# Disclosure Statement
# for
# The Community at Rockhill

Including:

Independent Living
Healthcare Center
Personal Care

Sellersville, PA

Effective Date of Disclosure Statement: July 1, 2025

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

The issuance of a Certificate of Authority by the Commonwealth of Pennsylvania does not constitute approval, recommendation or endorsement of the facility by the Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in the disclosure statement.

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## *INFORMATION TO PROSPECTIVE RESIDENTS*

Pursuant to the Pennsylvania Continuing-Care Provider Registration and Disclosure Act, 40 P.S. Section 3207 (the "Act") this Disclosure Statement is being delivered to you at the time of, or prior to, the execution of a Continuing Care Agreement, or at the time of, or prior to, the transfer of any money to The Community at Rockhill. A copy of the Continuing Care Agreement is attached. Your receipt of this Disclosure Statement creates no obligation on your part to execute and deliver the Continuing Care Agreement to Rockhill, nor does it create any obligation on the part of Rockhill.

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

## *SUMMARY OF DISCLOSURE STATEMENT*

The following summary is qualified in its entirety by more detailed information appearing elsewhere in this Disclosure Statement and in the Continuing Care Agreement and other Exhibits attached to this Disclosure Statement.

1. Facility: The Community at Rockhill ("Rockhill" or the "Community") is a licensed provider of a continuing care retirement community ("CCRC") as defined in the Continuing Care Provider Registration and Disclosure Act ("Act 82"). We have 198 independent living units, 53 personal care units and 85 skilled nursing beds.

   The Community at Rockhill is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is classified as a public charity as described under Section 509(a)(2) of the Code. Rockhill is exempt from federal income taxes on its exempt income.

   The business address of The Community at Rockhill is 3250 State Road, Sellersville, PA 18960-1624. The street location is the north side of Route 152, 100 yards west of Bethlehem Pike, .5 mile east of the route 309 bypass.

2. Licensed Provider: The licensed provider is The Community at Rockhill, located at 3250 State Road, Sellersville, PA 18960-1624.

3. To discuss admissions, contact:

   | | |
   |---|---|
   | Independent Living: | Cathy Coghlan or Melody Davis, Residency Counselor |
   | Personal Care: | Pam Keller, Personal Care Administrator |
   | Skilled Nursing: | Gretchen Schlicher, Admissions Coordinator |
   | Address: | The Community at Rockhill<br>3250 State Road<br>Sellersville, PA 18960-1624 |

4. Facility: The Community at Rockhill is located on approximately 44 acres in a rural area in West Rockhill Township in northern Bucks County. All amenities can be provided under one roof.

5. Minimum Age for Admission: Residents must be 62 years of age or older as of date of occupancy. Residency is available to legal spouses, provided that at least one spouse is 62 years of age or older and all other qualifying criteria are satisfied.

6. Affiliations with Religious, Charitable or other Non-Profit Organizations: On January 1, 2017 (the "Effective Date"), Rockhill affiliated with Lutheran Community at Telford after having received all required approvals. Please refer to Exhibit A for GIL and Rockhill organizational charts.

   The Community at Rockhill is a conference-related ministry of the Mosaic Mennonite Conference, and is a member of Mennonite Health Services, an organization of Mennonite Church USA.

In May of 2025, Grace Inspired Ministries, Lutheran Community at Telford and The Community at Rockhill joined together to form the "Obligated Group" which provides that the issuance by any Member or Members of the Obligated Group be joint obligations of all Members of the Obligated Group.

7. Current Resident Population: The total resident population was 341 as of June 30, 2025

| Facility | Population |
|---|---|
| Independent Living | 244 |
| Personal Care | 45 |
| Healthcare | 52 |
| Total | 341 |

8. Sample Fees: The following table summarizes sample fees by Independent Living accommodations for single occupancy residents under the 25% refund option effective July 1, 2025.

| Unit | Entrance Fee | Monthly Service Fee |
|---|---|---|
| Efficiency | $71,300 | $1,577 |
| One Bedroom | $180,500 - $201,400 | $2,074 - $2,297 |
| Two Bedroom | $221,300 - $264,700 | $2,502 - $2,754 |

## *DISCLOSURE STATEMENT*

### Background of Provider

Rockhill's history begins in 1935, when Wilmer and Katie Alderfer (the "Alderfers") purchased the former "tourist home" located on the corner of Old Bethlehem Pike and Route 152. The property included 9.9 acres of land which was part of the Edwin A. Souder farm. The Alderfers operated a convalescent home for short-term guests.

In 1954, the Alderfers sold the property to several members of the nearby Rockhill Mennonite Church, who expanded the services to the residents by enlarging the home so that by 1975, the number of residents increased from 13 to 55.

During the early years of the 1970s, the home was released to the auspices of the Franconia Mennonite Conference as part of its caring ministries program. In 1976, plans were approved to replace the "old home" to create The Rockhill Mennonite Community. On August 29, 1978, 36 nursing residents moved into the newly constructed facility that provided services for 96 nursing residents and 39 independent living apartments.

By 1982, Rockhill expanded through the addition of 96 more independent living apartments and an activity center, which accommodated the Adult Day Services program, as well as providing social space for many activities and auxiliary events. In 1991, an additional 92 apartments were added to Independent Living, bringing the total number of apartments to 227.

In 1998, another expansion program was completed, which included the renovation of the Healthcare Center, the relocation of the Adult Day Services program, and the addition of a Personal Care program, serving up to 40 residents. A new therapeutic pool, hobby center, fitness center, and therapy center were also added.

2011 saw the completion of another Rockhill expansion. It included additional Personal Care apartments. The Personal Care units were designed and built in a household model and added 20 units to the program. In addition, the therapy area was renovated, and additional space was added for meetings and conferences. At the present time, Rockhill provides a vast array of services for approximately 400 persons.

In February 2016, Rockhill underwent a complete rebrand and adopted a new identity – *The Community at Rockhill: Living Inspired by Mennonite Values.*

## Affiliation

On January 1, 2017 (the "Effective Date"), Rockhill affiliated with Lutheran Community at Telford, a nonprofit continuing care retirement community located in Telford, Pennsylvania consisting at that time of 247 independent living units, 73 personal care units, 24 Personal Care beds for residents with Alzheimer's or other forms of dementia and 75 skilled nursing beds ("Telford") after having received all required approvals. In connection with the affiliation, a newly formed nonprofit parent company, Grace Inspired Ministries, was formed and oversees and manages the operations of both Rockhill and Telford, although Rockhill and Telford will continue to operate as separate and distinct entities. In 2023, Grace Inspired Ministries rebranded to Grace Inspired Living ("GIL") recognizing that "living" speaks to the dedication we have in supporting an independent, fulfilling lifestyle.

## Board of Directors

As part of the Affiliation, GIL became the sole member and corporate parent of Rockhill and appointed its Board of Directors. The initial GIL Board of Directors was comprised of five individuals appointed by Rockhill and seven individuals appointed by Telford. The GIL Board has full authority for both Rockhill and Telford. Rockhill's Board of Directors was reconstituted effective April 14, 2020 to be comprised of the GIL President/CEO, the GIL VP of Finance, the Executive Director of Rockhill, and the Chair and Vice Chair members of GIL's Board of Directors. Please refer to Exhibit B for the names of the board members of GIL and Rockhill.

## Tax Exempt Status

The Community at Rockhill is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on its exempt income. Rockhill is classified as a public charity as described under Section 509(a)(2) of the Code.

## Physical Property

The Community at Rockhill campus is located on 44 acres in West Rockhill Township, Bucks County, Pennsylvania. The types of independent living accommodations available include 6 efficiency units, 72 two-bedroom units and 120 one-bedroom units.

Rockhill offers Personal Care in 53 units (licensed for 74 persons). Residents within Personal Care receive all the services provided in the apartment style units, plus housekeeping, laundry, meals, medicine dispensing, and clinical nurse services included in their daily rate. As residents exhaust their resources, Rockhill provides benevolent / charity care, whereby they pay the difference between their cost of care and the amount they are able to pay. Currently, Personal Care residents receive Social Security income, and may also be subsidized by Rockhill.

Rockhill offers skilled nursing care in an 85-bed skilled nursing Healthcare facility. The facility is licensed by PA Department of Health ("DOH") and participates in both the Medicare (Centers for Medicare and Medicaid Services) and Medicaid (Department of Human Services) programs. We have an energetic and caring clinical staff that is focused on continuous improvements. Our DOH surveys continue to result in few deficiency findings. We continue to reinvest in technology and programs that provide a better quality of life for our residents. We serve acute care/rehabilitation patients and long-term custodial care patients.

Other facilities and services available at The Community at Rockhill include:

- All-Purpose Rooms
- Cable TV
- Creative Arts Studio
- Dining Rooms
- Exercise Room
- Library
- Nature Trail
- Picnic Pavilion overlooking pond
- Picnic Grove
- Community Garden
- Rehab Services
- Beauty Salon and Spa Services
- Security
- Wellness Center with Swimming Pool
- Facility-Wide Basic Wi-Fi
- Transportation

## Resident Fees

Individuals entering The Community at Rockhill's Independent Living pay an entrance fee and subsequent monthly charges.

Residents have two entrance fee plan options: one "refundable" option and a "non-refundable" option. The refundable option has a guaranteed equity refund which is equal to 25% of the Total Entrance Payment. The remaining 75% is refundable on a prorated basis with a full refund for less than one month's occupancy and no refund after forty (40) months occupancy. The non-refundable option has no guaranteed refund component and is refundable on a decreasing basis for 40 months; after 40 months of occupancy, no refund is due or payable.

For Continuing Care Agreements signed after November 1, 2017, the "Amortizable Portion" and "Refundable Portion" of our Entrance Fees are defined terms. If one of

our Continuing Care Agreements is terminated for reasons other than death, the non-refundable portion of the Entrance Fee on our 25% refundable and our zero percent refundable Continuing Care Agreement is amortized by Rockhill over forty (40) months. If our 25% refundable or zero percent refundable Continuing Care Agreement is terminated because of death, 30%, 60% or 90% of the non-refundable portion of the Entrance Fee is amortized by the Community if death occurs in the first, second or third year of occupancy respectively. No refund of the amortizable portion of the Entrance Fee will be due on these agreements if the agreement is terminated because of death in the fourth year of occupancy. These changes are effective for Continuing Care Agreements signed after November 1, 2017. The timing of the use of the Health Care Reserve is the last change to be made to our Continuing Care Agreements. Currently, the Healthcare Reserve is utilized prior to the resident exhausting their other assets to pay for their care at the Community. Residents who executed Continuing Care Agreements after November 1, 2017 must exhaust all their other assets prior to utilizing the Healthcare Reserve to pay for their care at the Community. The last update was made in 2024, which contained minor updates. These agreements, reflecting changes from prior agreements on file with the Insurance Department, are part of this submission as Exhibit C (Zero Percent Refundable Agreement) and Exhibit D (Twenty Five Percent Refundable Agreement).

The Independent Living fee structure and monthly service fees as of **July 1, 2025** are as follows:

a. Admissions Fee Rate Schedule – 25% Minimum Refund Option

| Accommodation | Entrance Fee |
|---|---|
| Efficiency | $71,300 |
| | |
| Standard One-Bedroom with Sunroom | $180,500 |
| Deluxe One-Bedroom with 1 Bath | $201,400 |
| | |
| Two-Bedroom with 1 Bath | $221,300 |
| Two-Bedroom End Unit with 1.5 Bath | $256,500 |
| Two-Bedroom with 2 Bath | $264,700 |

The Community also offers a 0% Minimum Refund Option. Details of this plan is available upon request.

b. Monthly Service Fee Rate Schedule

| Accommodation | Base Rate |
|---|---|
| Efficiency | $1,577 |
| | |
| Standard One-Bedroom with Sunroom | $2,074 |
| Deluxe One-Bedroom with 1 Bath | $2,297 |
| | |
| Two-Bedroom with 1 Bath | $2,502 |
| Two-Bedroom End Unit with 1.5 Bath | $2,728 |
| Two-Bedroom with 2 Bath | $2,754 |

Frequency and Average Dollar Amount of Each Increase in Ratios for the Previous Five Years

The actual fees for a Standard One-Bedroom with Sunroom over the past five fiscal years are as follows:

| Accommodation | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|
| Admission Fee | $157,900 | $164,200 | $164,200 | $167,000 | $167,500 |
| Monthly Service Fee | $1,653 | $1,711 | $1,805 | $1,931 | $2,009 |

Beginning July 1, 2014, Rockhill began charging a second person fee of $300 a month to new residents, and that is the rate in effect as of July 1, 2025.

The Continuing Care Agreement that is signed by residents includes a provision that the monthly service charge may be adjusted at any time contingent on providing 30 days written notice to current residents. The Continuing Care Agreement provides further details on the adjustment of the monthly service charge. Historically, The Community at Rockhill has changed pricing on an annual basis effective July 1.

The following services are included in the monthly service fee for Independent Living:

- The right to occupy the unit
- The right to use all common areas, facilities, and lobbies
- Access to the laundry washers and dryers for personal use
- Assigned parking space for car owners with a valid driver's license
- Utilities, including water and sewer, electric, trash removal, heat, and air conditioning
- Scheduled transportation for grocery shopping and mall
- Lawn care, grounds keeping, and snow removal for common areas
- Repairs and maintenance of Rockhill property, equipment and appliances
- Response call system
- Private storage area
- Real Estate taxes paid through PILOT agreement
- Administrative support services
- Access to basic cable television service, at least one cable connection, and basic cable service
- Access to basic public Wi-Fi Internet at most locations throughout the campus

The following services are available to residents in Independent Living on a "fee-for-service" basis:

- Restaurant-style meals
- Limited tray service to unit
- Beauty and barber shop services
- Nursing care services in the Healthcare Center. This includes:
    a. Physician services
    b. Medications
    c. All other incidental personal care or health aids that might be required or prescribed by a physician
- Personal care services in the Personal Care facility
- Limited transportation services
- Housekeeping service within the unit
- Private duty nursing or companion services
- Massage therapy services

## *Personal Care and Healthcare*

Residents have priority access to Personal Care and Healthcare services in accordance with the Continuing Care Agreement. Residents must satisfy all admission criteria as a condition for eligibility.

The Personal Care and Healthcare agreements signed by residents of The Community at Rockhill are "fee-for-service" agreements. If a resident needs these services, a new agreement is signed for that level of care.

Residents entering Personal Care and Healthcare pay a daily rate per person. Except for individuals entering Healthcare under Medical Assistance or Medicare programs, the Entrance Fee is waived for those residents who signed a continuing care agreement.

## *Reserve Funding and Security*

Under Section 9 of the Continuing Care Provider Registration and Disclosure Act ("Act 82"), a provider must establish and maintain a specified dollar amount of liquid reserves. The reserve requirement is shown as a separate line item on the consolidated balance sheet. The liquid reserve includes funds that are easily converted to cash such as money market funds, marketable securities, and mutual funds.

The statutory minimum liquid reserve for The Community at Rockhill was determined to be approximately $1,988,188. Calculations establishing the reserve requirement are as follows: (1) ten percent of the projected annual-operating expenses of the Independent Living (CCRC) facility exclusive of depreciation, or (2) the total of all principal and interest payments due during the next 12 months on account of any mortgage loan or other long-term financing of the facility – whichever is greater.

## *Resident Right to Rescind*

Any entrance fee payments will be refunded in full if the resident rescinds the Continuing Care Agreement, without penalty or forfeiture, within seven (7) days after making an additional deposit or from time of signing this agreement; nor shall the resident be required to occupy the facility designated in the agreement before the expiration of the same seven-day period.

*Financial Statements*

The Comparative Balance Sheet and Statement of Operations for fiscal years ending June 30, 2025 and 2024 follow.

## Comparative Balance Sheet

**The Community at Rockhill**
**Balance Sheets**
**June 30, 2025 & 2024**

| | 2025 | 2024 |
|---|---|---|
| Current Assets | $ 5,444,977 | $ 2,146,508 |
| Property & Equipment, Net | 35,380,657 | 35,068,131 |
| Other Assets | 11,980,159 | 10,977,448 |
| **Total Assets** | **$ 52,805,793** | **$ 48,192,087** |
| | | |
| Current Liabilities | $ 2,391,185 | $ 5,219,036 |
| Long-Term Debt (less Current Maturities | 9,461,537 | 6,858,008 |
| Other Long Term Liabilities | 384,576 | - |
| Refundable Advanced Fee Liability | 3,917,265 | 4,509,425 |
| Deferred Revenues | 17,811,210 | 15,842,508 |
| Net Assets - Without Donor Restrictions | 17,965,682 | 15,055,121 |
| Net Assets - With Donor Restrictions | 874,337 | 707,989 |
| **Total Liabilities & Net Assets** | **$ 52,805,792** | **$ 48,192,087** |

## Comparative Statement of Operations

**The Community at Rockhill**
**Statements of Operations and Changes in Net Assets**
**June 30, 2025 & 2024**

| | 2025 | 2024 |
|---|---|---|
| Revenue | $ 24,487,335 | $ 21,069,478 |
| | | |
| Operating Expenses | $ (19,233,742) | $ (18,051,449) |
| Depreciation | (3,163,306) | (2,960,440) |
| Other Income (Expense), Net | 986,623 | 1,373,656 |
| | | |
| Increase (Decrease) in Net Assets | $ 3,076,910 | $ 1,431,245 |

## Income Statement Actual vs. Budget

| | Budget FY 2025 | Actual FY 2025 | Variance |
|---|---|---|---|
| *Operating Revenue* | | | |
| Healthcare Room & Board | 7,552,267 | 7,534,004 | -0.2% |
| Personal Care Room & Board | 4,849,097 | 4,326,488 | -10.8% |
| Independent Room & Board | 4,991,656 | 4,953,630 | -0.8% |
| Entrance Fees Earned (Amortization) | 2,300,000 | 2,994,470 | 30.2% |
| Benevolent Care Provided | (336,000) | (130,604) | -61.1% |
| *Total Room & Board Revenue* | **19,357,020** | **19,677,988** | 1.7% |
| **Total Ancillary Revenue** | **1,928,300** | **1,994,895** | **3.5%** |
| *Total Resident Related Revenue* | **21,285,320** | **21,672,883** | **1.8%** |
| *Total Other Revenue* | **683,184** | **2,814,453** | **312.0%** |
| *Total Operating Revenue* | **21,968,504** | **24,487,336** | **11.5%** |
| *Operating Expenses* | | | |
| Salaries | 8,806,804 | 8,894,848 | 1.0% |
| Payroll Taxes & Employee Benefits | 1,953,024 | 1,739,153 | -11.0% |
| Supplies | 623,060 | 578,913 | -7.1% |
| Food | 825,932 | 798,917 | -3.3% |
| Contracted Services & Professional Fees | 2,079,274 | 2,470,399 | 18.8% |
| Management Fee to GIM | 2,190,157 | 2,190,157 | 0.0% |
| Insurance | 342,400 | 250,103 | -27.0% |
| Real Estate Taxes | 158,721 | 158,520 | -0.1% |
| Repairs & Maintenance | 335,544 | 405,134 | 20.7% |
| Utilities | 959,798 | 924,656 | -3.7% |
| Depreciation | 3,128,438 | 3,163,306 | 1.1% |
| Interest | 421,783 | 348,787 | -17.3% |
| Miscellaneous | 496,973 | 474,156 | -4.6% |
| *Total Operating Expenses* | **22,321,908** | **22,397,049** | **0.3%** |
| *Net Income (Loss) From Operations* | **(353,404)** | **2,090,287** | **-691.5%** |
| **Non-Operating Revenue (Expense)** | | | |
| Contributions | 351,000 | 302,769 | -13.7% |
| Investment Income | 69,140 | 81,310 | 17.6% |
| Gain/Loss on Investments | - | 1,065,068 | N/A |
| Change in Fair Value of Swap Agreement | | (384,576) | |
| Other | - | (77,949) | N/A |
| **Total Non-Operating Revenue (Expense)** | **420,140** | **986,622** | **134.8%** |
| **Total Increase (Decrease) In Net Assets** | **66,736** | **3,076,909** | **4510.6%** |

The Income Statement Actual vs. Budget for the fiscal year ended June 30, 2025 Variance Analysis follows.

Net assets for the Fiscal Year Ended June 30, 2025 increased to $3,076,909, a $3,010,173 increase from the FY 2025 budgeted increase of $66,736. The primary drivers of this variance were:

- Personal Care Room & Board revenue was $522,609 or 10.8% unfavorable to budget, driven by census being under budget by 6 apartments.
- Entrance Fee Amortization Revenue was $694,470 or 30.2% favorable to budget, driven by the increased movement of residents from Independent Living into Personal Care and Skilled Nursing, along with the increase of new Independent Living residents in the latter part of the year.
- Benevolent Care needed was $205,396, or 61.0% favorable to budget, driven by 4 less residents requiring Benevolent Care than anticipated.
- Total Other Revenue was $2,131,269 favorable to budget mainly due to $1.9 million in ERC funding.
- Payroll Taxes & Employee Benefits expense was $213,871 or 11.0% favorable to budget, driven by health insurance.
- Contracted Services were $391,125 or 18.8% unfavorable to budget, driven by temporary agency help
- Insurance was favorable due to receiving an Annual Distribution from the insurance provider.
- Repairs and Maintenance were overbudget due to overall need for maintenance given the age of the buildings.
- Interest was $72,996 or 17.3% favorable to budget, driven by an interest adjustment
- Non-Operating Revenues (Expenses) were $566,482 or 134.8% favorable to budget: We do not budget amounts for those line items with variances denoted by “N/A”, the largest variance of which are the realized and unrealized investment gains of $1,000k.

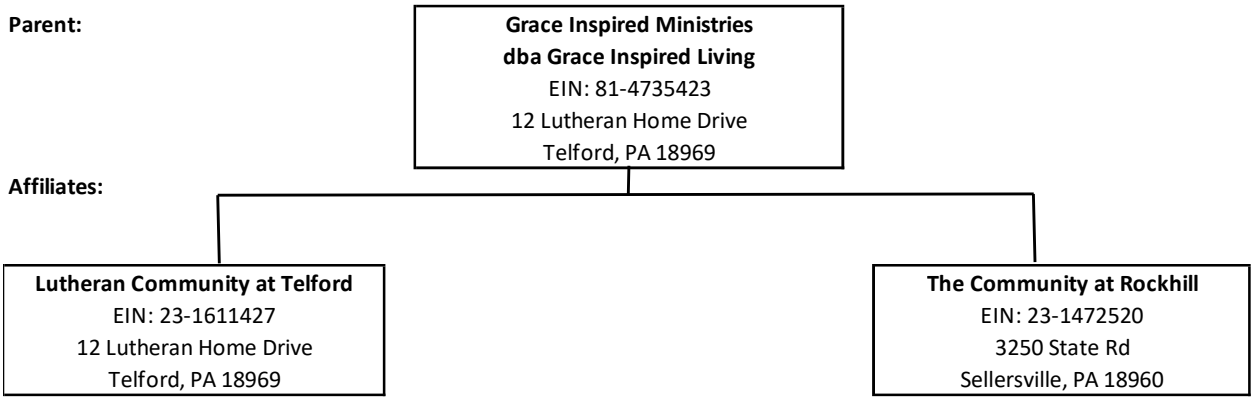
## *Pro Forma Statement of Activities*

The Pro Forma statement of activities for the fiscal year ending June 30, 2026 follows.

| | Budget FY 2026 |
|---|---|
| ***Operating Revenue*** | |
| Healthcare Room & Board | 7,664,335 |
| Personal Care Room & Board | 4,911,620 |
| Independent Room & Board | 5,099,700 |
| Entrance Fees Earned (Amortization) | 2,700,000 |
| Benevolent Care Provided | (288,000) |
| ***Total Room & Board Revenue*** | **20,087,655** |
| **Total Ancillary Revenue** | **1,897,820** |
| ***Total Resident Related Revenue*** | **21,985,475** |
| ***Total Other Revenue*** | **797,180** |
| ***Total Operating Revenue*** | **22,782,655** |
| ***Operating Expenses*** | |
| Salaries | 9,014,324 |
| Payroll Taxes & Employee Benefits | 1,846,598 |
| Supplies | 629,672 |
| Food | 814,682 |
| Contracted Services & Professional Fees | 2,409,625 |
| Management Fee to GIM | 2,160,951 |
| Insurance | 367,254 |
| Real Estate Taxes | 160,925 |
| Repairs & Maintenance | 395,862 |
| Utilities | 993,378 |
| Depreciation & Amortization | 3,537,837 |
| Interest | 599,719 |
| Miscellaneous | 488,891 |
| ***Total Operating Expenses*** | **23,419,718** |
| ***Net Income (Loss) From Operations*** | **(637,063)** |
| **Non-Operating Revenue (Expense)** | |
| Contributions | 351,000 |
| Investment Income | 76,580 |
| Other | - |
| **Total Non-Operating Revenue (Expense)** | **427,580** |

Exhibit A
Organizational Charts – Grace Inspired Ministries

## Grace Inspired Living
## Organizational Chart




***Grace Inspired Ministries is 100% owner (i.e. Sole Member) of Affiliates***

Exhibit B
Board of Directors and Employees Responsible for the Operation of Licensed Provider

GIL Officers

| Name, Title | Address |
|---|---|
| Frederick E. Schea, Chairman<br>Dr. Thomas Rutter, Vice-Chair<br>Michele Kraynak, Treasurer<br>David Harbaugh, Secretary | Board Officers may be contacted care of the Parent Company's Business Address:<br><br>Grace Inspired Ministries<br>c/o Lutheran Community at Telford<br>12 Lutheran Home Drive<br>Telford, PA 18969-1783 |

GIL Board of Directors

| Name | Address |
|---|---|
| Frederick E. Schea, Chair | Board Members may be contacted care of the Parent Company's Business Address:<br><br>Grace Inspired Living<br>c/o Lutheran Community at Telford<br>12 Lutheran Home Drive<br>Telford, PA 18969-1783 |
| Dr. Thomas Rutter, Vice Chair | |
| Michele Kraynak, Treasurer | |
| David Harbaugh, Secretary | |
| Jeffrey Godshall | |
| Dr. Beth Gotwals | |
| Ronald Smith (thru 12/31/24) | |
| Dr. Kelly Rose | |
| Judith Williams | |
| Randy Floyd | |
| Dorothy Jaworski | |
| William Cressman | |
| Ron Hertzler | |
| Daniel McKee, CEO, ex officio<br>Livia Lisker-Blount, CFA, VP of Finance | |

Rockhill Board of Directors

| Name | Address |
|---|---|
| Daniel McKee, CEO, ex officio<br>Livia Lisker-Blount, CFA, VP of Finance<br>Ted Leister, Executive Director<br>Frederick E. Schea, Chair<br>Dr. Thomas Rutter, Vice-Chair | Board Members may be contacted care of the Provider's Business Address:<br><br>The Community at Rockhill<br>3250 State Rd<br>Sellersville, PA 18960-1699 |

Employees Responsible for Operation of Licensed Provider

| Name, Title | Education, Licenses |
|---|---|
| Daniel McKee<br>President & Chief Executive Officer | BS, Arizona State University.<br>Pennsylvania Licensed Nursing Home Administrator 2014 |
| Theodore Leister<br>Executive Director | Pennsylvania Licensed Nursing Home Administrator 2012 |
| Livia Lisker-Blount, CFA<br>Vice President of Finance | BA, Dickinson College<br>MBA, MIT Sloan School of Management |

The boards do not know of any legal proceedings in which any Director, Officer or any employee are involved.

Exhibit C
Zero Percent Refund Continuing Care Agreement

# CONTINUING CARE AGREEMENT

# FOR

# THE COMMUNITY AT ROCKHILL


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## DEFINITIONS OF WORDS AND PHRASES

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

**AMORTIZABLE PORTION:** A component totaling one hundred percent (100%) of the Entrance Fee, which component is subject to amortization.

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

**APPLICATION PROCESSING FEE:** The non-refundable amount paid for processing of the Application for Residency.

**BENEVOLENT CARE POLICY:** Our policy regarding the use of designated funds to assist those residents, who through no fault of their own, are unable to meet the costs of care.

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

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

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

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

**DESIGNATED OCCUPANCY DATE:** The date designated by us for you to accept Occupancy, and for the Monthly Service Fee and the Entrance Fee to become due, unless the Residence is occupied earlier.

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

**DOUBLE OCCUPANCY FEE:** The fee for an Additional Occupant of the Residence. This charge is added to the Monthly Service Fee.



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**ENTRANCE FEE:** The initial charge for admission to the Community. The Entrance Fee consists of two components: (i) the Amortizable Portion; and (ii) the Refundable Portion. The amount of the Entrance Fee is based on the model of the Residence.

**FEE SCHEDULE:** A publication reflecting current charges for ancillary and miscellaneous services rendered by the Community.

**HEALTH CARE CENTER:** The licensed nursing care facility of Community.

**HEALTH CARE RESERVE:** An amount equal to the sum of the Refundable Portion and, if applicable, the unearned Amortizable Portion of the Entrance Fee, which is established by the Community in the event you transfer permanently to the Health Care Center or Personal Care Center. Upon depletion of your resources, the Health Care Reserve shall be available and applied to cover the charges in the Health Care Center or Personal Care Center.

**HEALTH CARE SERVICES:** Personal Care Services, Routine Nursing Care Services and other health related services available under this Agreement.

**INITIAL DEPOSIT:** The charge equal to ten percent (10%) of the Entrance Fee.

**MEDICAL DIRECTOR:** The physician designated by Community to oversee the medical affairs of the Community.

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

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

**PERSONAL CARE CENTER:** The licensed personal care facility of Community.

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

**REFUNDABLE PORTION:** A component of the Entrance Fee, which component is equal to zero percent (0%) of the Entrance Fee.

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

**RESIDENT HANDBOOK:** Community's publication reflecting the rules, regulations,



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policies, and procedures of the Community. You are obligated to comply with our rules, regulations, policies, and procedures reflected in this publication. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights, and it is subject to change from time to time.

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

**SINGLE OCCUPANCY:** One individual initially residing in a residence.

**SURRENDER:** To cease Occupancy of the Residence, to remove all possessions from it, and return all keys to it.

**TRANSFER FEE:** The fee for returning to a residence at the Community after being permanently transferred to the Health Care Center or Personal Care Center. The Transfer Fee is determined by the square footage of the Residence.



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# CONTINUING CARE AGREEMENT

THIS CONTINUING CARE AGREEMENT (called "Agreement"), made this _____ day of _____, 20____, between The Community at Rockhill, a Pennsylvania non-profit corporation, (called "Community," and referred to by the words "we," "us" and "our"), and _____ (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community at _____ for Occupancy of _____, Sellersville, PA 18960 (called "Residence").

## RECITALS:

Grace Inspired Ministries d/b/a Grace Inspired Living, the parent organization, was formed in 2017 through the affiliation of The Community at Rockhill and Lutheran Community at Telford;

We operate a continuing care retirement community;

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

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

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

## SECTION 1: RESIDENCE AND FACILITIES

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

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



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**1.3 Optional Furnishings or Fixtures.** At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee or Monthly Service Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the termination of this Agreement. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us. The amount paid by you for any optional furnishings or fixtures will not be added to the Entrance Fee for amortization purposes and no amount will be refunded to you.

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

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

**1.6 Priority Access.** You will receive priority access to the Health Care Center for Routine Nursing Care Services and the Personal Care Center for Personal Care Services on a fee-for-service basis. Priority access is conditioned on space availability in the Health Care Center or the Personal Care Center and you satisfying the financial and all other requirements for admission.



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**1.7 Designated Occupancy Date.** We shall establish a date when you must accept Occupancy (the "Designated Occupancy Date"). We will provide notice of the Designated Occupancy Date no later than sixty (60) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Service Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on the Designated Occupancy Date or upon actual Occupancy, whichever is earlier.

## SECTION 2: SERVICES

**2.1 Utilities.** The utilities provided by us and included in the Monthly Service Fee are identified on Exhibit "A" attached to this Agreement.

**2.2 Telephone.** We shall provide your Residence with access to telephone service. You may be required to have a landline telephone in your Residence. Telephone service is available in accordance with the terms and conditions of Exhibit "A."

**2.3 Internet.** We shall provide access to internet service in the common designated area(s) as part of the Monthly Service Fee. Internet service is available in your Residence in accordance with the terms and conditions of Exhibit "A."

**2.4 Cable Television.** We shall provide your Residence with access to cable television service and at least one cable connection. Basic cable service and expanded pay channel service are available in accordance with the terms and conditions of Exhibit "A."

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

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

**2.7 Property Insurance.** We shall provide insurance on our property only. You are required to insure against personal property and general liability losses and for the cost of such insurance.



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

**2.9** **Assessments.** Property taxes are included in the Monthly Service Fee.

**2.10** **Meals.** Meals, if available, shall be provided in accordance with the terms and conditions of Exhibit "A."

**2.11** **Housekeeping.** Light housekeeping services, if available, shall be provided in accordance with the terms and conditions of Exhibit "A."

**2.12** **Transportation.** We shall provide transportation in accordance with the terms and conditions of Exhibit "A" and the schedule established by us, which is subject to change from time to time.

**2.13** **Parking.** We shall provide parking in accordance with the terms and conditions of Exhibit "A." Residents, who own a vehicle, must possess a valid driver's license and register that vehicle with us.

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

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

**2.16** **Other Services.** Other services, such as barber/beauty services, are available at an additional charge and are not included in the Monthly Service Fee. The charges for these services are reflected on the Fee Schedule or other publications made available by the Community, which are subject to change from time to time.

## SECTION 3: NURSING AND PERSONAL CARE SERVICES

**3.1** **Health Care Center and Personal Care Center.** We operate a Health Care Center and a Personal Care Center for the provision of licensed Routine Nursing Care Services and Personal Care Services which shall be available to you on a priority access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly Service Fee. We will exercise our best efforts to accommodate



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your level of care needs; however, there is no guarantee that space will be immediately available in the Health Care Center or the Personal Care Center at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are temporarily or permanently transferred to the Health Care Center or Personal Care Center, you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services, which agreement shall supplement the terms of this Agreement. In the event any provision of the admission agreement is in conflict or inconsistent with any of the terms or provisions of this Agreement, then this Agreement shall govern and control the relationship between you and us.

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

**3.3 Health Care Services and Liability for Health Care Costs.** Subject to Section 3.4 below, you remain responsible for your own Health Care Services. All Health Care Services provided to you under this Agreement are at an additional charge.



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

**3.5 Future Use of Facilities.** Although there is no current plan to discontinue operations of the Health Care Center or Personal Care Center, if deemed to be in the best interests of the perpetuation of our mission by the Board of Directors, we reserve the right at some future point to reduce the availability of the number of beds or to discontinue the operation of these facilities. Should we elect to discontinue operations of the Health Care Center or Personal Care Center, there are no assurances that any replacement facilities will be available at the Community.

**3.6 Response Call System.** We shall equip your Residence with a twenty-four (24) hour response call system. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, you are required to contact 911 to obtain medical assistance. While the response call system may be used to inform us of a medical emergency, we disclaim any and all responsibility for responding to medical emergencies and for any liability for any injury or damages resulting from the mechanical failure of the response call system. If you utilize the response call system in such an emergency, we will call 911 on your behalf.

## SECTION 4: FEES

**4.1 Application Processing Fee.** You shall pay to us a non-refundable Application Processing Fee in the sum of $100.00 at the time of submitting the Application for Residency.

**4.2 Entrance Fee.**

**(a) Amount.** You shall pay to us an Entrance Fee in the sum of $_____ [____ *initials*]. The Entrance Fee consists of two components: (i) the Amortizable Portion in the amount of $_____ [____ *initials*]; and (ii) the Refundable Portion in the amount of $_____ [____ *initials*].

**(b) Payment Schedule.** You shall pay the Entrance Fee in accordance with the following schedule:

**(i) Initial Deposit.** You shall pay to us an Initial Deposit in the sum of $_____ [____ *initials*] at the time of signing this Agreement.



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

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

**4.4 Amortization.**

**(a) Amortizable Portion of Entrance Fee.** The Amortizable Portion of the Entrance Fee shall be subject to amortization as follows:

**(i) Termination by Death.** In the event of your death at any time during the first year of Occupancy and the termination of this Agreement, thirty percent (30%) of the Amortizable Portion shall be amortized by us. If you die at any time during the second year of Occupancy and this Agreement is terminated, sixty percent (60%) of the Amortizable Portion shall be amortized by us. If you die at any time during the third year of Occupancy and this Agreement is terminated, ninety percent (90%) of the Amortizable Portion shall be amortized by us. In the event of your death at any time after the third year of Occupancy and the termination of this Agreement, the Amortization Portion shall be earned in full by the Community, and your estate will not be entitled to a refund of any part of the Amortizable Portion. There is no monthly pro ration of the Amortized Portion.

**(ii) Termination for Reasons Other Than Death.** In the event of the termination of this Agreement for any reason other than death, the Amortizable Portion shall be amortized by us at the rate of two and one-half percent (2.5%) for each full or partial month of Occupancy over a period of forty (40) consecutive months from the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. At the conclusion of the forty (40) month amortization period, the Amortizable Portion shall be earned in full by the Community, and you will not be entitled to a refund of any part of the Amortizable Portion.

**(b) Refundable Portion of Entrance Fee.** The Refundable Portion of the Entrance Fee shall remain unamortized and available as a refund subject to the provisions of Section 8 and Section 11 of this Agreement.

**4.5 Limitations on Increases in the Entrance Fee.** After the signing of this Agreement by you, there will be no increase in the Entrance Fee. Charges for care paid in one lump sum shall not be increased or decreased during the duration of the agreed upon care,



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except for changes required by State or Federal assistance programs. In accordance with Section 3.4 above, the Entrance Fee and Monthly Service Fee do not include future Health Care Services.

**4.6 Monthly Service Fee.**

**(a) Amount.** You shall pay to us a Monthly Service Fee of $_____ plus a Double Occupancy Fee of $_____ for a total of $_____ [____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Double Occupancy Fee, which is based on the number of occupants, is added to the Monthly Service Fee. You are required to participate in our direct payment plan for payment of monthly billing. You may choose to utilize a bank of your choice.

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

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

**4.7 Other Charges.** In addition to the Monthly Service Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. The due date for all such other charges will appear in the monthly statement.

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

**4.9 Late Charges and Cost of Collection.** Any charges which are unpaid by the due date shall be subject to a late charge of one and one-half percent (1.5%) per month (or annual rate of eighteen percent (18%)), and you are obligated to pay any late charges. In the event we initiate mediation and/or arbitration to collect payments past due in excess



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of sixty (60) days and the parties, through mediation, mutually agree in favor of us, or if unable to mutually agree, we, through arbitration, are deemed to be the prevailing party, you shall be responsible to pay all attorneys' fees and costs incurred by us in pursuing the enforcement of your financial obligations under this Agreement. If the parties mutually agree in favor of you or you are the prevailing party in a collection action, you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

**4.10 Inability to Pay.** It is our policy not to terminate this Agreement solely because of your inability to pay the Monthly Service Fee and other charges, if, through no fault of your own, you are not capable so long as you qualify for and we are capable of providing financial assistance. The financial information provided in your Application for Residency, which includes a financial statement of assets, in documents subsequently requested by us, or with your request for financial assistance, must not contain any material misrepresentations or omissions. You acknowledge that all assets, funds, income and resources listed on the Application for Residency are available to pay for all levels of care at Community. In accordance with our Benevolent Care Policy, it is your responsibility to look to all other available sources of financial assistance such as the Pennsylvania Department of Human Services ("DHS") which administers the Medical Assistance Program (called "MA Program"), before requesting financial assistance from us. You may not transfer assets represented as available in your Application for Residency for less than fair market value unless the transfer does not impair your ability, as determined by us, to fulfill your financial obligations to us for future Personal Care Services or Routine Nursing Care Services. If you impair your ability to pay your financial obligations by transferring assets for less than fair market value, or take such other actions that would disqualify you from benefits under the MA Program, then you shall not be considered for financial assistance from The Community at Rockhill and this Agreement may be terminated.

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

We shall deduct amounts necessary to fulfill all of your financial obligations to us from the Refundable Portion of the Entrance Fee. You hereby authorize such deductions from the Refundable Portion of the Entrance Fee.



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## SECTION 5: FINANCIAL DISCLOSURE

You agree to provide updated financial information at the request of the Community.

## SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

**6.1 Non-Resident.** In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay the difference between the initial Entrance Fee paid by you and the then current Entrance Fee for the Residence. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Monthly Service Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement as described in Section 4.8 of this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

**6.2 Other Resident.** In the event that you desire to marry or cohabit with another resident admitted under a separate Continuing Care Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Continuing Care Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident and each Co-Resident shall become jointly and severally liable for each other's financial obligations and for all payments due under this Agreement and any applicable addenda,



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and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be treated as follows: (i) zero percent (0%) shall be added to the Refundable Portion; and (ii) one hundred percent (100%) shall be subject to the current amortization schedule, which will result in an accelerated amortization of the one hundred percent amount. Upon transfer, the Monthly Service Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly Service Fee, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

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

**6.4 Separation of Unmarried Co-Residents.** In the event that one Co-Resident terminates this Agreement for any reason, the terminating Co-Resident must ensure that the Co-Resident who remains at the Community retains and maintains sufficient assets/resources to provide for his/her future care. Consultation with the Community shall be necessary to determine the amount of resources needed for future care. As described in Section 4.8 and Section 9.7 of this Agreement, the departing Co-Resident will remain jointly and severally liable for the financial obligations of the remaining Co-Resident.

## SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

**7.1 Option After Occupancy.** After Occupancy, you may request to exercise a limited option to move to another Residence on the Community's premises, if and when another



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Residence becomes available, in accordance with our policies, which are subject to change from time to time. In the event you desire to exercise the option to move to another Residence, you must notify us in writing of the Residence desired. We reserve the right to refuse your request to move to another Residence.

**7.2 Costs of Election to Move.**

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

**(b) To Residence with Greater Entrance Fee.** If you elect to move to a Residence, which has a greater Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected Residence, an additional amount equal to the difference between the initial Entrance Fee paid and the greater Entrance Fee in effect at the time of the move. The additional amount shall be treated as follows: (i) zero percent (0%) shall be added to the Refundable Portion; and (ii) one hundred percent (100%) shall be subject to the current amortization schedule, which will result in an accelerated amortization of the one hundred percent amount. You shall be obligated to pay the applicable Monthly Service Fee for the selected Residence.

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

## SECTION 8: HEALTH CARE RESERVE

**8.1 Creation of Health Care Reserve.**

**(a) Single Occupancy.** If you are permanently transferred to the Health Care Center or Personal Care Center, no refund of the Refundable Portion or, if applicable, the unearned Amortizable Portion of the Entrance Fee will be due or paid to you at that time. Instead, an amount equal to the sum of the Refundable Portion and, if any is yet unearned, the remaining Amortizable Portion of the Entrance Fee will be established as the Health Care Reserve at the time we receive in full, subject to the provisions of Section 7.2, the applicable Entrance Fee for the Residence designated under this Agreement from another resident. The Health Care Reserve amount will be calculated at the time of



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Surrender as reflected in Section 9.6. The Health Care Reserve will be maintained by us until this Agreement is terminated due to your death, discharge or voluntary departure from the Community, or until it is exhausted. Any portion of the Health Care Reserve remaining upon the termination of this Agreement will become available as a refund in accordance with Section 11. The Health Care Reserve will only be established if you are permanently transferred to the Health Care Center or Personal Care Center. If established, the Health Care Reserve will be available upon depletion of your resources as reflected in Section 8.2.

**(b) Double Occupancy.** If and at such time as the last remaining Co-Resident in the Residence is permanently transferred to the Health Care Center or Personal Care Center, no refund of the Refundable Portion or, if applicable, the unearned Amortizable Portion of the Entrance Fee will be due or paid to you at that time. Instead, an amount equal to the sum of the Refundable Portion and, if any is yet unearned, the remaining Amortizable Portion of the Entrance Fee will be established as the Health Care Reserve at the time we receive in full, subject to the provisions of Section 7.2, the applicable Entrance Fee for the Residence designated under this Agreement from another resident. The Health Care Reserve amount will be calculated at the time of Surrender as reflected in Section 9.6. The Health Care Reserve will be maintained by us until this Agreement is terminated due to the death, discharge or voluntary departure from the Community of the last surviving Co-Resident, or until it is exhausted. Any portion of the Health Care Reserve remaining upon the termination of this Agreement will become available as a refund in accordance with Section 11. The Health Care Reserve will only be established at such time as the last remaining Co-Resident in the Residence is permanently transferred to the Health Care Center or Personal Care Center. If established, the Health Care Reserve will be available upon depletion of both Co-Residents' resources as reflected in Section 8.2.

**8.2 Utilization of Health Care Reserve.**

**(a) Single Occupancy.** The Health Care Reserve shall not be available to you until the Health Care Reserve has been established and until you have depleted your resources. Upon depletion of your resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center. We shall continue to apply the Health Care Reserve to pay any outstanding charges incurred by you until the termination of this Agreement, or until the Health Care Reserve is exhausted.

**(b) Double Occupancy.** The Health Care Reserve shall not be available to you until the Health Care Reserve has been established and until both Co-Residents have depleted their resources. Upon depletion of both Co-Residents' resources, the Health



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Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center. We shall continue to apply the Health Care Reserve to pay any outstanding charges incurred by you until the termination of this Agreement, or until the Health Care Reserve is exhausted.

**8.3 Possible Refund of Health Care Reserve.**

**(a) Single Occupancy.** Any portion of the Health Care Reserve remaining upon the termination of this Agreement due to your death, discharge or voluntary departure from the Community shall become available as a refund in accordance with Section 11 of this Agreement.

**(b) Double Occupancy.** Any portion of the Health Care Reserve remaining upon the termination of this Agreement due to the last surviving Co-Resident's death, discharge or voluntary departure from the Community shall become available as a refund in accordance with Section 11 of this Agreement.

**8.4 Eligibility for Financial Assistance.** Upon exhaustion of the Health Care Reserve, you, or in situations of Double Occupancy, both Co-Residents, shall be required to look to all other available sources of financial assistance before requesting financial assistance from us, including an application for benefits from the MA Program administered by DHS, in accordance with Section 4.10.

## SECTION 9: TERMINATION OF AGREEMENT

**9.1 Termination by You.**

**(a) Rescission Period.** You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to us.

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



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If such Co-Resident elects to take Occupancy of the Residence, then the Monthly Service Fee shall be reduced to the Monthly Service Fee for Single Occupancy.

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

**9.2 Termination by Us.**

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

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



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

**9.4 No Termination Upon Permanent Transfer to Health Care Center or Personal Care Center.** In the event you, or in the case of Double Occupancy, the last remaining Co-Resident in the Residence, are permanently transferred to the Health Care Center or Personal Care Center, this Agreement shall remain in full force and effect, and no refund of the Refundable Portion or, if applicable, the unearned Amortizable Portion of the Entrance Fee shall be due or paid at that time. After your permanent transfer and upon your subsequent death, discharge or voluntary departure from the Community, or in situations of Double Occupancy, the subsequent death, discharge or voluntary departure from the Community of the last surviving Co-Resident, and the termination of this Agreement, any applicable refund shall be paid in accordance with the refund provisions of Section 8 and Section 11 of this Agreement.

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

**9.6 Surrender.** The obligation to pay the Monthly Service Fee shall continue until after the lapse of any mandatory notice period for termination and the Residence has been surrendered by you, or in the case of death, by your estate or your family. Surrender of the Residence shall be complete when you have ceased to occupy it, have removed all possessions from it, and have turned over the Residence keys to us. Amortization of the Amortizable Portion of the Entrance Fee shall cease upon Surrender and any applicable refund or Health Care Reserve amount (as the case may be) will be calculated as of that time.

**9.7 Further Obligations and Release Upon Termination.** Upon the termination of this Agreement, we are released from any further obligations to you except for the disposition of personal property as limited by this Agreement, and the payment of any refund, if any refund is due. You are released from any further obligations to the



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Community after all of your financial and indemnification obligations have been met under this Agreement. The provisions of Section 4.8 addressing joint and several liability for the financial obligations of Co-Residents and the indemnification provision reflected in Section 19 survive the termination of this Agreement and shall remain in full force and effect.

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

## SECTION 10: TRANSFER FOR OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY

**10.1 Conditions of Occupancy.** You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy, which are attached as Exhibit "B" and may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or conditions. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

**10.2 Decision to Transfer.** With the concurrence of our Medical Director, we may transfer you from and between the Residence and the Health Care Center, Personal Care Center or any other appropriate care facility if we determine that such a move should be made for your health, safety, or welfare, or for the proper operation of the Community, or because you no longer satisfy the Conditions of Occupancy of the Residence. If you are transferred permanently to the Health Care Center, Personal Care Center or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.



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**10.3 Charges Related to Transfer.**

**(a) Single Occupancy.**

**(i) Temporary Transfer.** If you are temporarily transferred to the Health Care Center, Personal Care Center or another facility, you shall continue to pay the Monthly Service Fee and additionally all costs and charges related to the transfer to and occupancy of the Health Care Center, Personal Care Center or other facility.

**(ii) Permanent Transfer.** Upon permanent transfer to the Health Care Center or Personal Care Center, and after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end. This Agreement shall remain in full force and effect upon your permanent transfer. In accordance with the terms and conditions of Section 8, and upon depletion of your resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center until the termination of this Agreement, or until the Health Care Reserve is exhausted. Upon permanent transfer to another facility, and after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end and this Agreement shall terminate. You shall pay all costs and charges related to the transfer to and occupancy of the other facility.

**(b) Double Occupancy.**

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

**(ii) Permanent Transfer.** Upon the permanent transfer of one Co-Resident to the Health Care Center, Personal Care Center or another facility, the Monthly Service Fee shall be reduced to the Monthly Service Fee for Single Occupancy, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Health Care Center, Personal



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Care Center or other facility. In situations where one Co-Resident permanently transfers to the Health Care Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are permanently transferred to the Health Care Center or Personal Care Center, then, after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end. This Agreement shall remain in full force and effect upon your permanent transfer. In accordance with the terms and conditions of Section 8, and upon depletion of both Co-Residents' resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center until the termination of this Agreement, or until the Health Care Reserve is exhausted. In the event both Co-Residents are permanently transferred to another facility, then, after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end and this Agreement shall terminate. Both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the other facility.

**10.4 Release of or Return to Residence After Transfer.**

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

**(b) Permanent Transfer.** If you are permanently transferred to the Health Care Center, Personal Care Center or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a Residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a Residence. In the event you occupy a Residence after being permanently transferred to the Health Care Center or Personal Care Center, then you shall execute an addendum with us and pay the Transfer Fee and the then current Monthly Service Fee. If you become eligible to occupy a Residence after being permanently transferred to another facility, then you shall first execute a new Continuing Care Agreement and pay the then current Entrance Fee and you shall be required to pay the then current Monthly Service Fee for the applicable Residence.

## SECTION 11: REFUNDS

**11.1 Termination Before Occupancy.** The Entrance Fee will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. We will retain the Application Processing Fee. In the event of the termination



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of this Agreement by your death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event you are precluded from taking Occupancy because of illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we will make a full refund of the Entrance Fee less any amounts deducted to cover expenses incurred by us at your specific written request. We will retain the Application Processing Fee. If you do not terminate this Agreement within the seven (7) day rescission period but do terminate prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity, or death; then we will retain the Initial Deposit and the Application Processing Fee. The balance of the Entrance Fee will be refunded to you, less any amounts deducted to cover expenses incurred by us at your specific written request, in accordance with the refund provisions of this Agreement. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not constitute termination of this Agreement, and no refund shall be due. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we shall make a full refund of the Entrance Fee. We will retain the Application Processing Fee.

**11.2 Termination After Occupancy.**

**(a) Termination by Death.** Subject to the provisions of Section 8, if the termination of this Agreement occurs at any time during the first year of Occupancy due to your death, your estate will be entitled to a refund of seventy percent (70%) of the Amortizable Portion plus the Refundable Portion of the Entrance Fee. If the termination of this Agreement occurs at any time during the second year of Occupancy due to your death, your estate will be entitled to a refund of forty percent (40%) of the Amortizable Portion plus the Refundable Portion of the Entrance Fee. If the termination of this Agreement occurs at any time during the third year of Occupancy due to your death, your estate will be entitled to a refund of ten percent (10%) of the Amortizable Portion plus the Refundable Portion of the Entrance Fee. In the event of your death at any time after the third year of Occupancy, your estate will not be entitled to a refund of any amount of the Amortizable Portion; however, your estate will be entitled to the Refundable Portion of the Entrance Fee subject to the limitations below. Any applicable refund shall be subject to deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to your estate in accordance with Section 11.5.



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**(b) Termination for Reasons Other Than Death**. Subject to the provisions of Section 8, in the event of the termination of this Agreement for reasons other than death during the forty (40) month amortization period, you will be entitled to a refund of the unearned part of the Amortizable Portion of the Entrance Fee plus the Refundable Portion of the Entrance Fee, less deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 11.5. After the lapse of the forty (40) month amortization period, the Amortizable Portion shall be earned in full by us, and you will not be entitled to a refund of any amount of it; however, you will be entitled to the Refundable Portion of the Entrance Fee subject to the limitations below. Any applicable refund shall be subject to deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges.

**11.3 Possible Exhaustion of Health Care Reserve Prior to Termination.** The Refundable Portion and, if applicable, the unearned Amortizable Portion of the Entrance Fee are subject to the provisions of Section 8 related to the maintenance of the Health Care Reserve. In such event, all or part of the Health Care Reserve may be utilized for payment for nursing and/or personal care services. In the event the Health Care Reserve has been exhausted prior to termination, then no refund of any kind or amount shall be due to you or your estate.

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

**11.5 Conditions and Due Date for Refund Payments.**

**(a) Prior to Occupancy.** Prior to Occupancy, any applicable refund will be made within sixty (60) days of the termination of this Agreement.

**(b) After Occupancy.** After Occupancy, and subject to the provisions of Section 8, any applicable refund will be made only after the following have been completed: (a) the Residence has been vacated and surrendered; (b) keys to the Residence and to buildings have been returned to us; (c) all personal furniture and belongings have been removed from the Residence; (d) the termination of this Agreement; and (e) upon the earlier of: (i) eleven (11) months after the lapse of conditions (a)-(d) above; or (i) we have accepted and entered into a Continuing Care Agreement with a new resident for



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the Residence most recently occupied by you and the seven (7) day rescission period has expired; (ii) the Entrance Fee has been paid in full for the Residence most recently occupied by you; and (iii) such new resident has taken Occupancy.

Any applicable refund will be paid only after all of the above conditions have been completed. Upon completion of all of the aforementioned conditions, any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident. Any applicable refund will be made to the estate of the last surviving Co-Resident.

## SECTION 12: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

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

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

## SECTION 13: RIGHTS AND OBLIGATIONS OF RESIDENT

**13.1 Right to Receive Disclosure Statements.** We shall deliver to you prior to or at the time of the execution of this Agreement, and make available to you at least annually thereafter, a copy of our Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

**13.2 Rights to Property/Subordination.** The rights and privileges granted to you by this Agreement do not include any right, title, or interest in any part of the personal property, land, buildings, and improvements owned, leased or administered by us. Your rights are primarily for services, with a contractual right of Occupancy. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between you and us. Any rights, privileges, or benefits under this Agreement, including your right to a full or partial refund, shall be subordinate to any existing or



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subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real property of the Community and to all amendments, modifications, replacements, or re-financings of any existing or subsequent mortgages or deeds of trust or to any liens or security interests held by secured creditors of Community. This subordination provision means that the claims of secured creditors in the event of Community's bankruptcy or default on its financial obligations shall be paid before you are entitled to receive any applicable refund. Upon request, you shall execute and deliver any document, which is required by us, or by the holder of any such mortgages or deeds of trust or other encumbrances, to effect such subordination or to evidence the same.

**13.3 Inspection of Residence and Right of Entry.** You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property to enter your Residence for the purpose of making reasonable inspections, repairs, and replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by us. We shall have the right to enter your Residence to perform, if applicable, scheduled housekeeping, routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

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

**13.5 Health Insurance.** We expect that some of the cost of medicines, medical or nursing services or equipment provided for you 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 through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy approved in writing by us, and at least one Medicare supplemental health insurance policy (commonly known as Medigap insurance, which must include coverage for nursing care co-insurance) such as those offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by us, which provides coverage for Medicare deductibles and co-insurance. Acquisition of equivalent Medicare benefits from a managed care organization ("MCO") will not satisfy the insurance requirement under this Agreement unless the MCO is approved by us in writing as an equivalent policy. Proof of such



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insurance must be provided at the time of application and prior to admission. In the event you fail to maintain in force, because of failure to make premium payments, such health care insurance after Occupancy, we reserve the right to make such payments for purposes of maintaining such insurance in force for your benefit. You are obligated to reimburse us for such payments made on your behalf and the cost of such premium shall be added to and included in the Monthly Service Fee. The payment by us of any premium due on the required policies does not constitute a waiver of our right to terminate this Agreement upon your failure to make such premium payments and we have no obligation or liability to provide or pay for your health insurance. The Community may require you to provide proof of health insurance from time to time after Occupancy.

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

**13.7 Insurance Requirements.** You shall obtain at your expense, personal property and general liability insurance in such amounts as we may deem appropriate, and you shall provide us with Certificates of Insurance verifying coverage. Policies shall be endorsed so as to provide that we shall receive thirty (30) days prior written notice of cancellation or non-renewal.

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



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**13.9 Responsibility for Property Damage to Community.**

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

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

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

**13.11 Responsibility for Your Personal Property.**

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

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

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



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

**13.14 Right of Self-Organization.** You along with other residents of Community shall have the right of self-organization. A representative designated by us shall hold quarterly meetings during the calendar year with residents of Community. At least seven (7) days notice of each quarterly meeting shall be given to you.

**13.15 Pets.** Pets are permitted in accordance with our pet policy as described in the Resident Handbook, which is subject to change from time to time.

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

## SECTION 14: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, which will provide an opportunity for the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 11 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Service Fee shall



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be reduced proportionately, unless a vacant Residence is available for temporary Occupancy by you. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

## SECTION 15: RENOVATION OF RESIDENCE

We reserve the right to relocate you to another residence within the Community in the event the Residence occupied by you or the building in which the Residence is located is subject to renovation. In such event, you shall relocate to a residence that is substantially similar to the Residence designated under this Agreement. In the event of such relocation, we shall assume responsibility for your reasonable moving costs. During temporary occupancy of the other residence, you shall pay the Monthly Service Fee applicable to that residence. Upon completion of the renovations, you may, subject to our approval, elect to remain in the residence you have occupied on a temporary basis, or return to the renovated Residence or the renovated building in which the Residence is located. If you, subject to our approval, choose to remain in the residence you have been occupying, then you shall continue to pay the applicable Monthly Service Fee, and any applicable refund due to you upon the termination of this Agreement shall be based on the Surrender of that residence. In the event you, subject to our approval, choose to return to the renovated Residence or the building in which the Residence is located, then this Agreement shall terminate and you shall receive any applicable refund. You shall execute a new Continuing Care Agreement with us and pay the then current Entrance Fee and the then current Monthly Service Fee. All costs associated with relocation to the renovated Residence or the building in which the Residence is located shall be paid by you.

## SECTION 16: 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 17: ACTS OF FORBEARANCE

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



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## SECTION 18: ENTIRE AGREEMENT

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

## SECTION 19: INDEMNIFICATION

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

## SECTION 20: GRIEVANCE PROCEDURE

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

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



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in collection actions where the parties mutually agree in favor of the Community or, if unable to resolve the dispute through mediation, where the Community, through arbitration, is deemed to be the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of your financial obligations. If the parties mutually agree in favor of you or you are the prevailing party, you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

**20.3 Mandatory, Binding Arbitration.** Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 20.3(h) of this Agreement.

**(a) Contractual and/or Property Damage Disputes.** Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) eviction proceedings initiated by us; and (3) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 20.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.



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**(b) Personal Injury or Medical Malpractice.** Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community. Subject to Section 20.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

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

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

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

**(f) Time Limitation for Arbitration.** Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the



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applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 20.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

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

**(g) Allocation of Costs for Arbitration.** The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the Community is the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of your financial obligations. If you are the prevailing party in a collection action, then you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

**(h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 20.3(a-l) of this Agreement).** You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will



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automatically rescind the arbitration clause without any further action by you or your authorized representative.

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

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

**(k) Severability of Arbitration Clause (Section 20.3(a-l) of this Agreement).** If any provision of this arbitration clause is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this arbitration clause shall remain in full force and effect.

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

## SECTION 21: 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 Community:

Executive Director
The Community at Rockhill
3250 State Road
Sellersville, PA 18960

To Resident (Before Occupancy): _____

_____

_____



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

## SECTION 22: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is reflected in our Disclosure Statement, which is made available on an annual basis.

## SECTION 23: MISCELLANEOUS PROVISIONS

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

**23.2 Receipt of Disclosure Statement and Resident Handbook.** You acknowledge receiving a copy of our annual Disclosure Statement and Resident Handbook prior to signing this Agreement. The Resident Handbook is subject to change from time to time and shall not be construed as imposing any contractual obligations on us or granting any contractual rights to you.

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

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

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



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

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

**23.8** **No Sponsorship Liability.** No other entities, including any affiliated churches or any sponsoring churches, shall be responsible for any financial or contractual obligations or any debts or liabilities of the Community.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURES ON FOLLOWING PAGE]



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**AGREEMENT AUTHORIZATIONS AND SIGNATURES**

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

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

| | |
|---|---|
| Witness: | The Community at Rockhill |
| _____ | By: _____ |
| | Authorized Representative: |
| Date: _____ | Date: _____ |
| Witness: | |
| _____ | _____ |
| | Resident/Co-Resident: |
| Date: _____ | Date: _____ |
| Witness: | |
| _____ | _____ |
| | Co-Resident: |
| Date: _____ | Date: _____ |



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# NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 2024. You may rescind and terminate your Continuing Care Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Continuing Care Agreement within this seven (7) day period.

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

The Community at Rockhill
3250 State Road
Sellersville, PA 18960

Not later than midnight of _____, 2024 (last day for rescission).

Pursuant to this notice, I hereby cancel my Continuing Care Agreement.

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____



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# EXHIBIT "A"

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

- Range
- Refrigerator
- Kitchen sink with garbage disposal
- Floor coverings
- Window treatments
- Dishwasher (only in certain upgraded Residences)
- Microwave (only in certain upgraded Residences)
- Washer/dryer (only in certain upgraded Residences)

The following services are either included in the Monthly Service Fee or are available at an additional charge:

**Utilities.** We shall provide hot and cold water, heat, electricity, air conditioning, sewer and refuse collection. These services are included in the Monthly Service Fee.

**Telephone.** All telephone service charges, including connection charges, are not included in the Monthly Service Fee and shall be paid by you.

**Internet.** In the event you desire internet service in your Residence, you shall make arrangements directly with an internet service provider. All internet service charges, including installation charges, are not included in the Monthly Service Fee and shall be paid by you.

**Cable Television.** Basic cable television service is included in the Monthly Service Fee. Expanded pay channel service is not included in the Monthly Service Fee and shall be paid by you.

**Meals.** Meals are not included in the Monthly Service Fee and are available at an additional charge.

**Housekeeping.** Light housekeeping services on a bi-weekly basis are available at an additional charge.

**Transportation.** We shall provide local transportation for weekly shopping and planned activities/outings as part of the Monthly Service Fee. Other transportation services such as to medical appointments and other destinations may be available on a fee-for-service basis.

**Parking.** We shall provide outdoor parking for resident-owned and registered vehicles as part of the Monthly Service Fee.



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**EXHIBIT "B"**

**THE COMMUNITY AT ROCKHILL**

**CONDITIONS of OCCUPANCY of CONTINUING CARE RESIDENCE**

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

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

2. Timely payment of all Community fees.

3. Demonstrate sufficient financial resources to meet all financial requirements of residency. Upon acceptance in the Community, it is understood that all resources noted on the original financial statement on the application to the Community and any subsequent financial statements shall be available for the resident to satisfy all financial obligations to the Community.

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

5. Abiding by all terms of this Agreement.

6. Keeping the residence in a clean, safe and sanitary condition. Examples of an unsafe and unsanitary residence include, but are not limited to, gross disorganization and not disposing of trash properly and efficiently.

7. Complying with the reasonable rules of the community. Non-compliance with any of the established rules and regulations may be reason enough to ask residents to leave their residence here at the Community.

8. Not engaging in unlawful activity.



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9. Ensuring that the peace and tranquility of other residents is not unduly disturbed, including keeping noise to an acceptable level in residential settings.

10. Keeping the residence and common areas free from damage.

11. Not posing a direct threat to the health or safety of self or other residents. This condition includes, but is not limited to, the ability to evacuate the building safely during an emergency, taking medication as prescribed by the physician, proper nutrition to avoid malnourishment, and taking precautions to prevent reoccurring incidents of falling.

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



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Exhibit D
Twenty Five Percent Refund Continuing Care Agreement

# CONTINUING CARE AGREEMENT

# FOR

# THE COMMUNITY AT ROCKHILL


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## DEFINITIONS OF WORDS AND PHRASES

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

**AMORTIZABLE PORTION:** A component totaling seventy-five percent (75%) of the Entrance Fee, which component is subject to amortization.

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

**APPLICATION PROCESSING FEE:** The non-refundable amount paid for processing of the Application for Residency.

**BENEVOLENT CARE POLICY:** Our policy regarding the use of designated funds to assist those residents, who through no fault of their own, are unable to meet the costs of care.

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

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

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

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

**DESIGNATED OCCUPANCY DATE:** The date designated by us for you to accept Occupancy, and for the Monthly Service Fee and the Entrance Fee to become due, unless the Residence is occupied earlier.

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

**DOUBLE OCCUPANCY FEE:** The fee for an Additional Occupant of the Residence. This charge is added to the Monthly Service Fee.



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**ENTRANCE FEE:** The initial charge for admission to the Community. The Entrance Fee consists of two components: (i) the Amortizable Portion; and (ii) the Refundable Portion. The amount of the Entrance Fee is based on the model of the Residence.

**FEE SCHEDULE:** A publication reflecting current charges for ancillary and miscellaneous services rendered by the Community.

**HEALTH CARE CENTER:** The licensed nursing care facility of Community.

**HEALTH CARE RESERVE:** An amount equal to the sum of the Refundable Portion and, if applicable, the unearned Amortizable Portion of the Entrance Fee, which is established by the Community in the event you transfer permanently to the Health Care Center or Personal Care Center. Upon depletion of your resources, the Health Care Reserve shall be available and applied to cover the charges in the Health Care Center or Personal Care Center.

**HEALTH CARE SERVICES:** Personal Care Services, Routine Nursing Care Services and other health related services available under this Agreement.

**INITIAL DEPOSIT:** The charge equal to ten percent (10%) of the Entrance Fee.

**MEDICAL DIRECTOR:** The physician designated by Community to oversee the medical affairs of the Community.

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

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

**PERSONAL CARE CENTER:** The licensed personal care facility of Community.

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

**REFUNDABLE PORTION:** A component of the Entrance Fee, which component is equal to twenty-five percent (25%) of the Entrance Fee.

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

**RESIDENT HANDBOOK:** Community's publication reflecting the rules, regulations,



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policies, and procedures of the Community. You are obligated to comply with our rules, regulations, policies, and procedures reflected in this publication. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights, and it is subject to change from time to time.

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

**SINGLE OCCUPANCY:** One individual initially residing in a residence.

**SURRENDER:** To cease Occupancy of the Residence, to remove all possessions from it, and return all keys to it.

**TRANSFER FEE:** The fee for returning to a residence at the Community after being permanently transferred to the Health Care Center or Personal Care Center. The Transfer Fee is determined by the square footage of the Residence.



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# CONTINUING CARE AGREEMENT

THIS CONTINUING CARE AGREEMENT (called "Agreement"), made this _____ day of _____, 20____, between The Community at Rockhill, a Pennsylvania non-profit corporation, (called "Community," and referred to by the words "we," "us" and "our"), and _____ (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community at _____ for Occupancy of _____, Sellersville, PA 18960 (called "Residence").

## RECITALS:

Grace Inspired Ministries d/b/a Grace Inspired Living, the parent organization, was formed in 2017 through the affiliation of The Community at Rockhill and Lutheran Community at Telford;

We operate a continuing care retirement community;

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

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

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

## SECTION 1: RESIDENCE AND FACILITIES

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

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



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**1.3 Optional Furnishings or Fixtures.** At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee or Monthly Service Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the termination of this Agreement. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us. The amount paid by you for any optional furnishings or fixtures will not be added to the Entrance Fee for amortization purposes and no amount will be refunded to you.

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

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

**1.6 Priority Access.** You will receive priority access to the Health Care Center for Routine Nursing Care Services and the Personal Care Center for Personal Care Services on a fee-for-service basis. Priority access is conditioned on space availability in the Health Care Center or the Personal Care Center and you satisfying the financial and all other requirements for admission.



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**1.7 Designated Occupancy Date.** We shall establish a date when you must accept Occupancy (the "Designated Occupancy Date"). We will provide notice of the Designated Occupancy Date no later than sixty (60) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Service Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on the Designated Occupancy Date or upon actual Occupancy, whichever is earlier.

## SECTION 2: SERVICES

**2.1 Utilities.** The utilities provided by us and included in the Monthly Service Fee are identified on Exhibit "A" attached to this Agreement.

**2.2 Telephone.** We shall provide your Residence with access to telephone service. You may be required to have a landline telephone in your Residence. Telephone service is available in accordance with the terms and conditions of Exhibit "A."

**2.3 Internet.** We shall provide access to internet service in the common designated area(s) as part of the Monthly Service Fee. Internet service is available in your Residence in accordance with the terms and conditions of Exhibit "A."

**2.4 Cable Television.** We shall provide your Residence with access to cable television service and at least one cable connection. Basic cable service and expanded pay channel service are available in accordance with the terms and conditions of Exhibit "A."

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

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

**2.7 Property Insurance.** We shall provide insurance on our property only. You are required to insure against personal property and general liability losses and for the cost of such insurance.



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

**2.9** **Assessments.** Property taxes are included in the Monthly Service Fee.

**2.10** **Meals.** Meals, if available, shall be provided in accordance with the terms and conditions of Exhibit "A."

**2.11** **Housekeeping.** Light housekeeping services, if available, shall be provided in accordance with the terms and conditions of Exhibit "A."

**2.12** **Transportation.** We shall provide transportation in accordance with the terms and conditions of Exhibit "A" and the schedule established by us, which is subject to change from time to time.

**2.13** **Parking.** We shall provide parking in accordance with the terms and conditions of Exhibit "A." Residents, who own a vehicle, must possess a valid driver's license and register that vehicle with us.

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

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

**2.16** **Other Services.** Other services, such as barber/beauty services, are available at an additional charge and are not included in the Monthly Service Fee. The charges for these services are reflected on the Fee Schedule or other publications made available by the Community, which are subject to change from time to time.

## SECTION 3: NURSING AND PERSONAL CARE SERVICES

**3.1** **Health Care Center and Personal Care Center.** We operate a Health Care Center and a Personal Care Center for the provision of licensed Routine Nursing Care Services and Personal Care Services which shall be available to you on a priority access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly Service Fee. We will exercise our best efforts to accommodate



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your level of care needs; however, there is no guarantee that space will be immediately available in the Health Care Center or the Personal Care Center at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are temporarily or permanently transferred to the Health Care Center or Personal Care Center, you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services, which agreement shall supplement the terms of this Agreement. In the event any provision of the admission agreement is in conflict or inconsistent with any of the terms or provisions of this Agreement, then this Agreement shall govern and control the relationship between you and us.

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

**3.3 Health Care Services and Liability for Health Care Costs.** Subject to Section 3.4 below, you remain responsible for your own Health Care Services. All Health Care Services provided to you under this Agreement are at an additional charge.



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

**3.5 Future Use of Facilities.** Although there is no current plan to discontinue operations of the Health Care Center or Personal Care Center, if deemed to be in the best interests of the perpetuation of our mission by the Board of Directors, we reserve the right at some future point to reduce the availability of the number of beds or to discontinue the operation of these facilities. Should we elect to discontinue operations of the Health Care Center or Personal Care Center, there are no assurances that any replacement facilities will be available at the Community.

**3.6 Response Call System.** We shall equip your Residence with a twenty-four (24) hour response call system. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, you are required to contact 911 to obtain medical assistance. While the response call system may be used to inform us of a medical emergency, we disclaim any and all responsibility for responding to medical emergencies and for any liability for any injury or damages resulting from the mechanical failure of the response call system. If you utilize the response call system in such an emergency, we will call 911 on your behalf.

## SECTION 4: FEES

**4.1 Application Processing Fee.** You shall pay to us a non-refundable Application Processing Fee in the sum of $100.00 at the time of submitting the Application for Residency.

**4.2 Entrance Fee.**

**(a) Amount.** You shall pay to us an Entrance Fee in the sum of $_____ [____ *initials*]. The Entrance Fee consists of two components: (i) the Amortizable Portion in the amount of $_____ [____ *initials*]; and (ii) the Refundable Portion in the amount of $_____ [____ *initials*].

**(b) Payment Schedule.** You shall pay the Entrance Fee in accordance with the following schedule:

**(i) Initial Deposit.** You shall pay to us an Initial Deposit in the sum of $_____ [____ *initials*] at the time of signing this Agreement.



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

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

**4.4 Amortization.**

**(a) Amortizable Portion of Entrance Fee.** The Amortizable Portion of the Entrance Fee shall be subject to amortization as follows:

**(i) Termination by Death.** In the event of your death at any time during the first year of Occupancy and the termination of this Agreement, thirty percent (30%) of the Amortizable Portion shall be amortized by us. If you die at any time during the second year of Occupancy and this Agreement is terminated, sixty percent (60%) of the Amortizable Portion shall be amortized by us. If you die at any time during the third year of Occupancy and this Agreement is terminated, ninety percent (90%) of the Amortizable Portion shall be amortized by us. In the event of your death at any time after the third year of Occupancy and the termination of this Agreement, the Amortization Portion shall be earned in full by the Community, and your estate will not be entitled to a refund of any part of the Amortizable Portion. There is no monthly pro ration of the Amortized Portion.

**(ii) Termination for Reasons Other Than Death.** In the event of the termination of this Agreement for any reason other than death, the Amortizable Portion shall be amortized by us at the rate of two and one-half percent (2.5%) for each full or partial month of Occupancy over a period of forty (40) consecutive months from the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. At the conclusion of the forty (40) month amortization period, the Amortizable Portion shall be earned in full by the Community, and you will not be entitled to a refund of any part of the Amortizable Portion.

**(b) Refundable Portion of Entrance Fee.** The Refundable Portion of the Entrance Fee shall remain unamortized and available as a refund subject to the provisions of Section 8 and Section 11 of this Agreement.

**4.5 Limitations on Increases in the Entrance Fee.** After the signing of this Agreement by you, there will be no increase in the Entrance Fee. Charges for care paid in one lump sum shall not be increased or decreased during the duration of the agreed upon care,



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except for changes required by State or Federal assistance programs. In accordance with Section 3.4 above, the Entrance Fee and Monthly Service Fee do not include future Health Care Services.

**4.6 Monthly Service Fee.**

**(a) Amount.** You shall pay to us a Monthly Service Fee of $_____ plus a Double Occupancy Fee of $_____ for a total of $_____ [____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Double Occupancy Fee, which is based on the number of occupants, is added to the Monthly Service Fee. You are required to participate in our direct payment plan for payment of monthly billing. You may choose to utilize a bank of your choice.

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

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

**4.7 Other Charges.** In addition to the Monthly Service Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. The due date for all such other charges will appear in the monthly statement.

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

**4.9 Late Charges and Cost of Collection.** Any charges which are unpaid by the due date shall be subject to a late charge of one and one-half percent (1.5%) per month (or annual rate of eighteen percent (18%)), and you are obligated to pay any late charges. In the event we initiate mediation and/or arbitration to collect payments past due in excess



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of sixty (60) days and the parties, through mediation, mutually agree in favor of us, or if unable to mutually agree, we, through arbitration, are deemed to be the prevailing party, you shall be responsible to pay all attorneys' fees and costs incurred by us in pursuing the enforcement of your financial obligations under this Agreement. If the parties mutually agree in favor of you or you are the prevailing party in a collection action, you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

**4.10 Inability to Pay.** It is our policy not to terminate this Agreement solely because of your inability to pay the Monthly Service Fee and other charges, if, through no fault of your own, you are not capable so long as you qualify for and we are capable of providing financial assistance. The financial information provided in your Application for Residency, which includes a financial statement of assets, in documents subsequently requested by us, or with your request for financial assistance, must not contain any material misrepresentations or omissions. You acknowledge that all assets, funds, income and resources listed on the Application for Residency are available to pay for all levels of care at Community. In accordance with our Benevolent Care Policy, it is your responsibility to look to all other available sources of financial assistance such as the Pennsylvania Department of Human Services ("DHS") which administers the Medical Assistance Program (called "MA Program"), before requesting financial assistance from us. You may not transfer assets represented as available in your Application for Residency for less than fair market value unless the transfer does not impair your ability, as determined by us, to fulfill your financial obligations to us for future Personal Care Services or Routine Nursing Care Services. If you impair your ability to pay your financial obligations by transferring assets for less than fair market value, or take such other actions that would disqualify you from benefits under the MA Program, then you shall not be considered for financial assistance from The Community at Rockhill and this Agreement may be terminated.

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

We shall deduct amounts necessary to fulfill all of your financial obligations to us from the Refundable Portion of the Entrance Fee. You hereby authorize such deductions from the Refundable Portion of the Entrance Fee.



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## SECTION 5: FINANCIAL DISCLOSURE

You agree to provide updated financial information at the request of the Community.

## SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

**6.1 Non-Resident.** In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay the difference between the initial Entrance Fee paid by you and the then current Entrance Fee for the Residence. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Monthly Service Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement as described in Section 4.8 of this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

**6.2 Other Resident.** In the event that you desire to marry or cohabit with another resident admitted under a separate Continuing Care Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Continuing Care Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident and each Co-Resident shall become jointly and severally liable for each other's financial obligations and for all payments due under this Agreement and any applicable addenda,



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and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be treated as follows: (i) twenty-five percent (25%) shall be added to the Refundable Portion; and (ii) seventy-five percent (75%) shall be subject to the current amortization schedule, which will result in an accelerated amortization of the seventy-five percent amount. Upon transfer, the Monthly Service Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly Service Fee, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

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

**6.4 Separation of Unmarried Co-Residents.** In the event that one Co-Resident terminates this Agreement for any reason, the terminating Co-Resident must ensure that the Co-Resident who remains at the Community retains and maintains sufficient assets/resources to provide for his/her future care. Consultation with the Community shall be necessary to determine the amount of resources needed for future care. As described in Section 4.8 and Section 9.7 of this Agreement, the departing Co-Resident will remain jointly and severally liable for the financial obligations of the remaining Co-Resident.



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## SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

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

**7.2 Costs of Election to Move.**

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

**(b) To Residence with Greater Entrance Fee.** If you elect to move to a Residence, which has a greater Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected Residence, an additional amount equal to the difference between the initial Entrance Fee paid and the greater Entrance Fee in effect at the time of the move. The additional amount shall be treated as follows: (i) twenty-five percent (25%) shall be added to the Refundable Portion; and (ii) seventy-five percent (75%) shall be subject to the current amortization schedule, which will result in an accelerated amortization of the seventy-five percent amount. You shall be obligated to pay the applicable Monthly Service Fee for the selected Residence.

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

## SECTION 8: HEALTH CARE RESERVE

**8.1 Creation of Health Care Reserve.**

**(a) Single Occupancy.** If you are permanently transferred to the Health Care Center or Personal Care Center, no refund of the Refundable Portion or, if applicable, the unearned Amortizable Portion of the Entrance Fee will be due or paid to you at that time. Instead, an amount equal to the sum of the Refundable Portion and, if any is yet



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unearned, the remaining Amortizable Portion of the Entrance Fee will be established as the Health Care Reserve at the time we receive in full, subject to the provisions of Section 7.2, the applicable Entrance Fee for the Residence designated under this Agreement from another resident. The Health Care Reserve amount will be calculated at the time of Surrender as reflected in Section 9.6. The Health Care Reserve will be maintained by us until this Agreement is terminated due to your death, discharge or voluntary departure from the Community, or until it is exhausted. Any portion of the Health Care Reserve remaining upon the termination of this Agreement will become available as a refund in accordance with Section 11. The Health Care Reserve will only be established if you are permanently transferred to the Health Care Center or Personal Care Center. If established, the Health Care Reserve will be available upon depletion of your resources as reflected in Section 8.2.

**(b) Double Occupancy.** If and at such time as the last remaining Co-Resident in the Residence is permanently transferred to the Health Care Center or Personal Care Center, no refund of the Refundable Portion or, if applicable, the unearned Amortizable Portion of the Entrance Fee will be due or paid to you at that time. Instead, an amount equal to the sum of the Refundable Portion and, if any is yet unearned, the remaining Amortizable Portion of the Entrance Fee will be established as the Health Care Reserve at the time we receive in full, subject to the provisions of Section 7.2, the applicable Entrance Fee for the Residence designated under this Agreement from another resident. The Health Care Reserve amount will be calculated at the time of Surrender as reflected in Section 9.6. The Health Care Reserve will be maintained by us until this Agreement is terminated due to the death, discharge or voluntary departure from the Community of the last surviving Co-Resident, or until it is exhausted. Any portion of the Health Care Reserve remaining upon the termination of this Agreement will become available as a refund in accordance with Section 11. The Health Care Reserve will only be established at such time as the last remaining Co-Resident in the Residence is permanently transferred to the Health Care Center or Personal Care Center. If established, the Health Care Reserve will be available upon depletion of both Co-Residents' resources as reflected in Section 8.2.

## 8.2 Utilization of Health Care Reserve.

**(a) Single Occupancy.** The Health Care Reserve shall not be available to you until the Health Care Reserve has been established and until you have depleted your resources. Upon depletion of your resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center. We shall continue to apply the Health Care Reserve to pay any outstanding charges incurred by you until the termination of this Agreement, or until the Health Care Reserve is exhausted.



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**(b) Double Occupancy.** The Health Care Reserve shall not be available to you until the Health Care Reserve has been established and until both Co-Residents have depleted their resources. Upon depletion of both Co-Residents' resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center. We shall continue to apply the Health Care Reserve to pay any outstanding charges incurred by you until the termination of this Agreement, or until the Health Care Reserve is exhausted.

**8.3 Possible Refund of Health Care Reserve.**

**(a) Single Occupancy.** Any portion of the Health Care Reserve remaining upon the termination of this Agreement due to your death, discharge or voluntary departure from the Community shall become available as a refund in accordance with Section 11 of this Agreement.

**(b) Double Occupancy.** Any portion of the Health Care Reserve remaining upon the termination of this Agreement due to the last surviving Co-Resident's death, discharge or voluntary departure from the Community shall become available as a refund in accordance with Section 11 of this Agreement.

**8.4 Eligibility for Financial Assistance.** Upon exhaustion of the Health Care Reserve, you, or in situations of Double Occupancy, both Co-Residents, shall be required to look to all other available sources of financial assistance before requesting financial assistance from us, including an application for benefits from the MA Program administered by DHS, in accordance with Section 4.10.

## SECTION 9: TERMINATION OF AGREEMENT

**9.1 Termination by You.**

**(a) Rescission Period.** You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to us.

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



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

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

**9.2 Termination by Us.**

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

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



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practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

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

**9.4 No Termination Upon Permanent Transfer to Health Care Center or Personal Care Center.** In the event you, or in the case of Double Occupancy, the last remaining Co-Resident in the Residence, are permanently transferred to the Health Care Center or Personal Care Center, this Agreement shall remain in full force and effect, and no refund of the Refundable Portion or, if applicable, the unearned Amortizable Portion of the Entrance Fee shall be due or paid at that time. After your permanent transfer and upon your subsequent death, discharge or voluntary departure from the Community, or in situations of Double Occupancy, the subsequent death, discharge or voluntary departure from the Community of the last surviving Co-Resident, and the termination of this Agreement, any applicable refund shall be paid in accordance with the refund provisions of Section 8 and Section 11 of this Agreement.

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

**9.6 Surrender.** The obligation to pay the Monthly Service Fee shall continue until after the lapse of any mandatory notice period for termination and the Residence has been surrendered by you, or in the case of death, by your estate or your family. Surrender of the Residence shall be complete when you have ceased to occupy it, have removed all possessions from it, and have turned over the Residence keys to us. Amortization of the Amortizable Portion of the Entrance Fee shall cease upon Surrender and any applicable refund or Health Care Reserve amount (as the case may be) will be calculated as of that time.



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**9.7 Further Obligations and Release Upon Termination.** Upon the termination of this Agreement, we are released from any further obligations to you except for the disposition of personal property as limited by this Agreement, and the payment of any refund, if any refund is due. You are released from any further obligations to the Community after all of your financial and indemnification obligations have been met under this Agreement. The provisions of Section 4.8 addressing joint and several liability for the financial obligations of Co-Residents and the indemnification provision reflected in Section 19 survive the termination of this Agreement and shall remain in full force and effect.

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

## SECTION 10: TRANSFER FOR OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY

**10.1 Conditions of Occupancy.** You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy, which are attached as Exhibit "B" and may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or conditions. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

**10.2 Decision to Transfer.** With the concurrence of our Medical Director, we may transfer you from and between the Residence and the Health Care Center, Personal Care Center or any other appropriate care facility if we determine that such a move should be made for your health, safety, or welfare, or for the proper operation of the Community, or because you no longer satisfy the Conditions of Occupancy of the Residence. If you are transferred permanently to the Health Care Center, Personal Care Center or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.



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**10.3 Charges Related to Transfer.**

**(a) Single Occupancy.**

**(i) Temporary Transfer.** If you are temporarily transferred to the Health Care Center, Personal Care Center or another facility, you shall continue to pay the Monthly Service Fee and additionally all costs and charges related to the transfer to and occupancy of the Health Care Center, Personal Care Center or other facility.

**(ii) Permanent Transfer.** Upon permanent transfer to the Health Care Center or Personal Care Center, and after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end. This Agreement shall remain in full force and effect upon your permanent transfer. In accordance with the terms and conditions of Section 8, and upon depletion of your resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center until the termination of this Agreement, or until the Health Care Reserve is exhausted. Upon permanent transfer to another facility, and after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end and this Agreement shall terminate. You shall pay all costs and charges related to the transfer to and occupancy of the other facility.

**(b) Double Occupancy.**

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

**(ii) Permanent Transfer.** Upon the permanent transfer of one Co-Resident to the Health Care Center, Personal Care Center or another facility, the Monthly Service Fee shall be reduced to the Monthly Service Fee for Single Occupancy, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Health Care Center, Personal



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Care Center or other facility. In situations where one Co-Resident permanently transfers to the Health Care Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are permanently transferred to the Health Care Center or Personal Care Center, then, after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end. This Agreement shall remain in full force and effect upon your permanent transfer. In accordance with the terms and conditions of Section 8, and upon depletion of both Co-Residents' resources, the Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center until the termination of this Agreement, or until the Health Care Reserve is exhausted. In the event both Co-Residents are permanently transferred to another facility, then, after Surrender of the Residence, the obligation to pay the Monthly Service Fee shall end and this Agreement shall terminate. Both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the other facility.

**10.4 Release of or Return to Residence After Transfer.**

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

**(b) Permanent Transfer.** If you are permanently transferred to the Health Care Center, Personal Care Center or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a Residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a Residence. In the event you occupy a Residence after being permanently transferred to the Health Care Center or Personal Care Center, then you shall execute an addendum with us and pay the Transfer Fee and the then current Monthly Service Fee. If you become eligible to occupy a Residence after being permanently transferred to another facility, then you shall first execute a new Continuing Care Agreement and pay the then current Entrance Fee and you shall be required to pay the then current Monthly Service Fee for the applicable Residence.

## SECTION 11: REFUNDS

**11.1 Termination Before Occupancy.** The Entrance Fee will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. We will retain the Application Processing Fee. In the event of the termination



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of this Agreement by your death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event you are precluded from taking Occupancy because of illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we will make a full refund of the Entrance Fee less any amounts deducted to cover expenses incurred by us at your specific written request. We will retain the Application Processing Fee. If you do not terminate this Agreement within the seven (7) day rescission period but do terminate prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity, or death; then we will retain the Initial Deposit and the Application Processing Fee. The balance of the Entrance Fee will be refunded to you, less any amounts deducted to cover expenses incurred by us at your specific written request, in accordance with the refund provisions of this Agreement. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not constitute termination of this Agreement, and no refund shall be due. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we shall make a full refund of the Entrance Fee. We will retain the Application Processing Fee.

**11.2 Termination After Occupancy.**

**(a) Termination by Death.** Subject to the provisions of Section 8, if the termination of this Agreement occurs at any time during the first year of Occupancy due to your death, your estate will be entitled to a refund of seventy percent (70%) of the Amortizable Portion plus the Refundable Portion of the Entrance Fee. If the termination of this Agreement occurs at any time during the second year of Occupancy due to your death, your estate will be entitled to a refund of forty percent (40%) of the Amortizable Portion plus the Refundable Portion of the Entrance Fee. If the termination of this Agreement occurs at any time during the third year of Occupancy due to your death, your estate will be entitled to a refund of ten percent (10%) of the Amortizable Portion plus the Refundable Portion of the Entrance Fee. In the event of your death at any time after the third year of Occupancy, your estate will not be entitled to a refund of any amount of the Amortizable Portion; however, your estate will be entitled to the Refundable Portion of the Entrance Fee subject to the limitations below. Any applicable refund shall be subject to deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to your estate in accordance with Section 11.5.



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**(b) Termination for Reasons Other Than Death**. Subject to the provisions of Section 8, in the event of the termination of this Agreement for reasons other than death during the forty (40) month amortization period, you will be entitled to a refund of the unearned part of the Amortizable Portion of the Entrance Fee plus the Refundable Portion of the Entrance Fee, less deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 11.5. After the lapse of the forty (40) month amortization period, the Amortizable Portion shall be earned in full by us, and you will not be entitled to a refund of any amount of it; however, you will be entitled to the Refundable Portion of the Entrance Fee subject to the limitations below. Any applicable refund shall be subject to deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges.

**11.3 Possible Exhaustion of Health Care Reserve Prior to Termination.** The Refundable Portion and, if applicable, the unearned Amortizable Portion of the Entrance Fee are subject to the provisions of Section 8 related to the maintenance of the Health Care Reserve. In such event, all or part of the Health Care Reserve may be utilized for payment for nursing and/or personal care services. In the event the Health Care Reserve has been exhausted prior to termination, then no refund of any kind or amount shall be due to you or your estate.

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

**11.5 Conditions and Due Date for Refund Payments.**

**(a) Prior to Occupancy.** Prior to Occupancy, any applicable refund will be made within sixty (60) days of the termination of this Agreement.

**(b) After Occupancy.** After Occupancy, and subject to the provisions of Section 8, any applicable refund will be made only after the following have been completed: (a) the Residence has been vacated and surrendered; (b) keys to the Residence and to buildings have been returned to us; (c) all personal furniture and belongings have been removed from the Residence; (d) the termination of this Agreement; and (e) upon the earlier of: (i) eleven (11) months after the lapse of conditions (a)-(d) above; or (i) we have accepted and entered into a Continuing Care Agreement with a new resident for



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the Residence most recently occupied by you and the seven (7) day rescission period has expired; (ii) the Entrance Fee has been paid in full for the Residence most recently occupied by you; and (iii) such new resident has taken Occupancy.

Any applicable refund will be paid only after all of the above conditions have been completed. Upon completion of all of the aforementioned conditions, any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident. Any applicable refund will be made to the estate of the last surviving Co-Resident.

## SECTION 12: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

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

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

## SECTION 13: RIGHTS AND OBLIGATIONS OF RESIDENT

**13.1 Right to Receive Disclosure Statements.** We shall deliver to you prior to or at the time of the execution of this Agreement, and make available to you at least annually thereafter, a copy of our Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

**13.2 Rights to Property/Subordination.** The rights and privileges granted to you by this Agreement do not include any right, title, or interest in any part of the personal property, land, buildings, and improvements owned, leased or administered by us. Your rights are primarily for services, with a contractual right of Occupancy. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between you and us. Any rights, privileges, or benefits under this Agreement, including your right to a full or partial refund, shall be subordinate to any existing or



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subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real property of the Community and to all amendments, modifications, replacements, or re-financings of any existing or subsequent mortgages or deeds of trust or to any liens or security interests held by secured creditors of Community. This subordination provision means that the claims of secured creditors in the event of Community's bankruptcy or default on its financial obligations shall be paid before you are entitled to receive any applicable refund. Upon request, you shall execute and deliver any document, which is required by us, or by the holder of any such mortgages or deeds of trust or other encumbrances, to effect such subordination or to evidence the same.

**13.3 Inspection of Residence and Right of Entry.** You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property to enter your Residence for the purpose of making reasonable inspections, repairs, and replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by us. We shall have the right to enter your Residence to perform, if applicable, scheduled housekeeping, routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

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

**13.5 Health Insurance.** We expect that some of the cost of medicines, medical or nursing services or equipment provided for you 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 through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy approved in writing by us, and at least one Medicare supplemental health insurance policy (commonly known as Medigap insurance, which must include coverage for nursing care co-insurance) such as those offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by us, which provides coverage for Medicare deductibles and co-insurance. Acquisition of equivalent Medicare benefits from a managed care organization ("MCO") will not satisfy the insurance requirement under this Agreement unless the MCO is approved by us in writing as an equivalent policy. Proof of such



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insurance must be provided at the time of application and prior to admission. In the event you fail to maintain in force, because of failure to make premium payments, such health care insurance after Occupancy, we reserve the right to make such payments for purposes of maintaining such insurance in force for your benefit. You are obligated to reimburse us for such payments made on your behalf and the cost of such premium shall be added to and included in the Monthly Service Fee. The payment by us of any premium due on the required policies does not constitute a waiver of our right to terminate this Agreement upon your failure to make such premium payments and we have no obligation or liability to provide or pay for your health insurance. The Community may require you to provide proof of health insurance from time to time after Occupancy.

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

**13.7 Insurance Requirements.** You shall obtain at your expense, personal property and general liability insurance in such amounts as we may deem appropriate, and you shall provide us with Certificates of Insurance verifying coverage. Policies shall be endorsed so as to provide that we shall receive thirty (30) days prior written notice of cancellation or non-renewal.

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



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**13.9 Responsibility for Property Damage to Community.**

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

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

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

**13.11 Responsibility for Your Personal Property.**

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

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

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



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

**13.14 Right of Self-Organization.** You along with other residents of Community shall have the right of self-organization. A representative designated by us shall hold quarterly meetings during the calendar year with residents of Community. At least seven (7) days notice of each quarterly meeting shall be given to you.

**13.15 Pets.** Pets are permitted in accordance with our pet policy as described in the Resident Handbook, which is subject to change from time to time.

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

## SECTION 14: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, which will provide an opportunity for the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 11 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Service Fee shall



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be reduced proportionately, unless a vacant Residence is available for temporary Occupancy by you. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

## SECTION 15: RENOVATION OF RESIDENCE

We reserve the right to relocate you to another residence within the Community in the event the Residence occupied by you or the building in which the Residence is located is subject to renovation. In such event, you shall relocate to a residence that is substantially similar to the Residence designated under this Agreement. In the event of such relocation, we shall assume responsibility for your reasonable moving costs. During temporary occupancy of the other residence, you shall pay the Monthly Service Fee applicable to that residence. Upon completion of the renovations, you may, subject to our approval, elect to remain in the residence you have occupied on a temporary basis, or return to the renovated Residence or the renovated building in which the Residence is located. If you, subject to our approval, choose to remain in the residence you have been occupying, then you shall continue to pay the applicable Monthly Service Fee, and any applicable refund due to you upon the termination of this Agreement shall be based on the Surrender of that residence. In the event you, subject to our approval, choose to return to the renovated Residence or the building in which the Residence is located, then this Agreement shall terminate and you shall receive any applicable refund. You shall execute a new Continuing Care Agreement with us and pay the then current Entrance Fee and the then current Monthly Service Fee. All costs associated with relocation to the renovated Residence or the building in which the Residence is located shall be paid by you.

## SECTION 16: 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 17: ACTS OF FORBEARANCE

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



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## SECTION 18: ENTIRE AGREEMENT

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

## SECTION 19: INDEMNIFICATION

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

## SECTION 20: GRIEVANCE PROCEDURE

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

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



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in collection actions where the parties mutually agree in favor of the Community or, if unable to resolve the dispute through mediation, where the Community, through arbitration, is deemed to be the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of your financial obligations. If the parties mutually agree in favor of you or you are the prevailing party, you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

**20.3 Mandatory, Binding Arbitration.** Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 20.3(h) of this Agreement.

**(a) Contractual and/or Property Damage Disputes.** Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) eviction proceedings initiated by us; and (3) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 20.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.



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**(b) Personal Injury or Medical Malpractice.** Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community. Subject to Section 20.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

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

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

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

**(f) Time Limitation for Arbitration.** Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the



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applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 20.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

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

**(g) Allocation of Costs for Arbitration.** The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees, except in collection actions where the Community is the prevailing party, then in that event, the Community shall be entitled to recover attorneys' fees and costs incurred in pursuing the enforcement of your financial obligations. If you are the prevailing party in a collection action, then you shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

**(h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 20.3(a-l) of this Agreement).** You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will



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automatically rescind the arbitration clause without any further action by you or your authorized representative.

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

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

**(k) Severability of Arbitration Clause (Section 20.3(a-l) of this Agreement).** If any provision of this arbitration clause is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this arbitration clause shall remain in full force and effect.

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

## SECTION 21: 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 Community:

Executive Director
The Community at Rockhill
3250 State Road
Sellersville, PA 18960

To Resident (Before Occupancy): _____

_____

_____



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

## SECTION 22: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is reflected in our Disclosure Statement, which is made available on an annual basis.

## SECTION 23: MISCELLANEOUS PROVISIONS

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

**23.2 Receipt of Disclosure Statement and Resident Handbook.** You acknowledge receiving a copy of our annual Disclosure Statement and Resident Handbook prior to signing this Agreement. The Resident Handbook is subject to change from time to time and shall not be construed as imposing any contractual obligations on us or granting any contractual rights to you.

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

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

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



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

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

**23.8** **No Sponsorship Liability.** No other entities, including any affiliated churches or any sponsoring churches, shall be responsible for any financial or contractual obligations or any debts or liabilities of the Community.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURES ON FOLLOWING PAGE]



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**AGREEMENT AUTHORIZATIONS AND SIGNATURES**

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

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

| | |
|---|---|
| Witness: | The Community at Rockhill |
| _____ | By: _____ |
| | Authorized Representative: |
| Date: _____ | Date: _____ |
| Witness: | |
| _____ | _____ |
| | Resident/Co-Resident: |
| Date: _____ | Date: _____ |
| Witness: | |
| _____ | _____ |
| | Co-Resident: |
| Date: _____ | Date: _____ |



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# NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 2024. You may rescind and terminate your Continuing Care Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Continuing Care Agreement within this seven (7) day period.

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

The Community at Rockhill
3250 State Road
Sellersville, PA 18960

Not later than midnight of _____, 2024 (last day for rescission).

Pursuant to this notice, I hereby cancel my Continuing Care Agreement.

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____



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# EXHIBIT "A"

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

- Range
- Refrigerator
- Kitchen sink with garbage disposal
- Floor coverings
- Window treatments
- Dishwasher (only in certain upgraded Residences)
- Microwave (only in certain upgraded Residences)
- Washer/dryer (only in certain upgraded Residences)

The following services are either included in the Monthly Service Fee or are available at an additional charge:

**Utilities.** We shall provide hot and cold water, heat, electricity, air conditioning, sewer and refuse collection. These services are included in the Monthly Service Fee.

**Telephone.** All telephone service charges, including connection charges, are not included in the Monthly Service Fee and shall be paid by you.

**Internet.** In the event you desire internet service in your Residence, you shall make arrangements directly with an internet service provider. All internet service charges, including installation charges, are not included in the Monthly Service Fee and shall be paid by you.

**Cable Television.** Basic cable television service is included in the Monthly Service Fee. Expanded pay channel service is not included in the Monthly Service Fee and shall be paid by you.

**Meals.** Meals are not included in the Monthly Service Fee and are available at an additional charge.

**Housekeeping.** Light housekeeping services on a bi-weekly basis are available at an additional charge.

**Transportation.** We shall provide local transportation for weekly shopping and planned activities/outings as part of the Monthly Service Fee. Other transportation services such as to medical appointments and other destinations may be available on a fee-for-service basis.

**Parking.** We shall provide outdoor parking for resident-owned and registered vehicles as part of the Monthly Service Fee.



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**EXHIBIT "B"**

**THE COMMUNITY AT ROCKHILL**

**CONDITIONS of OCCUPANCY of CONTINUING CARE RESIDENCE**

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

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

2. Timely payment of all Community fees.

3. Demonstrate sufficient financial resources to meet all financial requirements of residency. Upon acceptance in the Community, it is understood that all resources noted on the original financial statement on the application to the Community and any subsequent financial statements shall be available for the resident to satisfy all financial obligations to the Community.

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

5. Abiding by all terms of this Agreement.

6. Keeping the residence in a clean, safe and sanitary condition. Examples of an unsafe and unsanitary residence include, but are not limited to, gross disorganization and not disposing of trash properly and efficiently.

7. Complying with the reasonable rules of the community. Non-compliance with any of the established rules and regulations may be reason enough to ask residents to leave their residence here at the Community.

8. Not engaging in unlawful activity.



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9. Ensuring that the peace and tranquility of other residents is not unduly disturbed, including keeping noise to an acceptable level in residential settings.

10. Keeping the residence and common areas free from damage.

11. Not posing a direct threat to the health or safety of self or other residents. This condition includes, but is not limited to, the ability to evacuate the building safely during an emergency, taking medication as prescribed by the physician, proper nutrition to avoid malnourishment, and taking precautions to prevent reoccurring incidents of falling.

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



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Exhibit E
CPA Report (Audited Financial Statements)

# GRACE INSPIRED MINISTRIES AND SUBSIDIARIES
# DBA: GRACE INSPIRED LIVING

## CONSOLIDATED FINANCIAL STATEMENTS
## AND SUPPLEMENTARY INFORMATION

## YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
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# INDEPENDENT AUDITORS' REPORT

Board of Directors
Grace Inspired Ministries and Subsidiaries
dba: Grace Inspired Living
Telford, Pennsylvania

## Report on the Audit C 6 the Financial Statements

### *Opinion*

We have audited the accompanying consolidated financial statements of Grace Inspired Ministries and Subsidiaries dba: Grace Inspired Living, which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grace Inspired Living as of June 30, 2025 and 2024, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits 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 Grace Inspired Living and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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

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

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***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grace Inspired Living's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grace Inspired Living'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.

Board of Directors
Grace Inspired Ministries and Subsidiaries
dba: Grace Inspired Living

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania
October 1, 2025

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**CONSOLIDATED BALANCE SHEETS**
**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 14,918,144 | $ 6,692,976 |
| Accounts Receivable | 3,385,319 | 1,570,034 |
| Allowance for Credit Losses | (273,421) | (217,274) |
| Prepaid Expenses and Other Current Assets | 534,054 | 504,553 |
| Total Current Assets | 18,564,096 | 8,550,289 |
| **INVESTMENTS** | 19,526,831 | 15,270,539 |
| **ENDOWMENT FUND INVESTMENTS, BOARD DESIGNATED** | 14,458,918 | 13,091,402 |
| **ASSETS LIMITED AS TO USE** | | |
| Statutory Minimum Liquid Reserve | 4,769,266 | 6,201,644 |
| **BENEFICIAL INTEREST IN REMAINDER TRUSTS** | 2,132,739 | 2,015,225 |
| **BENEFICIAL INTEREST IN PERPETUAL TRUSTS** | 1,508,009 | 1,454,304 |
| **PROPERTY AND EQUIPMENT, NET** | 118,565,514 | 108,210,216 |
| **FAIR VALUE OF INTEREST RATE SWAPS** | 346,193 | 753,008 |
| **OTHER ASSETS** | | |
| Escrow Funds | 1,310,924 | 1,744,239 |
| Total Other Assets | 1,310,924 | 1,744,239 |
| Total Assets | $ 181,182,490 | $ 157,290,866 |

*See accompanying Notes to Consolidated Financial Statements.*

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**
**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **LIABILITIES AND NET ASSETS** | | |
| **CURRENT LIABILITIES** | | |
| Current Maturities of Long-Term Debt | $ 1,854,098 | $ 4,520,485 |
| Accounts Payable and Accrued Expenses | 3,368,306 | 3,555,285 |
| Accrued Compensation and Other Current Liabilities | 3,750,822 | 2,874,225 |
| Deposits | 2,098,226 | 2,429,934 |
| Total Current Liabilities | 11,071,452 | 13,379,929 |
| **LONG-TERM DEBT, NET OF CURRENT MATURITIES** | 29,854,890 | 27,478,263 |
| **FAIR VALUE OF INTEREST RATE SWAPS** | 490,631 | - |
| **ESCROW FUND LIABILITIES** | 1,310,924 | 1,744,239 |
| **REFUNDABLE ADVANCED FEE LIABILITY** | 8,761,684 | 9,451,922 |
| **DEFERRED REVENUE FROM ENTRANCE FEES** | 59,930,518 | 46,761,525 |
| Total Liabilities | 111,420,099 | 98,815,878 |
| **NET ASSETS** | | |
| Without Donor Restrictions | 65,756,247 | 54,796,983 |
| With Donor Restrictions | 4,006,144 | 3,678,005 |
| Total Net Assets | 69,762,391 | 58,474,988 |
| Total Liabilities and Net Assets | $ 181,182,490 | $ 157,290,866 |

*See accompanying Notes to Consolidated Financial Statements.*

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**
**YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **REVENUE** | | |
| Resident Service Revenues, Including Amortization of Deferred Revenue from Entrance Fees of $7,147,211 in 2025 and $5,967,230 in 2024 | $ 54,225,054 | $ 50,942,801 |
| Investment Income, Net | 706,802 | 890,831 |
| Other Revenues | 268,531 | 208,833 |
| Employee Retention Credit Grant Revenue | 4,947,185 | - |
| Net Assets Released from Restrictions | 299,676 | 267,525 |
| Total Revenue | 60,447,248 | 52,309,990 |
| **EXPENSES** | | |
| Building Operations | 9,350,009 | 8,530,470 |
| Depreciation | 7,137,551 | 6,575,416 |
| Dietary | 7,886,035 | 7,482,958 |
| Nursing | 18,524,528 | 17,246,425 |
| General and Administrative | 8,507,460 | 7,959,271 |
| Interest | 990,217 | 1,084,880 |
| Total Expenses | 52,395,800 | 48,879,420 |
| **INCOME FROM OPERATIONS** | 8,051,448 | 3,430,570 |
| **NONOPERATING REVENUE AND EXPENSES** | | |
| Contributions | 368,737 | 280,625 |
| Change in the Fair Value of the Interest Rate Swap Agreements | (897,446) | (17,464) |
| Net Realized and Unrealized Gains on Investments | 3,514,474 | 3,758,606 |
| Loss on Extinguishment of Debt | (77,949) | - |
| Total Nonoperating Revenues and Expenses | 2,907,816 | 4,021,767 |
| **EXCESS OF REVENUE OVER EXPENSES** | 10,959,264 | 7,452,337 |
| **INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS** | 10,959,264 | 7,452,337 |
| **NET ASSETS WITH DONOR RESTRICTIONS** | | |
| Change in Beneficial Interest in Remainder Trusts | 117,514 | 129,538 |
| Contributions and Bequests | 456,596 | 237,228 |
| Net Assets Released from Restrictions | (299,676) | (267,525) |
| Change in Beneficial Interest in Perpetual Trusts | 53,705 | 96,678 |
| Total Net Assets (Deficit) With Donor Restrictions | 328,139 | 195,919 |
| **INCREASE IN NET ASSETS** | 11,287,403 | 7,648,256 |
| Net Assets - Beginning of Year | 58,474,988 | 50,826,732 |
| **NET ASSETS - END OF YEAR** | $ 69,762,391 | $ 58,474,988 |

*See accompanying Notes to Consolidated Financial Statements.*

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ 11,287,403 | $ 7,648,256 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Net Realized and Unrealized Losses on Investments | (3,514,474) | (3,758,606) |
| Amortization of Deferred Revenue from Entrance Fees | (7,147,211) | (5,967,230) |
| Depreciation | 7,137,551 | 6,575,416 |
| Provision for Credit Loss Expense | 25,082 | (7,069) |
| Loss on Extinguishment of Debt | 77,949 | - |
| Amortization of Deferred Financing Fees | 27,105 | 26,327 |
| Change in Fair Value of Interest Rate Swaps | 897,446 | 17,464 |
| Increase in Beneficial Interest in Perpetual Trust | (53,705) | (96,678) |
| Increase in Beneficial Interest in Remainder Trusts | (117,514) | (129,538) |
| (Increase) Decrease in Assets: | | |
| Accounts Receivable | (1,784,220) | 182,746 |
| Prepaid Expenses and Other Assets | (29,501) | (84,186) |
| Escrow Funds | 433,315 | (251,975) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | (186,979) | (750,897) |
| Accrued Compensation and Other Current Liabilities | 876,597 | 694,491 |
| Escrow Fund Liabilities | (433,315) | 251,975 |
| Net Cash Provided by Operating Activities | 7,495,529 | 4,350,496 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of Investments | (11,834,811) | (15,839,115) |
| Sale of Investments | 9,802,494 | 20,943,990 |
| Purchase of Property and Equipment | (17,492,849) | (21,170,438) |
| Net (Increase) Decrease in Assets Limited as to Use | 1,432,378 | (1,944,773) |
| Net Cash Used by Investing Activities | (18,092,788) | (18,010,336) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Cash Received from Entrance Fees | 21,270,600 | 15,729,201 |
| Refunds of Entrance Fees | (1,644,634) | (1,318,462) |
| Increase (Decrease) in Deposits | (331,708) | 987,459 |
| Proceeds from Long-Term Debt | 11,511,698 | - |
| Payments for Deferred Financing Costs | (444,952) | - |
| Repayments of Long-Term Debt | (11,461,560) | (1,944,009) |
| Net Cash Provided by Financing Activities | 18,899,444 | 13,454,189 |
| **NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS** | 8,302,185 | (205,651) |
| Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year | 6,790,246 | 6,995,897 |
| **CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS - END OF YEAR** | $ 15,092,431 | $ 6,790,246 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Cash Paid for Interest | $ 1,022,375 | $ 1,088,769 |

*See accompanying Notes to Consolidated Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Grace Inspired Ministries dba: Grace Inspired Living (GIL), a Pennsylvania nonprofit charitable organization, was incorporated on November 16, 2016. GIL operates exclusively for the support and benefit of Lutheran Community at Telford, The Community at Rockhill, and Sellersville Senior Residences by providing management, administrative, and related services to the supported organizations. In addition, its purpose is to establish, operate, maintain, sponsor, and promote residential living, personal care, assisted living, nursing care, and other related health care and supportive home and community-based services that directly or indirectly improve the safety and well-being of individuals who need such services.

Lutheran Community at Telford (Telford) and The Community at Rockhill (Rockhill) are continuing care retirement communities providing health care, housing, and related services to residents through the operation of retirement facilities in Telford, PA and Sellersville, PA, respectively. GIL's board of directors is ultimately responsible for the management of Telford and Rockhill.

Telford was incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation during 1958. Telford provides skilled nursing, personal care, and independent living services. The skilled nursing facility has a capacity for 75 people in skilled nursing care. The personal care center is licensed for 125 individuals and offers a memory support unit. Independent living is provided in the Harbinger Terrace, Luther Village, and Meadows facilities. Harbinger Terrace has 86 apartments in a four-story apartment building. Luther Village has 48 apartments, 12 Courtyard Cottages, 4 single cottages, and 10 duplex units. The Meadows has 50 apartments in a three-story apartment building and 34 cottages. The newly constructed Summerfield cottages added 34 units through fiscal year (FY) 2024. Construction on phase 3 added 30 units in FY 2025 and continues in FY 2026. Construction on the final phase is set to commence in FY 2026.

Rockhill was incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation during 1954. Rockhill provides housing, health care, and other related services to residents through the operation of a 90-bed licensed skilled nursing center, a licensed 74 bed personal care center, and 198 residential living apartments. Rockhill continues to combine some independent living apartments into large one or two bedrooms in FY 2025.

RM Home Services (RMHS) provides support and services to assist people with issues of aging, making it possible for them to remain in their places of residence. Services included nurse care management, personal care services, chore services, respite services, hair care services, transportation, and general maintenance services. RMHS was incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation during 2011. RMHS ceased operations effective June 30, 2020, and filed its Out of Existence / Withdrawal Affidavit in July 2024.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Principles of Consolidation

The consolidated financial statements include the accounts of GIL, Telford, Rockhill, and RMHS (collectively, the Organization). All material intercompany accounts and transactions have been eliminated in consolidation.

### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Concentrations of Risk

The Organization places its cash and cash equivalents with financial institutions. At times, such balances may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit.

The Organization provides some services to residents prior to receiving payment, thereby granting credit without collateral to its residents. The Organization also requires third-party insurance for those residents receiving health care services. See Note 16 regarding concentrations.

### Performance Indicator

For purposes of display, the excess (deficit) of revenue over expenses is the performance indicator for the Organization.

### Cash and Cash Equivalents

The Organization considers all money market funds and highly liquid investments purchased with initial maturities of three months or less and all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

### Reclassification

Certain items in the 2024 consolidated financial statements have been reclassified to conform to the 2025 consolidated financial statement presentation.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Accounts Receivable and Allowance for Credit Losses

Resident accounts receivable are reported net of an allowance for credit losses to represent the Organization's estimate of expected losses at the balance sheet date. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts more than 90 days past due are individually analyzed for collectability.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. At June 30, 2025 and 2024, the allowance for estimate of expected credit losses was approximately $273,000 and $217,000, respectively.

Changes in the allowance for credit losses for the years ended June 30 were as follows:

| | 2025 | 2024 |
|---|---|---|
| Allowance for Credit Losses: | | |
| Balance - Beginning of Year | $ 217,274 | $ 299,274 |
| Provision for Losses | 25,082 | (7,069) |
| Amounts Written Off | 31,065 | (74,931) |
| Balance - End of Year | $ 273,421 | $ 217,274 |

The opening and closing balances in Net Accounts Receivable were as follows:

| | Net Accounts Receivable |
|---|---|
| Balance as of July 1, 2023 | $ 1,528,437 |
| Balance as of June 30, 2024 | 1,352,760 |
| Balance as of June 30, 2025 | 3,111,898 |

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Prepaid Expenses and Other Current Assets

The Organization carries general and professional liability insurance with Peace Church Risk Retention Group, Inc. (PCRRG). The Organization is a subscriber and is a 2.16% owner of this group captive as of June 30, 2025 and 2024. The group captive is domiciled in Vermont and licensed by the Vermont Insurance Department. The investment in PCRRG totaling $123,027 is recorded at cost as a component of “prepaid expenses and other current assets” in the accompanying balance sheets for both years ended June 30, 2025 and 2024.

### Investments and Investment Risk

Investments, which primarily consist of marketable equity securities, marketable debt securities, and mutual funds are measured at fair value. Investment income (including realized and unrealized gains and losses, interest, and dividends) is included in the consolidated statement of operations.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported on the balance sheet.

External asset managers are used for monitoring performance of all investments and advising management and the board of directors. Beneficial interests in perpetual and remainder trusts comprise equity and debt securities managed by the trustees. See Note 8 regarding fair value measurements.

### Assets Whose Use is Limited

Assets whose use is limited primarily include designated assets set assigned by the board of directors for special programs and projects and to meet liquid reserve requirements of the Pennsylvania Department of Insurance. The board retains control over these assets and may at its discretion subsequently use them for other purposes. Assets whose use is limited also include donor-restricted assets set aside for specific uses.

### Beneficial Interest in Charitable Remainder Trusts

The Organization is the beneficiary of charitable remainder trusts administered by third parties under which a designated beneficiary is entitled to distributions of income earned on the trusts’ assets and the Organization is entitled to the trusts’ assets upon the death of the beneficiary. The Organization has recognized the present value of the trusts as an asset, beneficial interest in remainder trusts, in the accompanying consolidated balance sheet.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Beneficial Interest in Perpetual Trust

The Organization is a beneficiary of perpetual trusts administered by a third party under which the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity. The Organization has recognized the present value of the expected future cash flows, which is generally measured by the fair value of the assets contributed to the trust, as an asset, beneficial interest in perpetual trust, in the accompanying consolidated balance sheets.

### Benevolent Care

The Organization maintains a policy to provide care without charge or at amounts less than its established rates to residents in need of services throughout the continuum of care who are treated without regard to their ability to pay for such services. In addition, certain residential fees are supplemented at the discretion of management based on the approved benevolent care policy. Because the Organization does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenues.

### Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $1,000 that have a useful life of one year or more at cost. Donated assets are recorded at fair value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of operations for the period. The cost of maintenance and repairs is charged to expense as incurred, whereas significant renewals and betterments are capitalized.

The Organization records impairment losses on property and equipment when events and circumstances indicate that it is probable that the assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimation process, no impairment losses have been recorded as of June 30, 2025 and 2024.

### Deferred Financing Costs

Deferred financing costs comprise commitment and other fees incurred to obtain long-term financing. These costs are amortized on a straight-line basis over the term of the related financing agreement, which approximates the effective interest rate method. Amortization expense totaled $27,105 and $26,327 for the years ended June 30, 2025 and 2024, respectively, and is a component of interest expense.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Interest Rate Swap

The interest rate swap, which is principally used by the Organization in the management of interest rate exposure, is being accounted for as a nonhedging transaction. The interest rate swap is recorded at fair value and changes in its fair value are recorded in the consolidated statement of operations. Amounts to be paid or received under the interest rate swap agreement are recognized as interest income or expense in the periods in which they accrue.

### 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 available for use in general operations and not subject to donor restrictions. At times, the board of trustees can designate, from net assets without donor restrictions, net assets designated for special use. The Endowment Fund is included 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Benevolence Fund and the Beneficial Interest in Remainder Trusts are included in the donor-imposed restrictions that are temporary in nature. The Beneficial Interest in Perpetual Trusts is included in donor-imposed restrictions that are maintained in perpetuity.

### Resident Service Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. The Organization pre-bills private pay residents for standard daily/monthly rates and bills third-party payors and other resident services several days after other services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. If revenue for performance obligations satisfied over time require the allocation of revenue over reporting periods it is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization 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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Resident Service Revenue (Continued)**

Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or housing residents receiving services in the facility. The Organization considers daily services provided to residents of the skilled nursing and personal care facilities, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrecoverable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrecoverable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization' policy and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

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 is as follows:

Medicare

The licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). Effective October 2019, the nursing facility is paid under the Medicare Patient Driven Payment Model (PDPM) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. The PDPM is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Resident Service Revenue (Continued)**

Other

Payment agreements with certain commercial insurance carriers for payment using prospectively determined daily rates. This includes payments from Managed Care Organizations under Pennsylvania's managed care program.

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 Organization' 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 (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2025 or 2024.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change.

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service line, method of reimbursement, and timing of when revenue is recognized. All resident services for the Organization are provided at the two campuses located in Bucks County, Pennsylvania. The method of reimbursement is prospective payments and the timing of revenue recognition is health care services transferred over time.

The composition of resident service revenue by primary payor for the years ended June 30, 2025 and 2024 is as follows:

| | 2025 | 2024 |
|---|---|---|
| Medicare | $ 3,144,353 | $ 2,717,024 |
| Medicaid | 3,011,427 | 3,221,790 |
| Private Pay and Other | 48,337,805 | 45,212,820 |
| Total Resident Service Revenue | $ 54,493,585 | $ 51,151,634 |

Revenue from residents' deductibles and coinsurance are included in the categories presented above based on the primary payor.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Resident Service Revenue (Continued)

The composition of resident service revenue based on its lines of business, method of reimbursement, and timing of revenue recognition for the years ended June 30, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Medicare | $ 3,144,353 | $ 2,717,024 |
| Medicaid | 3,011,427 | 3,221,790 |
| Private Pay and Other | 48,337,805 | 45,212,820 |
| Total Resident Service Revenue | $ 54,493,585 | $ 51,151,634 |

| | 2025 | 2024 |
|---|---|---|
| Service Lines: | | |
| Personal Care | $ 11,579,598 | $ 11,420,339 |
| Skilled Nursing | 20,899,017 | 20,530,528 |
| Independent Living | 14,163,770 | 12,665,546 |
| Amortization of Deferred Revenue | 7,147,211 | 5,967,230 |
| Resident Services Fees | 435,458 | 359,158 |
| Other | 268,531 | 208,833 |
| Total | $ 54,493,585 | $ 51,151,634 |
| Method of Reimbursement: | | |
| Fee for Service | $ 54,225,054 | $ 50,942,801 |
| Other | 268,531 | 208,833 |
| Total | $ 54,493,585 | $ 51,151,634 |
| Timing of Revenue and Recognition: | | |
| Services Transferred Over Time | $ 54,225,054 | $ 50,942,801 |
| Sales at Point of Sale | 268,531 | 208,833 |
| Total | $ 54,493,585 | $ 51,151,634 |

The opening and closing balances in Deferred Revenue were as follows:

| | Amortizable Entrance Fees |
|---|---|
| Balance as of July 1, 2023 | $ 37,841,256 |
| Balance as of June 30, 2024 | 46,761,525 |
| Balance as of June 30, 2025 | 59,930,518 |

### Financing Component

The Organization has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Organization' expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

### Contributions

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a 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 and reported in the statements of operations and changes in net assets as net assets released from restrictions.

### Donated Services

A portion of the Organization's activities are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteers' time does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

### Fair Value

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The fair values of financial instruments are summarized further in Note 8.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under the Commonwealth of Pennsylvania statutes.

The Organization follows the provisions of the income tax accounting standards regarding the recognition and measurement of uncertain tax positions. It is the Organization's policy to account for any interest or penalties assessed relating to uncertain tax positions, if any, as general and administrative expenses. The Organization did not incur any interest or penalties for the years ended June 30, 2025 and 2024. The application of these provisions has no impact on the Organization's consolidated financial statements.

The Organization's tax returns are subject to review and examination by federal and state authorities.

### Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 1, 2025, the date the consolidated financial statements were issued.

## NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the consolidated statement of financial position date, comprise the following:

| Financial Assets at Year-End: | 2025 | 2024 |
|---|---|---|
| Cash and Cash Equivalents | $ 14,918,144 | $ 6,692,976 |
| Accounts Receivable | 3,111,898 | 1,352,760 |
| Investments | 19,526,831 | 15,270,539 |
| Endowment Fund, Board Designated | 14,458,918 | 13,091,402 |
| Assets Limited as to Use: | | |
| Statutory Minimum Liquid Reserve | 4,769,266 | 6,201,644 |
| Beneficial Interest in Remainder Trusts | 2,132,739 | 2,015,225 |
| Beneficial Interest in Perpetual Trusts | 1,508,009 | 1,454,304 |
| Escrow Funds | 1,310,924 | 1,744,239 |
| Total Financial Assets | 61,736,729 | 47,823,089 |
| Less Amounts not Available to be Used Within One Year: | | |
| Statutory Minimum Liquid Reserve | 4,769,266 | 6,201,644 |
| Beneficial Interest in Remainder Trusts | 2,132,739 | 2,015,225 |
| Beneficial Interest in Perpetual Trusts | 1,508,009 | 1,454,304 |
| Escrow Funds | 1,310,924 | 1,744,239 |
| Total Financial Assets not Available Within One Year | 9,720,938 | 11,415,412 |
| Total Financial Assets Available Within One Year | $ 52,015,791 | $ 36,407,677 |

## NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization has certain board-designated investments which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Organization has certain assets limited to use to satisfy the Statutory Minimum Liquid Reserve requirement, which are more fully described in Note 4. The Organization has other donor-restricted funds in which the Organization is a beneficiary of charitable remainder trusts and perpetual trusts administered by third parties, which are more fully described in Note 1. Additionally, the Organization has certain escrow funds which are restricted in use, which are more fully described in Note 11.

## NOTE 3 CASH FLOW RECONCILIATION

The following table provides a reconciliation of cash reported within the consolidated balance sheets that sum to the total of such amounts shown in the statements of cash flows:

| | 2025 | 2024 |
|---|---|---|
| Cash and Cash Equivalents | $ 14,918,144 | $ 6,692,976 |
| Investments | 159,095 | 80,640 |
| Endowment Fund Investments, Board Designated | 15,192 | 16,630 |
| Total Cash Shown in the Statements of Cash Flows | $ 15,092,431 | $ 6,790,246 |

## NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use comprise the following at June 30:

| | 2025 | 2024 |
|---|---|---|
| Marketable Equity Securities: | | |
| Common Stock | $ 16,843,365 | $ 16,780,734 |
| Mutual Funds | 704,477 | 838,980 |
| Total | 17,547,842 | 17,619,714 |
| Marketable Debt Securities: | | |
| Corporate Bonds | 6,589,033 | 3,771,557 |
| Total | 6,589,033 | 3,771,557 |
| Other: | | |
| Money Market Funds | 159,222 | 80,912 |
| Total | 159,222 | 80,912 |
| Total Investments and Assets Limited as to Use | $ 24,296,097 | $ 21,472,183 |
| Investments | $ 19,526,831 | $ 15,270,539 |
| Statutory Minimum Liquid Reserve | 4,769,266 | 6,201,644 |
| Total | $ 24,296,097 | $ 21,472,183 |

## NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Investment income and administrative fees consisted of the following for the years ended June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Net Gain on Sale of Investments | $ 771,519 | $ 63,504 |
| Interest and Dividend Income | 512,514 | 728,470 |
| Net Unrealized Gain on Investments | 1,533,423 | 2,452,887 |
| Administrative Fees | (64,137) | (76,147) |
| Total | $ 2,753,319 | $ 3,168,714 |

Under the provisions of the Pennsylvania Continuing Care Provider Registration and Disclosure Act (the Act), the Organization must maintain a statutory minimum liquid reserve as of June 30 that is equal to the greater of 10% of the following years total projected operating expenses, exclusive of depreciation and amortization, or the following years debt service requirements. The statutory liquid reserve requirement as of June 30, 2025 for Telford and Rockhill is $2,781,078 and $1,988,188, respectively, and as of June 30, 2024 is $2,652,076 and $3,549,568, respectively. The minimum requirement is exceeded by the balances shown above of cash and cash equivalents, investments, and board-designated investments without donor restrictions.

The statutory minimum liquid reserve requirement as of June 30, 2025 and 2024 is as follows:

| | 2025 | |
|---|---|---|
| | Telford | Rockhill |
| Projected Annual Interest Expense | $ 939,395 | $ 599,719 |
| Principal Payments Due on Long-Term Debt | 1,430,646 | 423,452 |
| Liquid Reserve Requirement | $ 2,370,041 | $ 1,023,171 |
| Projected Annual Operating Expenses | $ 27,810,778 | $ 19,881,881 |
| Minimum Rate | 10% | 10% |
| Liquid Reserve Requirement | $ 2,781,078 | $ 1,988,188 |
| Statutory Minimum Liquid Reserve | $ 2,781,078 | $ 1,988,188 |

| | 2024 | |
|---|---|---|
| | Telford | Rockhill |
| Projected Annual Interest Expense | $ 786,527 | $ 421,783 |
| Principal Payments Due on Long-Term Debt | 1,392,700 | 3,127,785 |
| Liquid Reserve Requirement | $ 2,179,227 | $ 3,549,568 |
| Projected Annual Operating Expenses | $ 26,520,756 | $ 19,193,469 |
| Minimum Rate | 10% | 10% |
| Liquid Reserve Requirement | $ 2,652,076 | $ 1,919,347 |
| Statutory Minimum Liquid Reserve | $ 2,652,076 | $ 3,549,568 |

## NOTE 5 ENDOWMENT FUND INVESTMENTS

Endowment fund investments, as designated by the board of directors, comprise the following at June 30:

| | 2025 | 2024 |
|---|---|---|
| Marketable Equity Securities: | | |
| Common Stock | $ 11,885,937 | $ 10,426,904 |
| Total | 11,885,937 | 10,426,904 |
| Marketable Debt Securities: | | |
| Corporate Bonds | 2,557,789 | 2,647,868 |
| Total | 2,557,789 | 2,647,868 |
| Other: | | |
| Money Market Funds | 15,192 | 16,630 |
| Total | 15,192 | 16,630 |
| Total Endowment Fund Investments | $ 14,458,918 | $ 13,091,402 |

Endowment fund investment income and administrative fees consisted of the following for the years ended June 30:

| | 2025 | 2024 |
|---|---|---|
| Net Gain (Loss) on Sale of Investments | $ 259,407 | $ (45,975) |
| Interest and Dividend Income | 311,288 | 285,749 |
| Net Unrealized Gain on Investments | 1,121,344 | 1,514,406 |
| Administrative Fees | (52,863) | (47,241) |
| Total | $ 1,639,176 | $ 1,706,939 |

## NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment comprise the following at June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Land and Land Improvements | $ 20,501,917 | $ 19,899,326 |
| Buildings and Improvements | 181,832,014 | 176,889,541 |
| Furniture and Equipment | 24,311,713 | 22,839,197 |
| Total | 226,645,644 | 219,628,064 |
| Accumulated Depreciation | (129,605,425) | (122,467,874) |
| Total | 97,040,219 | 97,160,190 |
| Construction-in-Progress | 21,525,295 | 11,050,026 |
| Total Property and Equipment, Net | $ 118,565,514 | $ 108,210,216 |

Depreciation expense for the years ended June 30, 2025 and 2024 was $7,137,551 and $6,575,416, respectively. The majority of construction in progress at June 30, 2025 is related to Telford's Summerfield expansion project.

## NOTE 7 LONG-TERM DEBT

Long-term debt comprises the following at June 30:

| Description | 2025 | 2024 |
|---|---|---|
| Permanent Financing | $ 8,342,627 | $ 8,790,316 |
| 2017 Bonds | 12,620,001 | 13,565,001 |
| Univest Term Loan $10 Million | - | 7,393,376 |
| Univest Term Loan $6.67 Million | - | 2,675,494 |
| Truist Loan 2025A | 7,148,951 | - |
| Truist Loan 2025B | 4,362,747 | - |
| Total Long-Term Debt | 32,474,326 | 32,424,187 |
| Less: Unamortized Debt Issuance Costs | (765,338) | (425,439) |
| Total Long-Term Debt, Net | 31,708,988 | 31,998,748 |
| Less: Current Maturities | (1,854,098) | (4,520,485) |
| Total Long-Term Debt, Net of Current Maturities | $ 29,854,890 | $ 27,478,263 |

During May 2010, the Telford Industrial Development Authority issued a revenue bond advance (permanent financing) for a principal amount of $13,745,000 to Telford. Borrowings under the permanent financing were payable monthly with interest only during the initial three years of the loan. Interest on the loan was fixed at 4.9% for the first seven years. In July 2014, the Organization amended the terms of the loan to a fixed interest rate of 3.15% for 10 years subsequent to the closing. In April 2017, the Organization amended the terms of the loan to a fixed interest rate of 2.8% for the next 10 years. Commencing April 2027, the rate is fixed at 70% of the then 10-year Constant Maturity Treasury (CMT) index plus 1.6% subject to a floor of 2.8% and a cap of 5.80%. Commencing April 2037 until maturity, the rate is fixed at 70% of the then three-year CMT index plus 1.75% subject to a floor of 2.35% and a cap of 3% above the previous fixed rate.

This permanent financing is collateralized by substantially all of the assets of Telford and by letters of credit aggregating $453,372 in favor of the Borough of Telford ($321,496), Telford Borough Authority ($74,781), and Pennsylvania Department of Transportation ($57,095). The outstanding balance on the permanent financing is $8,342,627 at June 30, 2025.

On June 29, 2017, the Telford Industrial Development Authority issued $20,542,000 variable rate revenue bonds (Series A 2017 Bonds) and loaned the proceeds to Telford. The proceeds of the Series A 2017 Bonds were used to refund the 2007 Bonds. The remaining balance on the Series A 2017 Bonds will be used in cottage construction. The Series A 2017 Bonds fully mature on January 1, 2042. The Series A 2017 Bonds bear interest at variable rates based on the Secured Overnight Financing Rate (SOFR) rate, which was 4.45% and 5.33%, respectively, at June 30, 2025 and 2024. The outstanding balance on the Series A 2017 Bonds is $12,620,001 at June 30, 2025.

## NOTE 7 LONG-TERM DEBT (CONTINUED)

The Series A 2017 Bonds are collateralized by substantially all of the assets of Telford. The Series A 2017 Bonds require Telford to maintain certain financial covenants including a certain debt service coverage ratio and days cash on hand. Management is not aware of any noncompliance for the year ended June 30, 2025.

On June 29, 2017, Telford entered into an interest rate swap agreement with a commercial bank in connection with the issuance of the Series A 2017 Bonds. The swap agreement has an effective date of July 3, 2017, and matures on June 29, 2030. The original notional principal balance was $20,542,000. The agreement effectively changed the Origination's interest rate exposure from variable to a fixed rate of 2.736% for the Series A 2017 Bonds. After the tax factor adjustment, when corporate tax rates were adjusted, the tax factor on the loan was adjusted to 81.43% of LIBOR fallback while the tax factor of the swap remained at 67% of LIBOR fallback. The difference in the percentage of the LIBOR fallback produces de minimis exposure to interest rate fluctuations.

The swap agreement has been recorded at fair value in the accompanying consolidated financial statements. Telford may be exposed to a credit loss in the event of nonperformance by the counterparties to the interest rate swap agreement. However, Telford does not anticipate nonperformance by the counterparties.

During December 2017, Univest and Rockhill entered into two term loan agreements to refinance existing taxable debt and provide new money for capital improvements. The first was a $10,000,000 term loan agreement due in monthly installments of $54,756 bearing interest at 2.81% through January 1, 2025. The rate was to then reset every 60 months thereafter according to the following formula: 67% of the then current Univest Bank and Trust Co. announced Prime Rate plus 35 basis points with a floor of 2.80% and a ceiling of 6.00%.

The second Univest agreement was a $6,668,990 term loan agreement due in monthly installments of $41,381 bearing interest at a fixed rate of 4.20%.

The balances of the two Univest loans were secured by a mortgage lien on, and security interest in, substantially all of Rockhill's business assets, and an assignment of leases as defined in the loan agreements. Both Univest loans were fully paid off during 2025.

In accordance with the loan agreement with Univest, Rockhill is required to maintain a debt service reserve account in the minimum amount of $250,000 with Univest. The reserve account will be released provided Rockhill maintains a certain debt service coverage ratio for two consecutive fiscal years from the date of settlement.

## NOTE 7 LONG-TERM DEBT (CONTINUED)

On May 16, 2025, the Telford Industrial Development Authority issued $7,148,951 revenue bonds (Series 2025A Bonds) and loaned the proceeds to Rockhill. The proceeds of the Series 2025A Bonds were used to refund the remaining balance on the Univest $10 Million Term Loan. The Series 2025A Bonds fully mature on June 30, 2038. On the same day, Rockhill entered into an interest rate swap agreement with a commercial bank in connection with the issuance of the Series 2025A Bonds. The swap agreement has an effective date of May 16, 2025, and matures on May 1, 2035. The original notional principal balance was $7,148,951. The agreement effectively changed the Origination's interest rate exposure from variable to a fixed rate of 4.157%. The outstanding balance on the Series 2025A Bonds is $7,148,951 at June 30, 2025.

On May 16, 2025, the Telford Industrial Development Authority issued an initial notional loan amount of $4,362,747 (Series 2025B Bonds) and loaned the proceeds to Rockhill and Telford. The proceeds of the Series 2025B Bonds were used to repay Rockhill and Telford for previous capital expenditures. The maximum notional of the loan is $15,851,049 and will be used for funding current capital projects such as the Rockhill Wellness Center renovation and Telford Harbinger Terrace Dining room renovation. The Series 2025B Bonds mature on June 30, 2053. On the same day, Rockhill and Telford entered into an interest rate swap agreement with a commercial bank in connection with the issuance of the Series 2025B Bonds. The swap agreement has an effective date of May 16, 2025, and matures on May 1, 2035. The original notional principal balance was $4,362,747. The agreement effectively changed the Origination's interest rate exposure from variable to a fixed rate of 4.223%. The outstanding balance on the Series 2025B Bonds is $4,362,747 at June 30, 2025.

The Series 2025 Bonds require Telford and Rockhill to maintain certain financial covenants including a certain debt service coverage ratio and days cash on hand ratio. Management is not aware of any noncompliance for the year ended June 30, 2025.

The schedule of maturities of long-term debt for the next five years and thereafter at June 30, 2025 and 2024 is as follows:

| Year Ending June 30, | Permanent Financing | 2017 Bonds | Truist 2025A | Truist 2025B | Total |
|---|---|---|---|---|---|
| 2026 | $ 459,646 | $ 971,000 | $ 423,452 | $ - | $ 1,854,098 |
| 2027 | 471,911 | 997,000 | 456,506 | - | 1,925,417 |
| 2028 | 483,986 | 1,024,000 | 476,092 | - | 1,984,078 |
| 2029 | 497,416 | 1,052,000 | 497,987 | 358,490 | 2,405,893 |
| 2030 | 510,687 | 1,082,000 | 520,137 | 374,435 | 2,487,259 |
| Thereafter | 5,918,981 | 7,494,001 | 4,774,777 | 3,629,822 | 21,817,581 |
| Total | $ 8,342,627 | $ 12,620,001 | $ 7,148,951 | $ 4,362,747 | $ 32,474,326 |

## NOTE 7 LONG-TERM DEBT (CONTINUED)

Telford and Rockhill have an available $6,000,000 line of credit with interest at the SOFR rate. There were no borrowings on this line of credit in FY 2025. This line of credit is secured by a Master Note, delivered by the Obligated Group in favor of the Bank, dated May 16, 2025, known as Direct Note Obligation Series C of 2025 (the "Revolving Obligation," together with the Bond Obligations and the Swap Obligations, collectively, the "Obligations") under the Master Indenture, as amended and supplemented by a Supplement to Master Indenture for Obligation Series C of 2025 dated as of May 16, 2025 between the Obligated Group and the Master Trustee (the "Revolving Supplemental Indenture").

## NOTE 8 FAIR VALUE MEASUREMENTS

The following table presents the Organization's fair value hierarchy for those assets (as further detailed in Notes 4 and 5 to the consolidated financial statements) and liabilities measured at fair value on a recurring basis as of June 30, 2025 and 2024:

| | 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Mutual Funds | $ 704,477 | $ - | $ - | $ 704,477 |
| Money Market Funds | 174,414 | - | - | 174,414 |
| Common Stock | 28,729,302 | - | - | 28,729,302 |
| Corporate Bonds | - | 9,146,822 | - | 9,146,822 |
| Beneficial Interest in Remainder Trusts | - | 2,132,739 | - | 2,132,739 |
| Beneficial Interest in Perpetual Trusts | - | 1,508,009 | - | 1,508,009 |
| Total Assets at Fair Value | 29,608,193 | 12,787,570 | - | 42,395,763 |
| Fair Value of Interest Rate Swap Agreements | - | (144,438) | - | $ (144,438) |
| Total | $ 29,608,193 | $ 12,643,132 | $ - | $ 42,251,325 |

| | 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Mutual Funds | $ 838,980 | $ - | $ - | $ 838,980 |
| Money Market Funds | 97,542 | - | - | 97,542 |
| Common Stock | 27,207,638 | - | - | 27,207,638 |
| Corporate Bonds | - | 6,419,425 | - | 6,419,425 |
| Beneficial Interest in Remainder Trusts | - | 2,015,225 | - | 2,015,225 |
| Beneficial Interest in Perpetual Trusts | - | 1,454,304 | - | 1,454,304 |
| Total Assets at Fair Value | 28,144,160 | 9,888,954 | - | 38,033,114 |
| Fair Value of Interest Rate Swap Agreements | - | 753,008 | - | 753,008 |
| Total | $ 28,144,160 | $ 10,641,962 | $ - | $ 38,786,122 |

## NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

The determination of the fair values above incorporates various factors including not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of any nonperformance risk relative to the Organization's liabilities.

The fair value of financial instruments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include money market funds, common stock, and mutual funds.

Assets utilizing Level 2 inputs include U.S. government and agency obligations, corporate bonds, beneficial interest in remainder and perpetual trusts and derivatives. The value of the U.S. government and agency obligations, corporate bonds, beneficial interest in remainder and perpetual trusts is based on yields currently available on comparable securities of issuers with similar credit ratings and quoted prices from active markets of underlying securities. The carrying amount of the derivatives represent fair market value and is based on a price estimated by a third party using the income approach, which uses valuation techniques to convert future cash flows to a discounted value, using current market expectations.

## NOTE 9 DEFERRED REVENUE FROM ENTRANCE FEES AND CONTINUING CARE CONTRACTS

Upon entering into a continuing care contract at Telford, a resident pays an entrance fee which has two components, a nonrefundable and a refundable component. The nonrefundable component is 75% of the contract entrance fee. In October 2024, LCT began offering this 25% refundable contract option replacing the previous traditional 33 1/3% refundable contract. Contracts provide that a portion of the nonrefundable component is partially refundable on a decreasing basis over a 40-month period. Refunds of either the nonrefundable entrance fee or the refundable entrance fee are made only upon resale and reoccupancy of the unit or if the unit has not been resold, payment is made after 11 months with 1 month to pay. Beginning July 2009, Telford offered a new second entry fee plan whereby the resident may elect to have no portion of the entry fee refunded after a period of 40 months.

Under the continuing care contracts, residents are required to pay a monthly service fee which varies based on the unit occupied. The monthly service fee, which may be increased after 30 days' notice to the residents who live in apartments, generally includes payment for all utilities (except telephone), real estate taxes, certain meals, grounds maintenance, security, and activities. Additionally, as part of the monthly service fee, each resident of Harbinger Terrace, who entered into a continuing care contract prior to February 1, 2005, is entitled to 20 free days of nursing or personal care services in his lifetime in the Organization's skilled nursing center. Management has determined that no additional liability is required at June 30, 2025 and 2024 related to providing future services and use of facilities as calculated under FASB ASC 954, *Health Care Entities*.

## NOTE 9 DEFERRED REVENUE FROM ENTRANCE FEES AND CONTINUING CARE CONTRACTS (CONTINUED)

Under certain entrance fee plans for residential living units, Rockhill receives payments in advance. Residents have two entrance plan options, one refundable option and a nonrefundable option. The refundable option has a guaranteed refund component, which is 25% of the entrance fee paid, with the balance refundable on a decreasing basis at a rate of 2.5% of the entrance fee per month for each month or portion thereof of occupancy in the residential living unit. In October 2024, Rockhill began offering only this 25% refundable contract option, discontinuing the previously offered 33% and 90% refundable contracts. The nonrefundable option has no guaranteed refund component and is refundable on a decreasing basis for 40 months; after 40 months of occupancy, no refund is due or payable.

At June 30, 2025 and 2024, the gross amount of contractual refund obligations under the existing resident agreements approximates $39,185,000 and $32,306,000, respectively.

Nonrefundable entrance fees are amortized on a straight-line basis over the life expectancy of the resident. The unamortized balance of the nonrefundable entrance fees is included in the consolidated balance sheets under the caption, Deferred Revenue from Entrance Fees. The refundable entrance fees are included in the consolidated balance sheets under the caption, Refundable Advanced Fee Liability.

## NOTE 10 DEPOSITS

Ten percent deposits on unoccupied units in amounts ranging between $5,000 and $40,000 per unit are collected by Telford upon execution of a continuing care agreement. Each deposit represents 10% of the total entrance fee, which is refundable through the first month of occupancy. The balance of the entrance fee is due upon occupancy of the apartment. Management also collects a $1,000 refundable deposit from prospective residents placed on a waiting list. At June 30, 2025 and 2024, deposits for those on waiting lists are $260,500 and $226,000, respectively.

## NOTE 11 ESCROW FUNDS

Telford has escrow funds that represent the refundable entrance fees of residents who have permanently moved from an apartment unit into the nursing or personal care facility. They also represent deposits from residents for new construction projects not yet complete. These funds are retained as security for the payment of the residents' charges and are refunded if not needed. At June 30, 2025 and 2024, escrow funds are $1,310,924 and $1,744,239, respectively, and are shown as both a noncurrent asset and a long-term liability.

## NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions (subject to donor or time restrictions that are of a temporary nature and held in perpetuity) are comprised of the following at June 30:

| | 2025 | 2024 |
|---|---|---|
| Beneficial Interest in Remainder Trusts | $ 2,132,739 | $ 2,015,225 |
| Benevolence Fund | 28,585 | 3,038 |
| Capital Campaign | 332,811 | 205,438 |
| Grants | 4,000 | - |
| Total | 2,498,135 | 2,223,701 |
| Beneficial Interest in Perpetual Trusts | 1,508,009 | 1,454,304 |
| Total | $ 4,006,144 | $ 3,678,005 |

For the years ended June 30, 2025 and 2024, net assets were released from donor restrictions in the amount of $299,676 and $267,525, respectively, by incurring expenditures satisfying the restricted purpose of the charitable service.

Only the investment income derived from net assets with donor restrictions is expendable for the above purposes designated by the donor, as the original corpus has been restricted in perpetuity.

## NOTE 13 SHARED REAL ESTATE PROJECT

During 2009, Rockhill and Penn Foundation, a local nonprofit organization serving the mental health needs of the community, completed construction of a building which is shared by both organizations. Rockhill has ownership of the building as it is located on Rockhill's property. Part of the building houses Penn Foundation's Wellspring program, one of its current day programs, while the remaining portion of the building serves as Rockhill's maintenance center.

Financing of the project was done on the average of the costs of each organization's portion to total contract cost, and square footage usage. The cost of the project was approximately $4.5 million, of which Penn Foundation's share was approximately 32%. The amount of the project capitalized by Rockhill of approximately $3.1 million was net of Penn Foundation's share.

Penn Foundation pays its direct expenses and reimburses Rockhill for its portion of any indirect operating expenses, such as general maintenance.

Penn Foundation also operates a complex of 20 single-occupancy apartments for individuals with low income and a psychiatric disability. The complex is located on Rockhill's property, which receives a token annual rental of one dollar. The fair value annual rental of the property is not included in the accompanying consolidated financial statements; had it been, both revenues and expenses would have been increased by that amount, with no change in operating income or net assets without donor restrictions. All costs related to the program are the responsibility of Penn Foundation.

## NOTE 13 SHARED REAL ESTATE PROJECT (CONTINUED)

The complex is subsidized by the United States Department of Housing and Urban Development (HUD). In order to comply with HUD requirements related to its financing of the original construction project, Rockhill allowed a lien to be placed on its property. Penn Foundation's balance owed to HUD on the mortgage to which the lien applies was approximately $469,399 and $517,411 at June 30, 2025 and 2024, respectively.

## NOTE 14 JUBILEE HOUSE

During the year ended June 30, 2009, Rockhill financed the construction of Jubilee House, a home for six developmentally disabled individuals. The financing was accomplished by a $1,000,000 mortgage from Eastern Mennonite Board of Missions and Charities, Inc., which was refinanced in 2014 as part of the Univest loans (Note 7). The program is funded by the Pennsylvania Department of Public Welfare (DPW) as an Intermediate Care Facility for the Mentally Retarded (ICF/MR). The program is being administered by Barc Developmental Services, an organization with experience and expertise in the ICR/MR area. Rockhill is leasing the property to Barc Developmental Services at $6,176 per month.

## NOTE 15 RETIREMENT PLAN

GIL sponsors a defined contribution plan, under Section 401(k) of the United States RC. GIL contributes a discretionary (to be determined each year) employer matching contribution to the participant's account. For the 2025 fiscal year, GIL contributed 100% of the first 3% of the participant's salary deferred for all eligible employees. GIL contributed $407,019 and $369,307 to the plan for the years ended June 30, 2025 and 2024, respectively.

## NOTE 16 CONCENTRATIONS

Health care revenues are reported at the estimated net realizable amount from residents, third-party payors, and others for services rendered. Revenues under the Medicaid and Medicare programs accounted for approximately 14% and 15%, respectively, of the Organization's 2025 nursing revenues, and approximately 16% and 13%, respectively of the Organization's 2024 nursing revenues. The Organization is not aware of any noncompliance with all applicable laws and regulations of the Medicare and Medicaid programs and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

## NOTE 17 FUNCTIONAL EXPENSES

The Organization provides residential living services and general health care services to its residents. The table below presents expenses by both nature and function for the years ended June 30, 2025 and 2024:

| June 30, 2025 | Program | Management and General | Fundraising and Development | Total |
|---|---|---|---|---|
| Salaries | $ 21,143,853 | $ 4,319,969 | $ 103,122 | $ 25,566,944 |
| Payroll Taxes and Employee Expenses | 3,405,727 | 1,347,350 | 33,279 | 4,786,356 |
| Supplies | 1,186,072 | 93,323 | 5,376 | 1,284,771 |
| Food | 2,146,864 | - | - | 2,146,864 |
| Contracted Services and Professional Fees | 4,905,316 | 876,020 | 39,622 | 5,820,958 |
| Insurance | 531,050 | 18,999 | - | 550,049 |
| Real Estate Taxes | 587,518 | - | - | 587,518 |
| Repairs and Maintenance | 728,900 | 25,538 | - | 754,438 |
| Utilities | 2,061,624 | 79,233 | - | 2,140,857 |
| Depreciation | 6,888,226 | 249,325 | - | 7,137,551 |
| Interest | 990,217 | - | - | 990,217 |
| Miscellaneous | 330,733 | 295,014 | 3,530 | 629,277 |
| Total Expenses by Function | $ 44,906,100 | $ 7,304,771 | $ 184,929 | $ 52,395,800 |

| June 30, 2024 | Program | Management and General | Fundraising and Development | Total |
|---|---|---|---|---|
| Salaries | $ 19,479,420 | $ 3,788,438 | $ 87,196 | $ 23,355,054 |
| Payroll Taxes and Employee Expenses | 3,062,387 | 1,165,171 | 27,292 | 4,254,850 |
| Supplies | 1,127,787 | 154,225 | 5,522 | 1,287,534 |
| Food | 2,042,769 | - | - | 2,042,769 |
| Contracted Services and Professional Fees | 4,830,048 | 1,133,322 | 45,534 | 6,008,904 |
| Insurance | 603,987 | 20,500 | - | 624,487 |
| Real Estate Taxes | 458,316 | - | - | 458,316 |
| Repairs and Maintenance | 656,732 | 26,277 | - | 683,009 |
| Utilities | 1,999,887 | 80,893 | - | 2,080,780 |
| Depreciation | 6,348,637 | 226,779 | - | 6,575,416 |
| Interest | 1,084,880 | - | - | 1,084,880 |
| Miscellaneous | 149,151 | 273,450 | 820 | 423,421 |
| Total Expenses by Function | $ 41,844,001 | $ 6,869,055 | $ 166,364 | $ 48,879,420 |

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and various building related costs which are allocated on a square footage basis.

## NOTE 18 COVID-19 STIMULUS FUNDING

### Employee Retention Credit

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. CAA provided these entities with the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended June 30, 2025, the Organization determined it met the compliance requirements and conditions of the ERC program and recognized $4,947,185, as Employee Retention Grant Revenue, on the consolidated statement of operations for the year ended June 30, 2025. The Organization recognized a current grant receivable for ERC of $1,159,677 on the consolidated statement of financial position for the year ended June 30, 2025. The Organization paid approximately $268,000 to the public accounting firm that assisted with the filing of the ERC application.

There is a possibility that upon subsequent review the Internal Revenue Service could reach a different conclusion regarding the Organization’s eligibility for the ERC claimed. That could result in repayment of the credits, interest, and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty.

## NOTE 19 COMMITMENTS AND CONTINGENCIES

### Litigation

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Lawsuits alleging negligence in care
- Environmental pollution
- Violation of regulatory body’s rules and regulations
- Violation of federal and/or state laws

## NOTE 19 COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Litigation (Continued)

No contingent liabilities such as, but not limited to those described above, are reflected in the accompanying consolidated financial statements. No such liabilities have been asserted and, therefore, no estimate of loss, if any, is determinable.

### Industry Regulation

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, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Recently, government activity has increased 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 together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with fraud and abuse statutes as well as other applicable government statutes.

### Health Insurance

The Organization implemented a plan of self-insurance for health insurance claims for all Telford and GIL employees effective April 1, 2018. Effective January 1, 2022, Rockhill employees were added to this plan. Rockhill's prior multi-employer self-insurance plan was terminated and there are no outstanding claims. The estimated liabilities at June 30, 2025 and 2024 were arrived at using information provided by an outside insurance brokerage firm. The Organization believes all costs related to this self-insurance program have been properly accounted for and accrued at June 30, 2025 and 2024.

### Medical Malpractice Claims Coverage

GIL maintains professional liability coverage on a claims-made basis through Peace Church Risk Retention Group, a reciprocal risk retention group. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed GIL's insurance coverages or will have a material adverse effect on the consolidated financial statements.

### Low Income Housing Project

In July 2019, Telford was notified by the Pennsylvania Housing Finance Agency that it was awarded $1,222,105 in annual Federal Low Income Housing Tax Credits for 10 years. These credits are reserved for a senior affordable housing project in Sellersville, Pennsylvania. Sellersville Senior Residences (the Project) was placed in service in June 2022 and consists of 50 residential units, 49 of which are income/rent restricted units. At June 30, 2025 and 2024, Telford has a receivable in the amount of $58,292 and $145,914, respectively, from the Project representing the deferred development fee due to Lutheran Community.

# GRACE INSPIRED MINISTRIES AND SUBSIDIARIES
# DBA: GRACE INSPIRED LIVING
# CONSOLIDATING BALANCE SHEET
# JUNE 30, 2025
**(SEE INDEPENDENT AUDITORS' REPORT)**

| ASSETS | Lutheran Community at Telford | Community at Rockhill | Grace Inspired Ministries | Community Home Services | Eliminations | Total |
|---|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | | |
| Cash and Cash Equivalents | $ 8,312,718 | $ 6,315,035 | $ 290,391 | $ - | $ - | $ 14,918,144 |
| Accounts Receivable | 2,193,417 | 976,022 | 215,880 | - | - | 3,385,319 |
| Allowance for Credit Losses | (140,988) | (132,433) | - | - | - | (273,421) |
| Due to (from) Affiliate | (1,560,101) | (2,019,758) | 3,579,859 | - | - | - |
| Prepaid Expenses and Other Current Assets | 200,938 | 306,112 | 27,004 | - | - | 534,054 |
| Total Current Assets | 9,005,984 | 5,444,978 | 4,113,134 | - | - | 18,564,096 |
| **INVESTMENTS** | 10,047,901 | 9,478,930 | - | - | - | 19,526,831 |
| **ENDOWMENT FUND INVESTMENTS, BOARD DESIGNATED** | 14,458,918 | - | - | - | - | 14,458,918 |
| **ASSETS LIMITED AS TO USE** | | | | | | |
| Statutory Minimum Liquid Reserve | 2,781,078 | 1,988,188 | - | - | - | 4,769,266 |
| **BENEFICIAL INTEREST IN REMAINDER TRUSTS** | 2,132,739 | - | - | - | - | 2,132,739 |
| **BENEFICIAL INTEREST IN PERPETUAL TRUSTS** | 994,968 | 513,041 | - | - | - | 1,508,009 |
| **PROPERTY AND EQUIPMENT, NET** | 83,184,858 | 35,380,656 | - | - | - | 118,565,514 |
| **FAIR VALUE OF INTEREST RATE SWAPS** | 346,193 | - | - | - | - | 346,193 |
| **OTHER ASSETS** | | | | | | |
| Escrow Funds | 1,310,924 | - | - | - | - | 1,310,924 |
| Total Other Assets | 1,310,924 | - | - | - | - | 1,310,924 |
| Total Assets | $ 124,263,563 | $ 52,805,793 | $ 4,113,134 | $ - | $ - | $ 181,182,490 |

# GRACE INSPIRED MINISTRIES AND SUBSIDIARIES
# DBA: GRACE INSPIRED LIVING
# CONSOLIDATING BALANCE SHEET (CONTINUED)
# JUNE 30, 2025
## (SEE INDEPENDENT AUDITORS' REPORT)

| LIABILITIES AND NET ASSETS | Lutheran Community at Telford | Community at Rockhill | Grace Inspired Ministries | Community Home Services | Eliminations | Total |
|---|---|---|---|---|---|---|
| **CURRENT LIABILITIES** | | | | | | |
| Current Maturities of Long-Term Debt | $ 1,430,646 | $ 423,452 | $ - | $ - | $ - | $ 1,854,098 |
| Accounts Payable and Accrued Expenses | 704,602 | 664,127 | 1,999,577 | - | - | 3,368,306 |
| Accrued Compensation and Other Current Liabilities | 1,715,993 | 1,186,705 | 848,124 | - | - | 3,750,822 |
| Deposits | 1,896,884 | 201,342 | - | - | - | 2,098,226 |
| Total Current Liabilities | 5,748,125 | 2,475,626 | 2,847,701 | - | - | 11,071,452 |
| **LONG-TERM DEBT, NET OF CURRENT MATURITIES** | 20,393,354 | 9,461,536 | - | - | - | 29,854,890 |
| **FAIR VALUE OF INTEREST RATE SWAPS** | 106,055 | 384,576 | - | - | - | 490,631 |
| **ESCROW FUND LIABILITIES** | 1,310,924 | - | - | - | - | 1,310,924 |
| **REFUNDABLE ADVANCED FEE LIABILITY** | 4,928,859 | 3,832,825 | - | - | - | 8,761,684 |
| **DEFERRED REVENUE FROM ENTRANCE FEES** | 42,119,308 | 17,811,210 | - | - | - | 59,930,518 |
| Total Liabilities | 74,606,625 | 33,965,773 | 2,847,701 | - | - | 111,420,099 |
| **NET ASSETS** | | | | | | |
| Without Donor Restrictions | 46,525,131 | 17,965,683 | 1,265,433 | - | - | 65,756,247 |
| With Donor Restrictions | 3,131,807 | 874,337 | - | - | - | 4,006,144 |
| Total Net Assets | 49,656,938 | 18,840,020 | 1,265,433 | - | - | 69,762,391 |
| Total Liabilities and Net Assets | $ 124,263,563 | $ 52,805,793 | $ 4,113,134 | $ - | $ - | $ 181,182,490 |

# GRACE INSPIRED MINISTRIES AND SUBSIDIARIES
# DBA: GRACE INSPIRED LIVING
# CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
# YEAR ENDED JUNE 30, 2025
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | Lutheran Community at Telford | Community at Rockhill | Grace Inspired Ministries | Community Home Services | Eliminations | Total |
|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | |
| Resident Service Revenues | $ 32,223,082 | $ 22,001,972 | $ - | $ - | $ - | $ 54,225,054 |
| Investment Income, Net | 484,094 | 211,911 | 10,797 | - | - | 706,802 |
| Other Revenues | 104,627 | 149,059 | 5,356,692 | - | (5,341,847) | 268,531 |
| Employee Retention Credit Grant Revenue | 2,549,696 | 1,916,065 | 481,424 | - | - | 4,947,185 |
| Net Assets Released from Restrictions | 167,075 | 130,551 | 2,050 | - | - | 299,676 |
| Total Revenue | 35,528,574 | 24,409,558 | 5,850,963 | - | (5,341,847) | 60,447,248 |
| **EXPENSES** | | | | | | |
| Building Operations | 5,011,057 | 3,757,782 | 581,170 | - | - | 9,350,009 |
| Depreciation | 3,974,245 | 3,163,306 | - | - | - | 7,137,551 |
| Dietary | 4,770,742 | 2,821,011 | 294,282 | - | - | 7,886,035 |
| Nursing | 10,545,015 | 7,979,513 | - | - | - | 18,524,528 |
| General and Administrative | 5,358,269 | 4,150,479 | 4,340,559 | - | (5,341,847) | 8,507,460 |
| Interest | 641,429 | 348,788 | - | - | - | 990,217 |
| Total Expenses | 30,300,757 | 22,220,879 | 5,216,011 | - | (5,341,847) | 52,395,800 |
| **INCOME FROM OPERATIONS** | 5,227,817 | 2,188,679 | 634,952 | - | - | 8,051,448 |
| **NONOPERATING REVENUE AND EXPENSES** | | | | | | |
| Contributions | 233,469 | 132,768 | 2,500 | - | - | 368,737 |
| Change in the Fair Value of the Interest Rate Swap Agreements | (512,870) | (384,576) | - | - | - | (897,446) |
| Net Realized and Unrealized Gains on Investments | 2,462,834 | 1,051,640 | - | - | - | 3,514,474 |
| Loss on Extinguishment of Debt | - | (77,949) | - | - | - | (77,949) |
| Total Nonoperating Revenues and Expenses | 2,183,433 | 721,883 | 2,500 | - | - | 2,907,816 |
| **EXCESS OF REVENUE OVER EXPENSES** | 7,411,250 | 2,910,562 | 637,452 | - | - | 10,959,264 |

# GRACE INSPIRED MINISTRIES AND SUBSIDIARIES
# DBA: GRACE INSPIRED LIVING
# CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
# YEAR ENDED JUNE 30, 2025
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | Lutheran Community at Telford | Community at Rockhill | Grace Inspired Ministries | Community Home Services | Eliminations | Total |
|---|---|---|---|---|---|---|
| **EXCESS OF REVENUE OVER EXPENSES** | $ 7,411,250 | $ 2,910,562 | $ 637,452 | $ - | $ - | $ 10,959,264 |
| **INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS** | 7,411,250 | 2,910,562 | 637,452 | - | - | 10,959,264 |
| **NET ASSETS WITH DONOR RESTRICTIONS** | | | | | | |
| Change in Beneficial Interest in Remainder Trusts | 117,514 | - | - | - | - | 117,514 |
| Contributions and Bequests | 171,075 | 283,471 | 2,050 | - | - | 456,596 |
| Net Assets Released from Restrictions | (167,075) | (130,551) | (2,050) | - | - | (299,676) |
| Change in Beneficial Interest in Perpetual Trusts | 40,277 | 13,428 | - | - | - | 53,705 |
| Total Net Assets With Donor Restrictions | 161,791 | 166,348 | - | - | - | 328,139 |
| **INCREASE IN NET ASSETS** | 7,573,041 | 3,076,910 | 637,452 | - | - | 11,287,403 |
| Net Assets - Beginning of Year | 42,083,897 | 15,763,110 | 627,981 | - | - | 58,474,988 |
| **NET ASSETS - END OF YEAR** | $ 49,656,938 | $ 18,840,020 | $ 1,265,433 | $ - | $ - | $ 69,762,391 |

# GRACE INSPIRED MINISTRIES AND SUBSIDIARIES
# DBA: GRACE INSPIRED LIVING
# CONSOLIDATING STATEMENT OF CASH FLOWS
# YEAR ENDED JUNE 30, 2025
## (SEE INDEPENDENT AUDITORS' REPORT)

| | Lutheran Community at Telford | Community at Rockhill | Graced Inspired Ministries | Community Home Services | Eliminations | Total |
|---|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| Change in Net Assets | $ 7,573,041 | $ 3,076,910 | $ 637,452 | $ - | $ - | $ 11,287,403 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | | | | | |
| Net Realized and Unrealized Gains on Investments | (2,462,834) | (1,051,640) | - | - | - | (3,514,474) |
| Amortization of Deferred Revenue from Entrance Fees | (4,150,246) | (2,996,965) | - | - | - | (7,147,211) |
| Depreciation | 3,974,245 | 3,163,306 | - | - | - | 7,137,551 |
| Provision for Credit Loss Expense | 18,996 | 6,086 | - | - | - | 25,082 |
| Loss on Extinguishment of Debt | - | 77,949 | - | - | - | 77,949 |
| Amortization of Deferred Financing Fees | 20,583 | 6,522 | - | - | - | 27,105 |
| Change in Fair Value of Interest Rate Swaps | 512,870 | 384,576 | - | - | - | 897,446 |
| Increase in Beneficial Interest in Perpetual Trust | (40,277) | (13,428) | - | - | - | (53,705) |
| Increase in Beneficial Interest in Remainder Trusts | (117,514) | - | - | - | - | (117,514) |
| (Increase) Decrease in Assets: | | | | | | |
| Accounts Receivable | (1,338,142) | (230,198) | (215,880) | - | - | (1,784,220) |
| Prepaid Expenses and Other Assets | (9,925) | (28,046) | 8,470 | - | - | (29,501) |
| Escrow Funds | 433,315 | - | - | - | - | 433,315 |
| Due from Affiliates | (1,307,731) | 1,181,853 | - | - | 125,878 | - |
| Increase (Decrease) in Liabilities: | | | | | | |
| Accounts Payable and Accrued Expenses | 122,921 | 238,146 | (548,046) | - | - | (186,979) |
| Accrued Compensation and Other Current Liabilities | 368,945 | 255,646 | 252,006 | - | - | 876,597 |
| Escrow Fund Liabilities | (433,315) | - | - | - | - | (433,315) |
| Due to Affiliates | - | - | 125,878 | - | (125,878) | - |
| Net Cash Provided (Used) by Operating Activities | 3,164,932 | 4,070,717 | 259,880 | - | - | 7,495,529 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| Purchases of Investments | (7,450,526) | (4,384,285) | - | - | - | (11,834,811) |
| Sales of Investments | 6,918,683 | 2,883,811 | - | - | - | 9,802,494 |
| Purchase of Property and Equipment | (14,017,018) | (3,475,831) | - | - | - | (17,492,849) |
| Net Increase in Assets Limited as to Use | (129,002) | 1,561,380 | - | - | - | 1,432,378 |
| Net Cash Used by Investing Activities | (14,677,863) | (3,414,925) | - | - | - | (18,092,788) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| Cash Received from Entrance Fees | 15,877,200 | 5,393,400 | - | - | - | 21,270,600 |
| Refunds of Entrance Fees | (540,301) | (1,104,333) | - | - | - | (1,644,634) |
| Increase (Decrease) in Deposits | (248,522) | (83,186) | - | - | - | (331,708) |
| Proceeds from Long-Term Debt | 1,320,770 | 10,190,928 | - | - | | 11,511,698 |
| Payments for Deferred Financing Costs | (137,619) | (307,333) | - | - | | (444,952) |
| Repayment of Long-Term Debt | (1,392,689) | (10,068,871) | - | - | - | (11,461,560) |
| Net Cash Provided by Financing Activities | 14,878,839 | 4,020,605 | - | - | - | 18,899,444 |
| **NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS** | 3,365,908 | 4,676,397 | 259,880 | - | - | 8,302,185 |
| Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year | 5,108,697 | 1,651,038 | 30,511 | - | - | 6,790,246 |
| **CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS - END OF YEAR** | $ 8,474,605 | $ 6,327,435 | $ 290,391 | $ - | $ - | $ 15,092,431 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | | | | | |
| Cash Paid for Interest | $ 655,896 | $ 366,479 | $ - | $ - | $ - | $ 1,022,375 |

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**SCHEDULES OF RESIDENT SERVICE REVENUES**
**YEARS ENDED JUNE 30, 2025 AND 2024**
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | 2025 | 2024 |
|---|---|---|
| **RESIDENT SERVICE REVENUES** | | |
| Personal Care | $ 11,579,598 | $ 11,420,339 |
| Skilled Nursing, Net of Contractual Allowances | 20,899,017 | 20,530,528 |
| Independent Living | 14,163,770 | 12,665,546 |
| Amortization of Deferred Revenue | 7,147,211 | 5,967,230 |
| Admission Fees | 87,317 | 79,250 |
| Pharmacy | 262,577 | 201,896 |
| Barber and Beauty Shop | 85,564 | 78,012 |
| Total Resident Service Revenues | $ 54,225,054 | $ 50,942,801 |

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**SCHEDULES OF BUILDING OPERATION, DIETARY, AND NURSING EXPENSES**
**YEARS ENDED JUNE 30, 2025 AND 2024**
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | 2025 | 2024 |
|---|---|---|
| **BUILDING OPERATIONS** | | |
| Employee Compensation | $ 3,387,123 | $ 3,155,938 |
| Employee Benefits | 640,199 | 616,914 |
| Insurance | 352,369 | 280,081 |
| Utilities | 2,140,857 | 2,080,780 |
| Maintenance Service and Supplies | 2,003,296 | 1,717,524 |
| Linen Service and Supplies | 76,959 | 76,965 |
| Auxiliary - Building | 1,582 | 8,350 |
| Housekeeping Supplies | 160,106 | 135,602 |
| Real Estate Taxes | 587,518 | 458,316 |
| Total Building Operation | $ 9,350,009 | $ 8,530,470 |
| **DIETARY** | | |
| Employee Compensation | $ 4,737,208 | $ 4,460,683 |
| Employee Benefits | 721,479 | 678,689 |
| Food | 2,146,864 | 2,042,769 |
| Supplies | 280,484 | 300,667 |
| Contracted Services | - | 150 |
| Total Dietary | $ 7,886,035 | $ 7,482,958 |
| **NURSING** | | |
| Employee Compensation | $ 12,559,892 | $ 11,491,964 |
| Employee Benefits | 1,936,408 | 1,649,757 |
| Outside Consultant and Therapy Fees | 3,301,782 | 3,421,152 |
| Insurance | 93,252 | 94,514 |
| Supplies | 298,957 | 333,406 |
| Pharmacy | 267,644 | 222,962 |
| Other | 66,593 | 32,670 |
| Total Nursing | $ 18,524,528 | $ 17,246,425 |

**GRACE INSPIRED MINISTRIES AND SUBSIDIARIES**
**DBA: GRACE INSPIRED LIVING**
**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**
**YEARS ENDED JUNE 30, 2025 AND 2024**
**(SEE INDEPENDENT AUDITORS' REPORT)**

| | 2025 | 2024 |
|---|---|---|
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| Employee Compensation | $ 4,884,362 | $ 4,251,363 |
| Employee Benefits | 1,243,671 | 1,043,916 |
| Office Expense | 110,115 | 163,549 |
| Computer Services | 1,059,315 | 1,025,187 |
| Professional Fees | 452,736 | 691,602 |
| Conference and Convention | 17,301 | 14,576 |
| Insurance | 309,401 | 447,111 |
| Advertising | 267,301 | 268,525 |
| Miscellaneous | 163,258 | 53,442 |
| Total General and Administrative Expenses | $ 8,507,460 | $ 7,959,271 |




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Exhibit F
CPA Qualification Letter

CliftonLarsonAllen LLP
CLAconnect.com

October 1, 2025

Mr. Michael Humphreys
Acting Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
1326 Strawberry Square
Harrisburg, Pennsylvania 17120

Dear Commissioner Humphreys:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Grace Inspired Ministries and Subsidiaries dba: Grace Inspired Living for the year ended June 30, 2025, and have issued our report thereon dated October 1, 2025. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to Grace Inspired Living 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 twenty-four 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 60% of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that Grace Inspired Living intends to file the consolidated financial statements of Grace Inspired Living 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 Grace Inspired Living.

d. 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 to satisfy all objectives or responsibilities of insurance regulators. In this context, Grace Inspired Living and the Insurance Commissioner should understand that the objectives of an audit of consolidated financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the consolidated financial statements 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.

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e. We have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the 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 the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on consolidated financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material errors or misstatements caused by 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 exist that would have been assessed differently by the Insurance Commissioner.

f. It is the responsibility of the management of Grace Inspired Living 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 consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

g. 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.

h. We will retain the workpapers 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 Grace Inspired Living, we will make the workpapers available for review by the Insurance Department at the offices of Grace Inspired Living, 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 workpapers may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.

i. The engagement principal is serving in that capacity with respect to Grace Inspired Living for the year ended June 30, 2025, and is licensed by the Pennsylvania Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

j. 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 board of directors and management of Grace Inspired Living, the Insurance Department, and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**



Timothy J. Crouch, CPA
Principal

Exhibit G
CPA Awareness Letter

CliftonLarsonAllen LLP
CLAconnect.com

Financial Analysis Division
Commonwealth of Pennsylvania
Insurance Department
1345 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Consolidated Financial Statements of Grace Inspired Ministries and Subsidiaries
dba: Grace Inspired Living

Dear Sir or Madam:

We have been engaged by Grace Inspired Ministries and Subsidiaries dba: Grace Inspired Living to perform an annual audit in accordance with generally accepted auditing standards of Grace Inspired Living for the year ended June 30, 2025, and have expressed an unmodified opinion on these consolidated 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 Pennsylvania insurance code and related rules and regulations of the Pennsylvania Insurance Department that are applicable to audits of continuing care retirement communities. We have completed our audit of Grace Inspired Living and have expressed our opinion as to their conformity with accounting principles generally accepted in the United States of America. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

This letter is furnished solely for filing with the Insurance Department of the Commonwealth of Pennsylvania and other insurance departments and should not be used for any other purpose.

Very truly yours,

**CliftonLarsonAllen LLP**

Timothy J. Crouch, CPA
Principal

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