the same net cash flow to ensure equality among plans. Refunds due to residents are payable by Christ the King Manor, Inc. either within 60-90 days from the vacancy of the unit or upon the re-occupancy of the cottage unit and the receipt of a new entrance fee for the cottage unit, depending on the terms of the residency agreement. These amounts are accounted for as a liability and reported as refundable fees. These amounted to $1,924,936 and $1,440,942 as of June 30, 2025 and 2024, respectively. The nonrefundable portion of the entrance fees is reported as deferred revenue from entrance fees and amortized to income over the estimated remaining life expectancy of the resident(s) on a straight-line basis. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancy of each resident, or joint and last survivor life expectancy of each pair of residents occupying the same unit. The unamortized portion of the on refundable admission fees, if any, is recognized as revenue in the year the resident leaves the unit. At June 30, 2025 and 2024, the amount of the deferred revenue from entrance fees under existing resident agreements was $2,473,925 and $2,476,238, respectively. Entrance fee deposits received are deposits on homes which have not yet been occupied. The balance of the admission fee is due upon occupancy. These amounts are refundable. There were no significant entrance fee deposits received as of June 30, 2025 and 2024.

Christ the King Manor
Calculation of Statutory Liquid Reserve
As of June 30, 2025

Calculation of % of Residents Subject to Arrangement:	
Total Resident Days	109,000
# of Days in Year	365
Average # of residents	298.6
# of Residents under CCRC Contract	68.0
Ratio of CCRC residents to Total Residents	22.8%

Financing - Payments due within the next 12 months:	
Principal payments	547,505
Interest expense	263,921
Total Principal and Interest	811,426
Apply Ratio - % of Residents Subject to Arrangement	22.8%
Applicable Principal and Interest Expense	**185,005**

Projected Operating Expenses - next fiscal year	21,962,083
Deduct: depreciation & amortization expense	(1,860,438)
Subtotal	20,101,645
Multiply by statutory percentage	10.0%
Product	2,010,165
Apply Ratio - % of Residents Subject to Arrangement	22.8%
Applicable Operating Expenses	**458,318**

Minimum Liquid Reserve	**$**	**458,318**

Maximum of Applicable P&I Expense or Applicable Operating Expenses

Minimum Liquid Reserve - Current Year End	458,318
Minimum Liquid Reserve - Prior Year End	459,051
Change in Minimum Liquid Reserve	(733)

Christ the King Manor
Total Company
2026 BUDGET

	Skilled Nursing	Personal Care	Independent Living (Cottages)	Apartments	Home Support	Total
Total Revenue	**16,357,625**	**2,774,775**	**1,054,040**	**922,013**	**1,266,305**	**22,374,758**
Expenses						
Administrative Expense	**1,723,356**	**462,776**	**279,620**	**117,324**	**299,739**	**2,882,815**
Nursing Expense	**7,462,156**	**1,117,854**	**-**	**-**	**931,629**	**9,511,639**
Activities & Beauty Shop Expense	**446,885**	**110,267**	**180**	**-**	**-**	**557,332**
Dietary Expense	**1,847,716**	**400,961**	**82,888**	**-**	**-**	**2,331,565**
Housekeeping & Laundry Expense	**987,427**	**91,958**	**48,266**	**6,387**	**-**	**1,134,038**
Maintenance Expense	**585,296**	**109,332**	**539,008**	**190,873**	**-**	**1,424,509**
Utilities	398,300	98,400	79,500	128,000		704,200
Social Services Payroll & Benefits	226,025					226,025
Social Services Expense	600					600
Social Services Expense	**226,625**	**-**	**-**	**-**	**-**	**226,625**
Therapy	1,562,100					1,562,100
Depreciation	753,600	89,280	438,000	248,760	480	1,530,120
Interest/Bank Fees	78,600	6,600	6,120	5,400	420	97,140
Total Company Expenses	**16,072,061**	**2,487,428**	**1,473,582**	**696,744**	**1,232,268**	**21,962,083**
Net Income	**285,564**	**287,347**	**(419,542)**	**225,269**	**34,037**	**412,675**

TAB B5

ATTACHMENT A:

NOTICE OF RIGHT OF RESCISSION

DATE RESCISSION PERIOD BEGINS: _____.

YOU MAY RESCIND AND TERMINATE YOUR RESIDENT'S AGREEMENT, WITHOUT PENALTY OR FORFEITURE, WITHIN 7 DAYS OF THE ABOVE DATE. YOU ARE NOT REQUIRED TO MOVE INTO THE CONTINUING CARE FACILITY BEFORE THE EXPIRATION OF THIS 7 DAY PERIOD. NO OTHER AGREEMENT OR STATEMENT YOU SIGN SHALL CONSTITUTE A WAIVER OF YOUR RIGHT TO RESCIND YOUR AGREEMENT WITHIN THE SEVEN (7) DAY PERIOD. TO RESCIND YOUR RESIDENT'S 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: CHRIST THE KING MANOR, INC., 1100 WEST LONG AVENUE, DUBOIS, PA 15801.

NOT LATER THAN MIDNIGHT OF _____(LAST DAY FOR RECISSION).

PURSUANT TO THIS NOTICE, I HEREBY CANCEL MY RESIDENT'S AGREEMENT.

DATED: _____

_____
Signature of Prospective Resident

_____
Print Name of Prospective Resident