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Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Financial Statements
and Supplementary Information

June 30, 2022 and 2021

Concordia Lutheran Ministries Obligated Group

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Independent Auditors' Report

To the Board of Directors of
Concordia Lutheran Ministries Obligated Group

Opinion

We have audited the special-purpose combined financial statements of the Concordia Lutheran Ministries Obligated Group (the Obligated Group), which comprise the special-purpose combined balance sheets as of June 30, 2022 and 2021, and the related special-purpose combined statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the special-purpose combined financial statements.

In our opinion, the accompanying special-purpose combined financial statements present fairly, in all material respects, the combined financial position of the Obligated Group as of June 30, 2022 and 2021, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with the financial reporting provisions specified in the Master Trust Indenture, dated May 1, 2004, as amended and supplemented by the First through the Twelfth Supplemental Indentures between the Obligated Group and The Bank of New York Mellon Trust Company, N.A. (the Agreement).

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 Audits of the Special-Purpose Combined Financial Statements section of our report. We are required to be independent of the Obligated Group, 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.

Emphasis of Matter - Basis of Accounting

As described in Note 1 to the special-purpose combined financial statements, the special-purpose combined financial statements are prepared on the basis of the financial reporting provisions specified in the Agreement, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Agreement. As a result, the special-purpose combined financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Combined Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose combined financial statements in accordance with the financial reporting practices as specified in the Agreement. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of special-purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audits of the Special-Purpose Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose combined 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 special-purpose combined 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 special-purpose combined 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 special-purpose combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Obligated Group'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 special-purpose combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Obligated Group'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 audits, significant audit findings and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the special-purpose combined financial statements as a whole. The supplementary information as of and for the year ended June 30, 2022, on pages 39 to 42 is presented for purposes of additional analyses of the special-purpose combined financial statements rather than to present the financial position, results of operations or changes in net assets of the members of the Obligated Group, and it is not a required part of the special-purpose combined 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 special-purpose combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose combined financial statements or to the special-purpose combined 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 special-purpose combined financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of the Obligated Group and the Pennsylvania Insurance Department and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle, Pennsylvania
October 27, 2022

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Balance Sheets
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 13,948,687	$ 11,857,660
Accounts receivable	11,250,612	10,093,987
Due from affiliates	537,740	637,964
Prepaid expenses and other current assets	6,276,131	4,257,013
Total current assets	32,013,170	26,846,624
Investments in Affiliates *	6,003,394	8,232,750
Investments	243,583,966	268,151,217
Assets Whose Use is Limited	21,757,029	23,874,970
Statutory Minimum Liquid Reserves	6,439,991	7,436,654
Property and Equipment, Net of Accumulated Depreciation	165,597,884	168,922,281
Collections	430,600	430,600
Goodwill	2,000,000	2,000,000
Interest in Assets Held by Rebecca Residence Foundation	10,996,633	13,329,203
Interest in Sumner Third-Party Trusts	13,585,191	17,069,321
Total assets	$ 502,407,858	$ 536,293,620

* The Obligated Group's investments in affiliates are investments in entities that are not part of the Obligated Group.

See notes to special-purpose combined financial statements

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Balance Sheets
June 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 6,778,710	$ 6,540,457
Current maturities of annuities payable	38,960	60,857
Due to affiliates	1,718,514	991,590
Accounts payable	2,378,768	1,649,596
Accrued expenses and other current liabilities	7,706,489	8,455,045
Deferred revenue, current	439,547	143,589
Total current liabilities	19,060,988	17,841,134
Long-Term Liabilities		
Long-term debt, less current maturities and unamortized debt issuance costs	118,070,702	125,215,475
Annuities payable, less current maturities	193,009	188,561
Deferred revenue	16,054,236	14,900,575
Refundable fees	29,636,367	28,568,588
Residents' fund liability	411,854	346,387
Resident escrow deposits	128,470	109,257
Total long-term liabilities	164,494,638	169,328,843
Net Assets		
Without donor restrictions	280,543,845	306,707,188
With donor restrictions	38,308,387	42,416,455
Total net assets	318,852,232	349,123,643
Total liabilities and net assets	$ 502,407,858	$ 536,293,620

See notes to special-purpose combined financial statements

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Statements of Operations
Years Ended June 30, 2022 and 2021

	2022	2021
Changes in Net Assets Without Donor Restrictions		
Operating revenue:		
Net resident care and patient service revenue, including amortization of advance fees 2022 $3,756,321; 2021 $3,641,708	$ 133,463,090	$ 122,584,311
Management fees and other operating	301,003	986,008
Net assets released from restrictions	1,041,104	511,388
Total operating revenue	134,805,197	124,081,707
Operating expenses:		
Resident / caregiving services	56,754,690	54,698,570
General services	23,520,164	20,115,333
Food services	14,601,308	13,265,470
Administrative services	14,584,680	14,772,312
Depreciation	10,680,260	9,929,381
Charitable donations	3,495,132	2,049,875
Interest	1,247,500	1,001,069
Total operating expenses	124,883,734	115,832,010
Excess of operating revenue over expenses	9,921,463	8,249,697
Nonoperating revenue (expenses):		
Investment income	15,454,216	5,847,071
Gain from investments in affiliates	5,168,290	7,478,080
Federal and state award revenue	3,157,396	3,259,400
Contributions and bequests	2,065,477	2,640,596
Other income (expense)	(2,228,321)	2,322,931
Forgiveness of Paycheck Protection Program loans	-	3,591,500
Gain (loss) on disposal	(587)	12,945
Net gain (loss) on investments reported at fair value	(49,211,371)	53,604,475
Investment fees	(482,324)	(408,589)
Total nonoperating revenue (expenses)	(26,077,224)	78,348,409
Excess (deficiency) of revenue and gains over expenses	(16,155,761)	86,598,106
Other changes in net assets without donor restrictions:		
Contributions to affiliates	(10,007,582)	(10,074,420)
Increase (decrease) in net assets without donor restrictions	$ (26,163,343)	$ 76,523,686

See notes to special-purpose combined financial statements

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Statements of Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022	2021
Changes in Net Assets Without Donor Restrictions		
Excess (deficiency) of revenue and gains over expenses	$ (16,155,761)	$ 86,598,106
Contributions to affiliates	(10,007,582)	(10,074,420)
Increase (decrease) in net assets without donor restrictions	(26,163,343)	76,523,686
Changes in Net Assets With Donor Restrictions		
Change in interest in Sumner Third-Party Trusts	(3,484,130)	2,740,305
Change in interest in assets with donor restrictions held by Rebecca Residence Foundation	(2,332,570)	1,768,519
Contributions	4,928,848	1,792,234
Investment income	748,663	318,888
Net gain (loss) on investments reported at fair value	(2,913,309)	3,032,323
Decrease (increase) in net annuity obligations	17,449	(43,529)
Investment fees	(31,915)	(27,106)
Net assets released from restrictions used for:		
Operations	(1,041,104)	(511,388)
Purchase of property and equipment	-	(23,437)
Increase (decrease) in net assets with donor restrictions	(4,108,068)	9,046,809
Change in net assets	(30,271,411)	85,570,495
Net Assets, Beginning	349,123,643	263,553,148
Net Assets, Ending	$ 318,852,232	$ 349,123,643

See notes to special-purpose combined financial statements

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (30,271,411)	$ 85,570,495
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,680,260	9,929,381
Amortization of debt issuance costs	132,277	101,554
Forgiveness of Paycheck Protection Program loans	-	(3,591,500)
Amortization of advance fees	(3,756,321)	(3,641,708)
Net (gain) loss on investment assets reported at fair value	52,124,680	(56,636,798)
(Gain) loss on interest in assets of others and third-party trusts	5,816,700	(5,054,638)
Gain from investments in affiliates	(5,168,290)	(7,478,080)
Change in annuity obligations	39,527	(55,639)
(Gain) loss on disposal	587	(12,945)
Contributions to affiliates	10,007,582	10,074,420
Proceeds from advance fees and deposits	8,319,839	4,687,640
(Increase) decrease in assets:		
Accounts receivable	(1,156,625)	(1,465,948)
Due from affiliates	100,224	7,633
Prepaid expenses and other current assets	(1,161,578)	1,512,219
Increase (decrease) in liabilities:		
Due to affiliates	726,924	(67,375)
Accounts payable	729,172	460,923
Accrued expenses and other current liabilities	(748,556)	528,395
Refundable advances	-	(763,047)
Deferred revenue, current	295,958	-
Residents' fund liability	65,467	73,320
Resident escrow deposits	19,213	29,500
Net cash provided by operating activities	46,795,629	34,207,802
Cash Flows From Investing Activities		
Proceeds on sale of property and equipment	1,560	36,370
Acquisition of property and equipment	(7,358,010)	(16,164,152)
Equity distribution from affiliates	7,397,646	3,941,863
Purchase of investment securities	(33,300,757)	(97,295,029)
Sale of investment securities	10,929,736	91,011,200
Purchases of securities in minimum liquid reserves	(1,276,436)	(332,655)
Purchase of assets whose use is limited	(1,396,867)	(3,856,514)
Sale of assets whose use is limited	601,499	581,931
Net cash (used in) investing activities	(24,401,629)	(22,076,986)

See notes to special-purpose combined financial statements

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combined Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Financing Activities		
Principal payments on long-term debt	$ (6,540,457)	$ (5,457,283)
Refunds of advance fees and deposits	(3,199,618)	(3,541,657)
Debt issuance costs incurred	(498,340)	-
Contributions to affiliates	(10,007,582)	(9,995,920)
Net cash (paid) received for annuity obligations	(56,976)	99,168
Net cash (used in) financing activities	(20,302,973)	(18,895,692)
Net increase (decrease) in cash and cash equivalents	2,091,027	(6,764,876)
Cash and Cash Equivalents, Beginning	11,857,660	18,622,536
Cash and Cash Equivalents, Ending	$ 13,948,687	$ 11,857,660
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 1,115,223	$ 899,515
Supplemental Schedule of Noncash Investing and Financing Activities		
Construction in progress payable in accrued expenses and other current liabilities	$ -	$ 1,457,882
Land contribution to affiliate	$ -	$ 78,500

See notes to special-purpose combined financial statements

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The Concordia Lutheran Ministries Obligated Group (Obligated Group or CLM OG) consists of the following not-for-profit corporations:

Concordia Lutheran Health and Human Care (CLHHC) is a continuing care retirement community (CCRC) comprised of the following divisions: Cabot Skilled Nursing, a 142-bed nursing and rehabilitation facility; Cabot Personal Care, a 290-bed personal care facility providing residential, support, and adult day care services for the aged; Concordia at Ridgewood Place, a 75-bed personal care facility in Plum Borough, Pennsylvania; Concordia at The Orchard, a 60-bed personal care facility in Butler, Pennsylvania; Concordia Haven, a 329-unit independent living facility providing residential and support services for retirees; Concordia Child Care, a child care center providing day care services for children; and Harmony Physical Rehabilitation, a 25-bed nursing and rehabilitation facility in Monroeville, Pennsylvania.

Concordia Lutheran Ministries Foundation (Concordia Foundation) holds certain investments of the Obligated Group. Concordia Foundation performs fundraising for and supports the other entities of the Obligated Group.

Concordia of Ohio is an Ohio based continuing care retirement community located in Copley, Ohio. The facility consists of 166 independent living units, 44 assisted living beds and 48 skilled nursing beds.

Concordia at Rebecca Residence is a CCRC located in Allison Park, Pennsylvania. Rebecca Residence consists of a 60-bed skilled nursing, 65-bed personal care and 109-unit independent living facility. Concordia Lutheran Health and Human Care is the sole member of Concordia at Rebecca Residence.

Concordia Lutheran Ministries of Pittsburgh (Pittsburgh) is a CCRC located in Pittsburgh, Pennsylvania. Concordia Lutheran Ministries of Pittsburgh operates multiple locations including Concordia of South Hills which consists of 126 independent living apartments, 70 personal care beds and 46 skilled nursing beds. Concordia Lutheran Ministries of Pittsburgh also owns and operates Concordia of Cranberry which consists of 84 personal care beds; Concordia of Fox Chapel which consists of 61 personal care beds; Concordia of Franklin Park which consists of 100 personal care beds; Concordia of Wexford which consists of 56 personal care beds; and Concordia of Villa St. Joseph which is licensed for 120 skilled nursing, 94 personal care, and 33 memory care beds. Concordia of Pittsburgh is the sole member of Concordia of Monroeville, a 59-bed skilled nursing, 87-bed personal care, and 2-unit independent living facility located in Monroeville, Pennsylvania.

Concordia Lutheran Health and Human Care, Concordia of Ohio, Concordia Lutheran Ministries of Pittsburgh and Concordia of Monroeville provide nursing services to residents under both the Medicaid and Medicare programs, and Concordia at Rebecca Residence provides nursing services to residents under the Medicare program.

Summary of Significant Accounting Policies

A summary of the Obligated Group's significant accounting policies applied in the preparation of the accompanying special-purpose combined financial statements (collectively, financial statements) is as follows:

Basis of Presentation

On May 1, 2004, members of the Obligated Group entered into the Master Trust Indenture, dated May 1, 2004, as amended and supplemented by the First through the Twelfth Supplemental Indenture relative to the issuance of the bonds described in Note 9. Under the amended and supplemented Master Trust Indenture, the Obligated Group was defined.

Accordingly, these special-purpose combined financial statements present only the assets, liabilities, operations, and net assets of certain organizations under Concordia Lutheran Ministries (the Parent) without consideration of its controlled entities. These special-purpose combined financial statements are required to be presented in accordance with accounting principles generally accepted in the United States of America, but such financial statements exclude some entities controlled by the Parent. Accounting principles generally accepted in the United States of America require that related entities under common control of the Parent be consolidated with the financial statements of the parent. Accordingly, these special-purpose combined financial statements are not intended to be a complete presentation of the financial position, results of operations, changes in net deficit and cash flows in conformity with accounting principles generally accepted in the United States of America.

Related parties under the parent include Concordia Lutheran Ministries (Parent), a related party and the sole member of each of the members in the Obligated Group, with the exception of Concordia at Rebecca Residence and Concordia of Monroeville. Concordia Lutheran Health and Human Care is the sole member of Concordia at Rebecca Residence and Concordia Lutheran Ministries of Pittsburgh is the sole member of Concordia of Monroeville. Other related parties include: Concordia Medical Equipment, Providence Pharmacy Services, LP, Concordia Providence, LLC, Concordia Tele-Caregivers d/b/a Concordia Private Care, Good Samaritan Hospice of Pittsburgh, Concordia Visiting Nurses, Concordia Community Support Services, Concordia Hospice of Washington, Concordia Physician Practice, Alliance Visiting Nurses d/b/a VNA Alliance, Visiting Nurse Association of Indiana County, Concordia of Florida, Inc., Harmony Protection Group and Concordia Ministries of New York, Inc.

Use of Estimates

The preparation of the special-purpose combined financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported assets, liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents and restricted cash include investments in highly liquid instruments, purchased with an original maturity of three months or less, excluding cash held temporarily in long-term investments and assets whose use is limited.

Accounts Receivable

Accounts receivable are reported at net realizable value, the amount expected to be collected, taking into account estimated implicit price concessions. Accounts receivable associated with resident care and patient services covered by third-party payors are recorded based upon negotiated reimbursement agreements. It is reasonably possible for final payment on accounts receivable to differ from the Obligated Group's estimates. Estimated implicit price concessions and impairment losses are based upon management's judgment based on historical collection activity and periodic review of individual accounts. Estimated impairment losses are provided for in the allowance for implicit price concessions. The allowance for implicit price concessions was approximately $2,375,000 and $1,997,000 for the years ended June 30, 2022 and 2021, respectively.

Investments in Affiliates

Members of the Obligated Group are invested in affiliates as follows:

Concordia Lutheran Health and Human Care is the sole limited partner in Providence Pharmacy Services, LP, a Pennsylvania limited partnership located in Cabot, Pennsylvania. In accordance with the partnership agreement, the general partner received 70% of the aggregate consideration paid by the purchaser in a sale prior to the allocation of all other amounts of income or gain from the sale to the partners under this agreement. Due to CLHHC and Concordia Providence, LLC being wholly owned by Concordia Lutheran Ministries, CLHHC indirectly exercises significant influence in Providence Pharmacy Services, LP. As such, CLHHC's investment in Providence Pharmacy Services, LP is accounted for under the equity method of accounting with income included in excess of revenue and gains over expenses.

Concordia Lutheran Health and Human Care also owns membership in Good Samaritan Hospice of Pittsburgh (Good Samaritan), a not-for-profit corporation headquartered in Valencia, Pennsylvania. Good Samaritan provides supportive care for terminally ill patients and their families and associative services, including, but not limited to, the operation of a not-for-profit hospice. Heritage Valley Health System, Inc. (Heritage) and Butler Health Care Providers d/b/a Butler Memorial Hospital (Butler) also hold membership interest in Good Samaritan. The affiliation agreement allocates member interests as follows: Concordia Lutheran Health and Human Care 66%; Heritage 22%; and Butler 12%. Concordia Lutheran Health and Human Care exercises significant influence over Good Samaritan, but is excluded from the Obligated Group presentation. As a result, Concordia Lutheran Health and Human Care's investment in Good Samaritan is accounted for under the equity method of accounting with income included in excess of revenue and gains over expenses.

Concordia Lutheran Health and Human Care is the sole member of Concordia at Rebecca Residence, a not-for-profit corporation located in Allison Park, Pennsylvania. Due to Concordia Lutheran Health and Human Care being the sole member of Concordia at Rebecca Residence, Concordia at Rebecca Residence would be consolidated; however, since it is included in the Obligated Group, Concordia Lutheran Health and Human Care's investment in Concordia at Rebecca Residence is eliminated from these financial statements.

Concordia Lutheran Ministries of Pittsburgh is the sole member of Concordia of Monroeville (Monroeville), a not-for-profit corporation located in Monroeville, Pennsylvania. Due to Concordia Lutheran Ministries of Pittsburgh being the sole member of Monroeville, Monroeville would be consolidated; however, since it is included in the Obligated Group, Concordia Lutheran Ministries of Pittsburgh's investment in Monroeville is eliminated from these financial statements.

Assets Whose Use is Limited

Assets whose use is limited are stated at fair value and consist of assets set aside in accordance with agreements with donor or grantor restrictions; assets held by under agreement with lenders by a trustee or other; assets held on behalf of residents; assets held under agreement with lenders; assets set-aside as a result of the Obligated Group self-funding its workers' compensation coverage; and assets set aside by the Board of Directors for future capital improvements. Amounts available to meet current liabilities of the Obligated Group are classified as current assets in the accompanying special-purpose combined balance sheets.

Investments and Investment Risk

Investments in equity securities with readily determinable fair value and all investments in debt securities are measured at fair value on the special-purpose combined balance sheets. Investment income or loss (including interest, dividends and capital gains distributions) and net gain (loss) on investments (including realized and unrealized gains and losses on investments) is included in excess of revenue and gains over expenses unless restricted by donor or law.

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

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value on the date of receipt. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Obligated Group reports expirations of donor restrictions when the donated or acquired assets are placed into service. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense during the years ended June 30, 2022 and 2021, was $10,680,260 and $9,929,381, respectively.

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. Management determined there was no impairment as of June 30, 2022 or 2021.

Debt Issuance Costs

Debt issuance costs represent costs to acquire financing and are being amortized on a straight-line basis over the life of the related bonds. Amortization expense is expected to approximate $104,000 over the next five years. Debt issuance costs have been netted against long-term debt in accordance with authoritative guidance.

Collections

Concordia at Rebecca Residence holds collections that are comprised of artifacts of historical significance, works of art, and antiques.

If purchased, items accessioned into the collection are capitalized at cost, and, if donated, they are capitalized at their fair value on the accession date (the date on which the item is accepted by the Obligated Group). Gains or losses on the deaccession of collection items are classified on the special-purpose combined statements of operations as support without donor restrictions or donor restricted support depending on the donor restriction, if any, placed on the item at the time of accession. The collection items are not depreciated, as they have cultural, aesthetic, or historical value worth preserving perpetually, and the Obligated Group is protecting and preserving, essentially undiminishing the service potential of the collection item.

Goodwill

Goodwill is not amortized; as a result, it is evaluated for impairment annually, or when indicators of qualitative potential impairment are present. Management considers qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, and quantitative factors to determine the amount of impairment to be recognized. Management did not identify conditions indicating any goodwill impairment as of June 30, 2022 or 2021.

Interest in Assets Held in Rebecca Residence Foundation and Sumner Third-Party Trusts

The Rebecca Residence Foundation is an independent not-for-profit corporation created to support Rebecca Residence. Assets held for the benefit of Rebecca Residence are derived from donors. Sumner Third-Party Trusts represent a beneficial interest in trusts controlled by a trustee under irrevocable legal agreements created by donors.

The interest in assets held by the Rebecaa Residence Foundation and Sumner Third-Party Trusts are considered subject to donor restrictions. The interests are reported at fair value on the in the special-purpose combined balance sheets with changes in the interest reported in changes in net assets with donor restrictions.

Deferred Revenue From Advance Fees and Refundable Fees

Advance Fees - Fees paid by a resident upon entering a lease contract, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized to income over the actuarially determined estimated remaining independent living expectancy of the resident (transferred over time) adjusted annually.

Refundable Fees - Apartment leases provide for advance fees of which a portion is refunded upon lease termination prior to the inception of the seventh lease year. The application fee and portion of the advanced fee surrendered annually by the resident to the Obligated Group is as follows:

Inception application fee	5 %
First year	24
Second year	18
Third year	18
Fourth year	12
Fifth year	12
Sixth year	11
	100 %

The Obligated Group also has 75%, 80% and 90% refundable options, whereby 75%, 80% or 90% of the entrance fee is refundable to the resident or the resident's estate upon lease termination, regardless of the amount of time that the lease was in effect. The Obligated Group also has a rental option for independent living which has a non-refundable entrance fee.

Refundable fees represent the refundable portion of the advance fees and represent the Obligated Group's contractual refund obligations to residents.

Obligation to Provide Future Services

The Obligated Group analyzes the present value of the net cost of future services and use of facilities to be provided (which includes adjustable periodic fees) to current residents in comparison with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees and estimated periodic fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. As of June 30, 2022 and 2021, the obligation to provide future services did not exceed the deferred revenue balance.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The Obligated Group reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or has been met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the special-purpose combined statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Net Assets

Net assets and net asset activity is classified based on the existence or absence of donor or grantor-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. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying special-purpose combined financial statements.

Net Assets With Donor Restrictions - Net assets resulting from contributions, grants or other inflows of assets whose use by the Obligated Group in limited by donor or grantor-imposed stipulations that either expire by passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released as 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.

Net Resident Care and Patient Service Revenue

Net resident care and patient service revenue is reported at the amount that reflects the consideration to which the Obligated Group expects to be entitled in exchange for providing independent living, personal care / assisted living, and skilled nursing services. These amounts are due from residents, patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlements of audits, reviews, and investigations. Generally, the Obligated Group bills the residents and third-party payors several days (usually monthly) after the services are performed or the resident is discharged from care. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the service provided by members of the Obligated Group. Primarily the services provided to residents and patients are satisfied over time and are recognized based on actual charges incurred in relation to total expected (or actual) charges. The Obligated Group 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. Generally, performance obligations satisfied over time relate to residents or patients receiving independent living, personal care / assisted living, skilled nursing, or other services performed in accordance with a resident care or patient authorization agreement. The Obligated Group measures the performance obligation from admission to the point when the Obligated Group is no longer required to provide services to that resident, which is generally at the time of discharge or satisfactory completion of independent living, personal care / assisted living, or nursing services. Revenue from performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and patients in a retail setting (for example, pharmaceuticals and medical equipment), and the Obligated Group does not believe it is required to provide additional goods or services related to that sale.

The Obligated Group determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors and discounts provided to residents and patients in accordance with the Obligated Group's policies. The Obligated Group determines its estimates for contractual adjustments and discounts based on its contractual agreements, discount policies and historical experience. The Obligated Group determines its estimate of implicit price concessions based on its historical collection experience based on the class of resident or patient.

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

Medicare - Skilled nursing services provided to Medicare beneficiaries are paid under the terms of a prospective payment system (PPS) at predetermined rates based on clinical, diagnostic and other factors.

Medicaid - Nursing services provided to Medicaid beneficiaries are paid at prospectively determined rates per day or at rates negotiated with Medicaid Managed Care organizations. These rates vary according to a resident classification system that is based on clinical diagnosis and other factors, and the reimbursement methodology is subject to various limitations and adjustments. The Obligated Group's concentration of skilled nursing in Pennsylvania and Ohio exposes it to the risk of changes in the state's Medicaid reimbursement system. Rates are calculated by Pennsylvania's Department of Human Services (DHS) on a quarterly basis and semi-annually by the Ohio Department of Job and Family Services (ODJFS).

Commercial and Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payments using prospectively determined rates per visit type and discounts from established charges.

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

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

As discussed in Note 18, services may be provided without charge or at amounts less than established rates to residents or patients who are unable to pay for the full cost of their care.

Generally, residents or patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Obligated Group also provides services to uninsured residents and offers those uninsured residents a discount, either by policy or law, from the standard charges. The Obligated Group estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured 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 based on historical collection experience. Subsequent changes to the estimate of transaction price are generally recorded as adjustments to total net resident care and patient service revenue in the period of change. Subsequent changes that are determined to be the result of an adverse change in the resident's or patient's ability to pay are recorded as bad debt expense.

The Obligated Group has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, patients, managed, or other insurance) have different reimbursement and payment methodologies
- Length of the patient's service
- Method of reimbursement (fee-for-service or capitation)
- Obligated Group's line of business that provided the service (for example, independent living, personal care / assisted living, or skilled nursing)

The composition of net resident care and patient service revenue by payor and level of care for the year ended June 30, 2022, is as follows:

	Independent Living	Personal Care / Assisted Living	Skilled Nursing	Other	Total
Revenue by payor and level of care:					
Self-pay	$ 21,708,632	$ 48,983,326	$ 10,512,184	$ 488,644	$ 81,692,786
Medicare	-	1,760	12,217,363	-	12,219,123
Medicaid and Community HealthChoices	-	-	10,336,716	-	10,336,716
Managed Care and Commercial	-	2,068	29,212,397	-	29,214,465
	$ 21,708,632	$ 48,987,154	$ 62,278,660	$ 488,644	$ 133,463,090

The composition of resident care and patient service revenue by payor and level of care for the year ended June 30, 2021, is as follows:

	Independent Living	Personal Care / Assisted Living	Skilled Nursing	Other	Total
Revenue by payor and level of care:					
Self-pay	$ 20,834,007	$ 44,188,485	$ 9,210,423	$ 413,548	$ 74,646,463
Medicare	-	6,800	10,431,111	-	10,437,911
Medicaid and Community HealthChoices	-	-	12,093,224	-	12,093,224
Managed Care and Commercial	-	4,526	25,402,187	-	25,406,713
	$ 20,834,007	$ 44,199,811	$ 57,136,945	$ 413,548	$ 122,584,311

The timing of revenue recognized for the years ended June 30 is as follows:

	2022	2021
Timing of revenue and recognition:		
Resident and patient services transferred over time	$ 127,609,376	$ 115,990,452
Retail sales at a point in time	5,853,714	6,593,859
	$ 133,463,090	$ 122,584,311

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor. All resident or patient services are reimbursed per day or performance, whereas retail sales are based on the price of the item sold less discounts.

Nursing Home Assessment

Members of the Obligated Group operating nursing facilities in the state of Pennsylvania are subject to Pennsylvania's Nursing Facility Assessment Program (Program). Under the Program, Medicaid participating nursing facilities are assessed a "tax" based on census information and receive a corresponding "supplemental payment" based on census information. The calculation for the "tax" is not the same as the calculation for the "supplemental payment" and the related expenses and revenue are not the same. The Obligated Group has elected to record the net effect of the "tax" and "supplemental payment" on the special-purpose combined statements of operations under net resident care and patient service revenue. As non-Medicaid participating nursing facilities, Concordia of the South Hills, Concordia at Rebecca Residence, and Harmony Physical Rehabilitation do not receive supplemental payments.

Ohio nursing facilities are subject to an annual franchise permit fee. The fee is calculated based on the number of beds licensed as nursing facility beds, plus any other beds certified as skilled nursing facility beds under Title XVIII or nursing facility beds under Title XIX of the Social Security Act on the first day of May of the calendar year in which the fee is determined, multiplied by the nursing home franchise permit fee rate.

Donated Services and Material

During the years ended June 30, 2022 and 2021, the Obligated Group was the recipient of various donations. Donated services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time.

Advertising Costs

The Obligated Group charges advertising costs to expense as incurred. Advertising expense for the years ended June 30, 2022 and 2021, amounted to $464,490 and $326,544, respectively.

Excess (Deficiency) of Revenue and Gains Over Expenses

Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating revenue and expenses.

Income Tax Status

The members of the Obligated Group are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided.

Reclassifications

Certain reclassifications have been made to the 2021 special-purpose combined financial statements to conform to the 2022 presentation.

Subsequent Events

In preparing these special-purpose combined financial statements, the Obligated Group evaluated events that occurred through October 27, 2022, the date the special-purpose combined financial statements were available to be issued, for potential recognition or disclosure.

Recent Accounting Pronouncements

Intangibles

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, to simplify the subsequent measurement of goodwill. To address concerns over the cost and complexity of the two-step goodwill impairment test, the amendments in this ASU remove the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. Early adoption is permitted and amendments in this ASU should be applied on a prospective basis. Adoption did not have a material effect on the Obligated Group's June 30, 2022, special-purpose combined financial statements.

2. COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The response to the pandemic has severely impacted the level of economic activity around the world and has had wide ranging effects on the Obligated Group, including lost revenue, changing workforce dynamics, decreases in resident census, increases in expenses related to supply chain and other expenses, as well and increased funding sources.

Federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the federal Coronavirus Aid, Relief, and Economic Security (CARES) and American Rescue Plan (ARP) Acts, signed into law March 2020 and 2021, which included or expanded, among other programs, the Paycheck Protection Program (PPP) and the Provider Relief Fund (PRF).

The material government funding received by the Obligated Group, and the corresponding accounting for the funding, is outlined below:

U.S. Department of Health and Human Services (HHS) Provider Relief Fund

According to the terms and conditions set by the HHS, PRF funding can be used by health care providers to cover lost revenues and/or expenditures directly relating to the COVID-19 pandemic if those lost revenues and/or expenditures are not obligated to be reimbursed by other sources. If the health care providers are unable to justify use of PRF funding received, the funds must be returned to the HHS. Accordingly, the Obligated Group reports refundable advances on the special-purpose combined balance sheets related to PRF funding received until funding terms and conditions are met. After meeting the terms and conditions, the Obligated Group reports PRF revenue as federal and state award revenue on the special-purpose combined statements of operations.

The Obligated Group received PRF funding of $154,839 in 2022 and $1,364,629 in 2021. The Obligated Group reported PRF revenue of $154,839 in 2022 and $1,939,760 on funding received in 2021. The PRF revenue reported in 2021 included recognition of $575,131 previously reported in refundable advances as of June 30, 2020.

Pennsylvania Office of Long-Term Living, Coronavirus Relief Fund Awards

The CARES and ARP Acts created the Coronavirus Relief Fund and Coronavirus State and Local Fiscal Recovery Funds (CRF) that provided funding directly to state, territorial, tribal and eligible local governments to cover expenditures resulting from the COVID-19 pandemic. Using CRF funding, Pennsylvania provides financial support to health care providers during the COVID-19 pandemic through PA Act 24 (Act 24). According to the terms and conditions set by the U.S. Department of the Treasury and Act 24, CRF funding can be used by health care providers to cover lost revenue and/or expenditures directly relating to the COVID-19 pandemic if those lost revenue or expenditures are not obligated to be reimbursed by other sources. Accordingly, the Obligated Group reports refundable advances on the special-purpose combined balance sheets related to Act 24 funding received until funding terms and conditions are met. After meeting the terms and conditions, the Obligated Group reports Pennsylvania Act 14 revenue as federal and state award revenue on the special-purpose combined statements of operations.

The Obligated Group received CRF funding of $1,302,885 in 2022 and $375,815 in 2021. The Obligated Group reported CRF revenue of $1,302,885 in 2022 and $1,319,640 in 2021 after meeting CRF funding terms and conditions. The CRF revenue reported in 2021 included recognition of $943,825 previously reported refundable advances as of June 30, 2020.

Paycheck Protection Program Loan

Between April and May 2020, the Obligated Group obtained three loans totaling $3,591,500 pursuant to the CARES Act and were reported as long-term debt as of June 30, 2020, with a maturity date of May 2022. In order to obtain forgiveness, the proceeds from the loans must be spent on qualifying expenses during the twenty-four-week covered period as allowed under the CARES Act.

The Obligated Group received forgiveness notifications from the lenders who indicated they had received payment from the Small Business Administration (SBA) in May and June 2021. As a result of the forgiveness notifications and the Obligated Group's assertion that it has complied with the PPP requirements, forgiveness of Paycheck Protection Program loans, including associated interest, was recognized in nonoperating revenue (expenses) on the special-purpose combined statement of operations and changes in net assets for the year ended June 30, 2021.

Other Funding

During the year ended June 30, 2022, the Obligated Group received $1,367,058 in funding through the Federal Emergency Management Agency (FEMA) Grant Program. FEMA's assistance program provides reimbursement at a minimum of 75% of eligible costs to eligible applicants for expenses associated with the response to a federally declared emergency or disaster. The applicant is responsible for the remaining non-federal cost share up to 25% of the expense. These funds are reported as federal and state award revenue on the accompanying special-purpose combined statement of operations for the year ended June 30, 2022.

Additionally, smaller awards totaling $332,614 were received and recognized as federal and state award revenue in 2022.

3. Concentrations of Credit Risk

In the normal course of business, the Obligated Group may have deposits with a local financial institution in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Obligated Group has not experienced any losses in such accounts.

The Obligated Group grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements. The mix of net receivables from third-party payors is as follows as of June 30:

	2022	2021
Managed Care and Commercial	43 %	44 %
Private pay	35	29
Medicare	15	13
Medicaid and Community Health Choices	7	14
	100 %	100 %

4. Liquidity and Available Resources

The following table reflects the Obligated Group's financial assets available for general expenditure within one year as of June 30. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets subject to donor restrictions or other contractual or statutory restrictions limiting their use.

	2022	2021
Cash and cash equivalents	$ 13,948,687	$ 11,857,660
Accounts receivable	11,250,612	10,093,987
Due from affiliates	537,740	637,964
Investments	243,583,966	268,151,217
	$ 269,321,005	$ 290,740,828

As part of the Obligated Group's liquidity management, financial assets are invested in a manner that allows them to be available as general expenditures, liabilities and other obligations come due. Cash more than immediate needs is invested or placed into interest bearing accounts. The Obligated Group does not intend to spend the entirety of investments reported in the table above in the near future; however, these funds could be converted into cash to be available for general expenditure within a year if necessary.

5. Related-Party Transactions

In the normal course of operations, the Obligated Group routinely advances money to or receives advances from affiliated entities for items such as group self-funded health insurance. The Obligated Group had the following related party transactions:

Due from affiliates consist of the following as of June 30:

	2022	2021
Concordia of Florida	$ 113,197	$ 142,101
Harmony Protection Group	108,964	-
Concordia Visiting Nurses	106,788	74,295
Concordia Physician Practice	86,197	165,732
Good Samaritan Hospice of Pittsburgh	80,319	72,070
Concordia Community Support Services	-	161,760
Other related parties	42,275	22,006
	$ 537,740	$ 637,964

Due to affiliates consist of the following as of June 30:

	2022	2021
Concordia Community Support Services	$ 510,773	$ -
Concordia Lutheran Ministries (Parent)	471,948	498,556
Providence Pharmacy Services, LP	392,384	450,977
Harmony Protection Group	311,147	-
Other related parties	32,262	42,057
	$ 1,718,514	$ 991,590

Members of the Obligated Group maintain employee health insurance through Concordia Lutheran Ministries. Health insurance expense for the years ended June 30, 2022 and 2021, amounted to $4,768,613 and $4,965,004, respectively.

6. Statutory Minimum Liquid Reserves

As a continuing-care provider, the Obligated Group is required to maintain liquid reserves to be in compliance with the Continuing Care Provider Registration and Disclosure Act. The minimum reserve is equal to the greater of total interest and principal payments due within the next twelve months or 10% of projected annual operating expenses. In facilities where some residents are not under continuing care agreements, the reserve is computed only to the proportional share of financing or operating expenses that is applicable to residents under continuing care agreements.

The minimum reserve for Concordia Lutheran Health and Human Care as of June 30, 2022, is calculated as follows:

Principal and interest payments due within the next 12 months	$ 1,380,943
Percent of residents subject to residence and care agreement	50%
	$ 690,472
Projected annual operating expenses (excluding depreciation and amortization)	$ 43,084,593
Percent of residents subject to residence and care agreement	50%
	21,542,297
Statutory liquid reserve factor	10%
10% of projected annual operating expenses	$ 2,154,230
Statutory minimum liquid reserve (greater of above)	$ 2,154,230

The minimum reserve for Rebecca Residence as of June 30, 2022, is calculated as follows:

Principal and interest payments due within the next 12 months	$ 1,566,903
Percent of residents subject to residence and care agreement	58%
	$ 908,804
Projected annual operating expenses (excluding depreciation and amortization)	$ 11,015,141
Percent of residents subject to residence and care agreement	58%
	6,388,782
Statutory liquid reserve factor	10%
10% of projected annual operating expenses	$ 638,878
Statutory minimum liquid reserve (greater of above)	$ 908,804

The minimum reserve for Concordia Lutheran Ministries of Pittsburgh as of June 30, 2022, is calculated as follows:

Principal and interest payments due within the next 12 months	$ 2,500,942
Percent of residents subject to residence and care agreement	21%
	$ 525,198
Projected annual operating expenses (excluding depreciation and amortization)	$ 39,989,715
Percent of residents subject to residence and care agreement	21%
	8,397,840
Statutory liquid reserve factor	10%
10% of projected annual operating expenses	$ 839,784
Statutory minimum liquid reserve (greater of above)	$ 839,784

The minimum reserve for Concordia of Monroeville as of June 30, 2022, is calculated as follows:

Principal and interest payments due within the next 12 months	$ 715,485
Percent of residents subject to residence and care agreement	1%
	$ 7,155
Projected annual operating expenses (excluding depreciation and amortization)	$ 8,099,572
Percent of residents subject to residence and care agreement	1%
	80,996
Statutory liquid reserve factor	10%
10% of projected annual operating expenses	$ 8,100
Statutory minimum liquid reserve (greater of above)	$ 8,100

As of June 30, 2022 and 2021, the Obligated Group maintains minimum liquid reserves in excess of the required minimum liquid reserves. The minimum liquid reserves are held in investment and money market accounts. The Obligated Group has not received any deposits in excess of 5% of the then existing entrance fee for the unit prior to the date the resident is permitted to occupy the living unit.

7. Assets Whose Use is Limited

Assets whose use is limited as of June 30 consist of the following:

	2022	2021
Endowment funds	$ 11,471,384	$ 12,261,989
Capital addition reserve	6,581,087	7,619,875
Caring Fund	1,465,350	1,794,524
Mission support *	1,074,781	837,119
Benevolent Care Fund	622,584	762,930
Restricted residents' fund	411,854	346,387
Other	129,989	252,146
	$ 21,757,029	$ 23,874,970

* Mission support represents financial support designated by the Obligated Group to support domestic and foreign missions. The Board of Directors of Concordia Lutheran Ministries has developed criteria, based on financial performance, to determine the amount of mission support to be provided each year. The mission support reported in the above table, have yet to be forwarded to the selected charitable missions.

8. Property and Equipment

Property and equipment as of June 30 consist of the following:

	2022	2021
Land	$ 15,887,145	$ 15,887,145
Buildings and improvements	222,593,798	208,101,607
Equipment	60,266,924	52,850,578
Project renovations	1,316,784	16,180,194
	300,064,651	293,019,524
Less accumulated depreciation	134,466,767	124,097,243
	$ 165,597,884	$ 168,922,281

The Obligated Group completed the Concordia at Villa St. Joseph expansion project in August 2021. The project added 94 personal care and 33 memory care beds to the campus.

9. Long-Term Debt

In May 2004, the Obligated Group issued Series A of 2004 Variable Rate Demand Revenue Bonds in the amount of $16,000,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.50% as of June 30, 2022 and 2021, respectively. Annual principal payments are due May 1, with the bonds maturing May 1, 2034.

In October 2008, the Obligated Group issued Series A of 2008 Variable Rate Demand Revenue Refunding Bonds in the amount of $31,885,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.50% as of June 30, 2022 and 2021, respectively. Annual principal payments are due October 1, with the bonds maturing October 1, 2030.

In May 2012, the Obligated Group issued Series A of 2012 Variable Rate Demand Revenue Bonds in the amount of $25,225,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.04% as of June 30, 2022 and 2021, respectively. Annual principal payments commence October 1, 2020, with bonds maturing October 1, 2042.

In December 2013, the Obligated Group issued Series A of 2013 Variable Rate Demand Revenue Bonds in the amount of $7,355,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.50% as of June 30, 2022 and 2021, respectively. Annual principal payments commence October 1, 2029, with bonds maturing October 1, 2043.

In December 2013, the Obligated Group issued Taxable Series B of 2013 Variable Rate Demand Revenue Bonds in the amount of $12,955,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.70% and 0.63% as of June 30, 2022 and 2021, respectively. Annual principal payments commenced October 1, 2014, with bonds maturing October 1, 2028.

In February 2016, the Obligated Group issued Series A of 2016 Variable Rate Demand Revenue Bonds in the amount of $40,250,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.50% as of June 30, 2022 and 2021, respectively. Annual principal payments commenced May 1, 2017, with the bonds maturing May 1, 2037.

In November 2018, the Obligated Group issued Series A 2018 Variable Rate Demand Revenue Bonds in the amount of $14,210,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.50% as of June 30, 2022 and 2021, respectively. Annual principal payments for the Series A 2018 bonds commenced May 1, 2019, with the bonds maturing on May 1, 2038.

In November 2018, the Obligated Group issued Series B 2018 Variable Rate Demand Revenue Bonds in the amount of $15,740,000. The bonds were remarketed, and a bank purchased the outstanding bonds through an agreement dated December 1, 2021. Interest is variable and adjusted weekly, based upon market conditions, and is not to exceed 12% per annum. The interest rate under the new and previous debt terms was 1.01% and 0.50% as of June 30, 2022 and 2021, respectively. Annual principal payments for the Series B 2018 bonds will commence May 1, 2022, with the bonds maturing on May 1, 2041.

The Obligated Group has the option to convert to other interest rate modes at the end of each period for the above listed bonds, if certain conditions set forth in the Indenture are met, with proper notification to the bondholders. All bonds are secured by irrevocable direct-pay letters of credit, expiring December 1, 2026, and are collateralized by the gross revenues of the Obligated Group.

Additionally, the terms of each bond series define certain financial and nonfinancial covenants the Obligated Group must meet. The most significant covenants include maintaining required debt service coverage ratios, required minimum days cash on hand, required adjusted debt to capitalization ratios, average occupancy requirements, and intercompany distributions limitations. The Obligated Group reports contributions to Non-Obligated Group affiliates of $10,007,582 on the special-purpose combined statement of operations for the year ended June 30, 2022. These contributions include donor funding received by the Foundation of $111,508 specifically designated for use by Non-Obligated Group affiliates.

In December 2013, Concordia of Ohio entered into an unsecured related party note agreement with the Parent for approximately $24,000,000. Interest is charged at a rate of 3.0%. Monthly principal and interest payments of $17,413 began on January 1, 2015. The note is amortized over a term of 30 years.

Long-term debt as of June 30 consists of the following:

	2022	2021
Series 2004 A	$ 9,225,000	$ 9,775,000
Series 2008 A	16,495,000	17,995,000
Series 2012 A	24,140,000	24,850,000
Series 2013 A	7,355,000	7,355,000
Series 2013 B	6,745,000	7,615,000
Series 2016 A	31,945,000	33,605,000
Series 2018 A	12,215,000	12,780,000
Series 2018 B	15,185,000	15,740,000
Note to Parent	3,092,016	3,222,473
	126,397,016	132,937,473
Less deferred financing costs	1,547,604	1,181,541
Less current maturities	6,778,710	6,540,457
	$ 118,070,702	$ 125,215,475

The aggregate annual maturities of long-term debt for each of the five subsequent years and thereafter as of June 30, 2022, are as follows:

Years ending June 30:	
2023	$ 6,778,710
2024	7,017,045
2025	7,280,460
2026	7,543,965
2027	7,807,554
Thereafter	89,969,282
Total	$ 126,397,016

10. Deferred Compensation and Defined Contribution Retirement Plans

Concordia Lutheran Ministries maintains a 457 deferred compensation plan for certain employees of the Obligated Group. The corresponding assets are included in assets whose use is limited on Concordia Lutheran Ministries' consolidated balance sheets. Concordia Lutheran Ministries also maintains a defined contribution pension plan covering substantially all employees. The Obligated Group's contribution expense for the years ended June 30, 2022 and 2021, amounted to $2,780,613 and $2,809,179, respectively.

11. Self-Funded Workers' Compensation

The Obligated Group, with exception of Concordia of Ohio, self-funds workers' compensation insurance through the Parent. Self-insurance allows the Obligated Group to avoid making periodic premium payments to an insurance company. Instead, the Obligated Group must reimburse a claims administrator for any paid claims and provide sufficient funds for any reserves from outstanding claims. Claims beyond a self-insured limits of $600,000 per occurrence are covered by a stop-loss policy, which maintains a per-occurrence and aggregate claim limit of $1,000,000. The Parent maintains a letter of credit of $1,100,000 in connection with the Pennsylvania self-funded workers' compensation program.

The reserves for all known claims are reported as a component of accrued expenses and other current liabilities. The reserves for workers' compensation approximates are included in accrued expenses and other current liabilities for the years ended June 30, 2022 and 2021, respectively. The expenses associated with the self-funded workers' compensation totaled $769,143 and $573,393 in 2022 and 2021, respectively.

12. Medical Malpractice Insurance

The Obligated Group is insured through captive insurance on a claims-made basis through Harmony Protection Group. The coverage limits are $1,000,000 per incident, $3,000,000 aggregate per location, and a $10,000,000 overall annual limit. The indemnity reserves for all known claims are reported as a component of accrued expenses and other current liabilities. The indemnity reserves for all known or expected malpractice claims approximates $935,000 and $755,000 as of June 30, 2022 and 2021, respectively.

13. Self-Funded Health Insurance

The Obligated Group self-funds health insurance claims through its parent, Concordia Lutheran Ministries. This method allows the Obligated Group to avoid making periodic premium payments to an insurance company. Instead, the Parent collects monthly premiums from the Obligated Group and reserve deposits in amounts sufficient to cover reserves as outlined in the agreement.

14. Functional Expenses by Natural Classification

The Obligated Group provides independent living, personal care and skilled nursing services to its residents and patients in addition to operating a charitable foundation. Expenses by functional and natural classification consist of the following for the year ended June 30, 2022:

	Program Services				
	Resident / Caregiving	Charitable Foundation	General and Administrative	Fundraising	Total
Directly allocated:					
Salaries and wages	$ 54,488,392	$ -	$ 10,080,206	$ -	$ 64,568,598
Supplies and minor equipment	7,807,589	-	20,088	-	7,827,677
Employee benefits	5,561,341	-	1,111,887	-	6,673,228
Food and supplements	6,037,842	-	37,602	-	6,075,444
Miscellaneous and other	2,816,589	88,481	1,180,237	-	4,085,307
Occupancy	5,751,477	-	3,283	-	5,754,760
Payroll taxes	4,169,380	-	715,478	-	4,884,858
Professional services	1,208,604	156,233	65,960	33,981	1,464,778
Pension plan	2,212,585	-	568,028	-	2,780,613
Grants and assistance	-	2,601,640	1,550,019	-	4,151,659
Maintenance	1,312,281	-	24,391	-	1,336,672
Insurance	2,107,857	-	500	-	2,108,357
Office expense	92,931	11,724	377,262	7,243	489,160
Advertising	95,512	-	366,887	2,091	464,490
Information technology	21,847	-	189,573	-	211,420
Conferences and meetings	11,601	-	38,264	6,029	55,894
Travel	7,080	-	15,701	278	23,059
Indirectly allocated:					
Depreciation	10,268,448	512	411,300	-	10,680,260
Interest	1,235,025	-	12,475	-	1,247,500
	$ 105,206,381	$ 2,858,590	$ 16,769,141	$ 49,622	$ 124,883,734

Expenses by functional and natural classification consist of the following for the year ended June 30, 2021:

	Program Services				
	Resident / Caregiving	Charitable Foundation	General and Administrative	Fundraising	Total
Directly allocated:					
Salaries and wages	$ 51,033,268	$ -	$ 8,871,335	$ -	$ 59,904,603
Supplies and minor equipment	6,838,314	-	36,101	-	6,874,415
Employee benefits	5,613,219	-	724,953	-	6,338,172
Food and supplements	5,282,365	-	23,860	-	5,306,225
Miscellaneous and other	4,053,179	35,952	1,053,168	32,068	5,174,367
Occupancy	5,123,633	-	3,183	-	5,126,816
Payroll taxes	4,333,813	-	623,352	-	4,957,165
Professional services	1,068,579	166,449	2,111,015	138,401	3,484,444
Pension plan	2,529,624	-	279,555	-	2,809,179
Grants and assistance	211,917	1,837,958	-	-	2,049,875
Maintenance	1,137,220	-	6,043	-	1,143,263
Insurance	709,914	-	691	-	710,605
Office expense	95,514	12,398	337,270	13,389	458,571
Advertising	53,060	-	273,484	-	326,544
Information technology	18,954	-	199,135	-	218,089
Conferences and meetings	-	-	10,004	50	10,054
Travel	-	-	9,137	36	9,173
Indirectly allocated:					
Depreciation	9,546,979	722	381,680	-	9,929,381
Interest	987,023	-	14,046	-	1,001,069
	$ 98,636,575	$ 2,053,479	$ 14,958,012	$ 183,944	$ 115,832,010

Certain categories of expenses are attributable to more than one supporting function. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage or time and effort.

15. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Caring Fund	$ 1,465,350	$ 1,794,524
Benevolent Care Fund	622,584	762,930
Other	276,251	666,295
Jane Holmes Fund	122,963	127,755
	2,487,148	3,351,504
Endowments:		
Subject to appropriation and expenditure when specified event occurs:		
Good Samaritan Endowment Fund	11,203,627	11,969,966
Korim Family Heritage Endowment Fund	35,788	42,605
	11,239,415	12,012,571
Not subject to spending policy distributions or appropriation:		
Beneficial interests in perpetual trusts	13,585,191	17,069,321
Interest in assets with donor restriction held by Rebecca Residence Foundation	10,996,633	9,983,059
	24,581,824	27,052,380
Total	$ 38,308,387	$ 42,416,455

Donor restricted funds and assets held by others for the benefit of the Obligated Group support the following:

The purpose of the Caring Fund is to provide funding for both benevolent care and capital facility improvements for the benefit of the residents of the Concordia of the South Hills community. On an annual basis, 5% of the total value of the Caring Fund is to be set aside with two-thirds going toward benevolent care and one-third going toward projects and facility improvements.

The Benevolent Care Fund provides benevolent care to residents of the Concordia Lutheran Ministries of Pittsburgh's personal care facilities.

Other funds represent donor restricted funds held for specified purposes that support certain operational costs, various capital improvement projects, employee initiatives and therapy programs.

The Jane Holmes Fund is temporarily restricted and designated for the care of African American women and is included in assets whose use is limited on the special-purpose combined balance sheets.

The Good Samaritan and Korim Family Heritage Endowment Funds are funded by donor restricted contributions. These funds are endowed to ensure the long-term financial stability of the Obligated Group, to assist with the caregiving of residents/patients who received subsidized care from Obligated Group members. A portion of the income generated on endowed funds is appropriated annually to support the purpose of these endowed funds.

The interest in Sumner Third-Party Trusts is made up of beneficial interests in the Maude Day Memmer Trust, Eleanor Gibbs Trust, Augustus Warner Trust, Alfred Barber Trust, Fannie Babcock Trust, P. Schneider Welfare Trust, Carrie Brothers Trust and the Delia B. Ruckel Trust. Disbursements received by the Obligated Group from the trustee are to support general operations based on management's interpretation of the underlying trust agreement and are included in unrestricted contributions on the special-purpose combined statements of operations.

The interest in assets held by Rebecca Residence Foundation represents an independent not-for-profit organization that holds and controls donor restricted assets for the benefit of Rebecca Residence. The assets held for the benefit of Rebecca Residents consist of beneficial interests in the Spang Memorial, Brown, and Horne trusts; and donated funds held in the Bindley, Thaw, Brubaker, Spang Building, and Rebecca Residence Foundation Endowment funds.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the years ended June 30:

	2022	2021
Satisfaction of purpose restrictions:		
Benevolent care	$ 202,581	$ 85,801
Maintenance and other miscellaneous	430,196	68,236
	632,777	154,037
Restricted-purpose spending-rate distributions and appropriations (unrestricted):		
Benevolent care	408,327	357,351
	$ 1,041,104	$ 511,388

16. Fair Value Measurements and Financial Instruments

The Obligated Group measures its investments and assets whose use is limited at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Obligated Group has no assets measured using Level 2 inputs for the years ended June 30, 2022 or 2021.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The table below presents the balances of assets measured at fair value as of June 30, 2022:

	Total	Level 1	Level 3
Investments:			
Cash and cash equivalents **	$ 15,843,129		
Domestic equities	176,211,349	$ 176,211,349	$ -
International equities	44,272,228	44,272,228	-
Fixed income	7,257,260	7,257,260	-
Total investments	$ 243,583,966	$ 227,740,837	$ -
Assets whose use is limited:			
Cash and cash equivalents **	$ 1,627,444		
Domestic equities	12,058,035	$ 12,058,035	$ -
International equities	5,919,554	5,919,554	-
Fixed income	2,151,996	2,151,996	-
Total assets whose use is limited	$ 21,757,029	$ 20,129,585	$ -
Statutory minimum liquid reserves:			
Cash and cash equivalents **	$ 30,000		
Domestic equities	3,883,918	$ 3,883,918	$ -
International equities	1,800,944	1,800,944	-
Fixed income	725,129	725,129	-
Total statutory minimum liquid reserves	$ 6,439,991	$ 6,409,991	$ -
Interest in assets held by Rebecca Residence Foundation	$ 10,996,633	$ -	$ 10,996,633
Interest in Sumner Third-Party Trusts:			
Beneficial interest in perpetual trusts	$ 13,585,191	$ -	$ 13,585,191

The table below presents the balances of assets measured at fair value as of June 30, 2021:

	Total	Level 1	Level 3
Investments:			
Cash and cash equivalents **	$ 68,892,204		
Domestic equities	133,226,347	$ 133,226,347	$ -
International equities	42,829,778	42,829,778	-
Fixed income	23,202,888	23,202,888	-
Total investments	$ 268,151,217	$ 199,259,013	$ -
Assets whose use is limited:			
Cash and cash equivalents **	$ 877,293		
Domestic equities	13,150,834	$ 13,150,834	$ -
International equities	5,560,088	5,560,088	-
Fixed income	4,286,755	4,286,755	-
Total assets whose use is limited	$ 23,874,970	$ 22,997,677	$ -
Statutory minimum liquid reserves:			
Domestic equities	$ 4,133,354	$ 4,133,354	$ -
International equities	1,810,738	1,810,738	-
Fixed income	1,492,562	1,492,562	-
Total statutory minimum liquid reserves	$ 7,436,654	$ 7,436,654	$ -
Interest in assets held by Rebecca Residence Foundation	$ 13,329,203	$ -	$ 13,329,203
Interest in Sumner Third-Party Trusts:			
Beneficial interest in perpetual trusts	$ 17,069,321	$ -	$ 17,069,321

** Cash and cash equivalents are included in the above tables to reconcile the total investments, assets whose use is limited, and statutory minimum liquid reserves reported on the special-purpose combined balance sheets.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2022 or 2021:

Domestic equities, international equities and fixed income: Represent stocks, mutual funds, and exchange traded funds valued at the closing price reported in the active market on which the individual securities are traded.

Beneficial interest in perpetual trust: Valued based on the Obligated Groups interest in the fair value of the assets held by the trust, which represents a proxy for the discounted present value of cash flows.

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

17. Endowments

The Obligated Group's endowments consist of several individual funds established for a variety of purposes through donor-imposed restriction (Note 15). Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Obligated Group classifies the original value of gifts donated to endowed funds, and the original value of subsequent gifts to endowed funds as being subject to donor restriction and held in perpetuity. The remaining portion of donor-restricted endowed funds is subject to appropriation in accordance with the Obligated Group's spending policy. All policies governing endowed funds are based on the Obligated Group's interpretation of state law (Pennsylvania Act 141). The Obligated Group's endowment funds are classified as net assets with donor restrictions as of June 30, 2022 and 2021.

The following discloses the balance of and changes in endowed funds as of and for the years ended June 30:

	2022	2021
Endowment net assets, beginning of year	$ 12,012,571	$ 8,221,259
Investment return:		
Investment income	2,219,914	200,193
Investment fees	(26,431)	(22,015)
Net appreciation (depreciation) (realized / unrealized), less distributions	(4,404,153)	2,473,562
Total investment return (loss)	(2,210,670)	2,651,740
Contributions	1,420,064	1,183,101
Other changes:		
Net decrease (increase) in annuity obligations	17,450	(43,529)
Endowment net assets, end of year	$ 11,239,415	$ 12,012,571

Distributions of $408,327 and $413,179 were made from endowment funds for the years ended June 30, 2022 and 2021, respectively. Distributions are included in the net appreciation (depreciation) (realized / unrealized), less distributions disclosed in the above table.

Return Objectives, Risk Parameters and Strategies Employed

The Obligated Group has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding of programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Obligated Group must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to achieve a total return equal to or greater than the spending rate plus the rate of inflation over the long term. Actual returns in any given year may vary from this amount.

Spending Policy

Monthly and quarterly payments are made to gift annuity contract holders and an annual distribution of 3% of market value of the endowment is made to Concordia Lutheran Health and Human Care for subsidized care.

Funds With Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or state law requires the Obligated Group to retain as a fund of perpetual duration. These deficiencies can result from market conditions that affect the fair value of endowed funds held at year end and invested in securities. There were no deficiencies reported in endowed funds as of June 30, 2022 or 2021.

18. Benevolent Care

In accordance with the Obligated Group's mission statement for those unable to afford the full cost of their care, the Obligated Group provides benevolent care without charge at amounts less than established rates. Because the Obligated Group does not pursue collection of amounts that qualify as benevolent care, the charges are not reported as revenue. Benevolent care provided by the Obligated Group amounted to $2,491,873 in 2022 and $2,707,333 in 2021.

The Obligated Group also provides services to indigent residents under the Medical Assistance program which reimburses the Obligated Group at less than established rates. The costs incurred to provide these services exceeded actual reimbursement by $5,673,364 in 2022 and $6,300,544 in 2021.

The Obligated Group received $1,439,514 and $1,221,677 in donor support restricted for benevolent care for the years ended June 30, 2022 and 2021, respectively.

19. Commitments and Contingencies

Real Estate Taxes

Cities, municipalities, and school districts in the Commonwealth of Pennsylvania have and continue to challenge the exemption of not-for-profit corporations from real estate taxes. The potential future financial effect of this matter on the Obligated Group, if any, is not presently determinable.

Industry Developments

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

World Events

In the first several months of 2020, the virus, COVID-19, spread to the United States of America. The COVID-19 pandemic is having a significant effect on global markets, supply chains, businesses and communities. The Obligated Group's evaluation of the effects of these events is ongoing as of the date the consolidated financial statements were issued. COVID-19 may continue to impact various parts of the Obligated Group's operations and financial performance including, but not limited to, additional costs for and shortages of personnel, supply chain disruption, changes in resident volumes, and volatile investment performance. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Additionally, as discussed in Note 2, the Obligated Group received material COVID-19 funding relief. The guidance governing the use of funds continues to evolve and such funding could be subject to regulatory agency review or takebacks in future years. The probability of such review is uncertain. Management believes it has properly utilized the funds in accordance with the regulatory guidance.

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combining Balance Sheet
June 30, 2022

	Concordia Lutheran Health and Human Care	Concordia Lutheran Ministries Foundation	Concordia of Ohio	Concordia at Rebecca Residence	Concordia Lutheran Ministries of Pittsburgh	Concordia of Monroeville	Eliminations	Total Obligated Group
Assets								
Current Assets								
Cash and cash equivalents	$ 7,911,115	$ 748,527	$ 774,866	$ 624,384	$ 3,070,381	$ 819,414	$ -	$ 13,948,687
Accounts receivable	3,944,227	-	845,636	1,457,042	3,849,779	1,153,928	-	11,250,612
Due from affiliates	1,129,053	557	20,647	33,911	80,751	16,314	(743,493)	537,740
Related party note receivable, current portion	-	448,842	-	-	-	-	(448,842)	-
Prepaid expenses and other current assets	2,531,427	137,261	1,325,148	266,308	1,819,679	196,308	-	6,276,131
Total current assets	15,515,822	1,335,187	2,966,297	2,381,645	8,820,590	2,185,964	(1,192,335)	32,013,170
Investments in Affiliates	19,437,531	-	-	-	3,847,605	-	(17,281,742)	6,003,394
Investments	20,444,130	177,077,922	10,378,406	12,097,025	23,586,483	-	-	243,583,966
Assets Whose Use is Limited	244,761	19,127,252	5,736	132,308	2,209,903	37,069	-	21,757,029
Statutory Minimum Liquid Reserves	3,722,462	-	-	1,324,074	1,363,455	30,000	-	6,439,991
Related Party Note Receivable, Less Current Portion	-	6,357,424	-	-	-	-	(6,357,424)	-
Property and Equipment, Net of Accumulated Depreciation	32,247,269	3,069	32,743,860	29,975,336	59,348,651	11,279,699	-	165,597,884
Collections	-	-	-	430,600	-	-	-	430,600
Goodwill	-	-	-	-	2,000,000	-	-	2,000,000
Interest in Assets Held by Rebecca Residence Foundation	-	-	-	10,996,633	-	-	-	10,996,633
Interest in Sumner Third-Party Trusts	-	-	13,585,191	-	-	-	-	13,585,191
Total assets	$ 91,611,975	$ 203,900,854	$ 59,679,490	$ 57,337,621	$ 101,176,687	$ 13,532,732	$ (24,831,501)	$ 502,407,858

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combining Balance Sheet
June 30, 2022

	Concordia Lutheran Health and Human Care	Concordia Lutheran Ministries Foundation	Concordia of Ohio	Concordia at Rebecca Residence	Concordia Lutheran Ministries of Pittsburgh	Concordia of Monroeville	Eliminations	Total Obligated Group
Liabilities and Net Assets								
Current Liabilities								
Current maturities of long-term debt	$ 2,106,301	$ -	$ 1,598,710	$ 1,256,322	$ 1,773,842	$ 492,377	$ (448,842)	$ 6,778,710
Current maturities of annuities payable	-	38,960	-	-	-	-	-	38,960
Due to affiliates	1,113,084	28,994	187,346	246,574	791,413	94,596	(743,493)	1,718,514
Accounts payable	596,829	7,502	345,845	179,737	1,123,346	125,509	-	2,378,768
Accrued expenses and other current liabilities	3,480,151	34,736	599,881	387,109	2,632,222	572,390	-	7,706,489
Deferred revenue, current	250,000	163,596	25,951	-	-	-	-	439,547
Total current liabilities	7,546,365	273,788	2,757,733	2,069,742	6,320,823	1,284,872	(1,192,335)	19,060,988
Long-Term Liabilities								
Long-term debt, less current maturities and unamortized debt issuance costs	22,919,557	-	30,475,228	21,668,365	41,010,222	8,354,754	(6,357,424)	118,070,702
Annuities payable, less current maturities	-	193,009	-	-	-	-	-	193,009
Deferred revenue	5,937,368	-	3,232,636	4,378,540	2,505,692	-	-	16,054,236
Refundable fees	9,053,682	-	5,888,610	4,644,000	10,042,575	7,500	-	29,636,367
Residents' fund liability	228,101	-	5,797	9,244	130,714	37,998	-	411,854
Resident escrow deposits	14,850	-	75,620	14,000	24,000	-	-	128,470
Total long-term liabilities	38,153,558	193,009	39,677,891	30,714,149	53,713,203	8,400,252	(6,357,424)	164,494,638
Net Assets								
Without donor restrictions	45,912,052	191,940,120	3,658,675	13,434,134	39,032,998	3,847,608	(17,281,742)	280,543,845
With donor restrictions	-	11,493,937	13,585,191	11,119,596	2,109,663	-	-	38,308,387
Total net assets	45,912,052	203,434,057	17,243,866	24,553,730	41,142,661	3,847,608	(17,281,742)	318,852,232
Total liabilities and net assets	$ 91,611,975	$ 203,900,854	$ 59,679,490	$ 57,337,621	$ 101,176,687	$ 13,532,732	$ (24,831,501)	$ 502,407,858

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combining Statement of Operations
Year Ended June 30, 2022

	Concordia Lutheran Health and Human Care	Concordia Lutheran Ministries Foundation	Concordia of Ohio	Concordia at Rebecca Residence	Concordia Lutheran Ministries of Pittsburgh	Concordia of Monroeville	Eliminations	Total Obligated Group
Changes in Net Assets Without Donor Restrictions								
Operating revenue:								
Net resident care and patient service revenue, including amortization of advance fees $3,756,321	$ 49,669,298	$ -	$ 12,777,140	$ 15,442,454	$ 46,047,106	$ 9,527,092	$ -	$ 133,463,090
Management fees and other operating	101,985	-	43,190	52,390	63,115	40,323	-	301,003
Net assets released from restrictions	117,678	678,809	11,082	5,000	228,535	-	-	1,041,104
Total operating revenue	49,888,961	678,809	12,831,412	15,499,844	46,338,756	9,567,415	-	134,805,197
Operating expenses:								
Resident / caregiving services	20,738,537	-	4,847,675	6,037,734	19,880,089	5,283,152	(32,497)	56,754,690
General services	8,873,937	6,700	2,960,354	2,465,018	7,863,302	1,350,853	-	23,520,164
Food services	5,903,351	-	1,544,916	1,524,674	4,646,665	981,702	-	14,601,308
Administrative services	4,751,855	280,393	1,670,970	1,523,400	5,218,430	1,139,632	-	14,584,680
Depreciation	3,189,756	512	1,692,356	1,414,909	3,717,996	664,731	-	10,680,260
Charitable donations	1,178,608	2,051,621	-	11,485	252,749	669	-	3,495,132
Interest	234,622	-	383,936	206,482	541,634	83,137	(202,311)	1,247,500
Total operating expenses	44,870,666	2,339,226	13,100,207	13,183,702	42,120,865	9,503,876	(234,808)	124,883,734
Excess (deficiency) of operating revenue over expenses	5,018,295	(1,660,417)	(268,795)	2,316,142	4,217,891	63,539	234,808	9,921,463
Nonoperating revenue (expenses):								
Investment income	4,605,260	3,265,371	2,354,228	364,288	4,864,177	892	-	15,454,216
Gain (loss) from investments in affiliates	(9,926,687)	-	-	-	(186,033)	-	15,281,010	5,168,290
Federal and state award revenue	1,322,126	-	243,976	256,458	1,011,934	322,902	-	3,157,396
Contributions and bequests	33,956	635,955	832,013	549,020	13,018	1,515	-	2,065,477
Other income (expense)	1,099,116	202,729	1	(3,344,919)	24,870	24,692	(234,810)	(2,228,321)
(Loss) on disposal	(587)	-	-	-	-	-	-	(587)
Net (loss) on investments reported at fair value	(8,286,315)	(25,603,117)	(4,143,563)	(2,452,379)	(8,725,997)	-	-	(49,211,371)
Investment fees	(53,614)	(313,047)	(28,350)	(29,060)	(58,253)	-	-	(482,324)
Total nonoperating revenue (expenses)	(11,206,745)	(21,812,109)	(741,695)	(4,656,592)	(3,056,284)	350,001	15,046,200	(26,077,224)
Excess (deficiency) of revenue and gains over expenses	(6,188,450)	(23,472,526)	(1,010,490)	(2,340,450)	1,161,607	413,540	15,281,008	(16,155,761)
Other changes in net assets without donor restrictions:								
Contributions (to) from affiliates	(6,606,865)	2,020,410	(498,126)	(2,643,714)	(1,679,717)	(599,570)	-	(10,007,582)
(Decrease) in net assets without donor restrictions	$ (12,795,315)	$ (21,452,116)	$ (1,508,616)	$ (4,984,164)	$ (518,110)	$ (186,030)	$ 15,281,008	$ (26,163,343)

Concordia Lutheran Ministries Obligated Group

Special-Purpose Combining Statement of Changes in Net Assets
Year Ended June 30, 2022

	Concordia Lutheran Health and Human Care	Concordia Lutheran Ministries Foundation	Concordia of Ohio	Concordia at Rebecca Residence	Concordia Lutheran Ministries of Pittsburgh	Concordia of Monroeville	Eliminations	Total Obligated Group
Changes in Net Assets Without Donor Restrictions								
Excess (deficiency) of revenue and gains over expenses	$ (6,188,450)	$ (23,472,526)	$ (1,010,490)	$ (2,340,450)	$ 1,161,607	$ 413,540	$ 15,281,008	$ (16,155,761)
Contributions (to) from affiliates	(6,606,865)	2,020,410	(498,126)	(2,643,714)	(1,679,717)	(599,570)	-	(10,007,582)
(Decrease) in net assets without donor restrictions	(12,795,315)	(21,452,116)	(1,508,616)	(4,984,164)	(518,110)	(186,030)	15,281,008	(26,163,343)
Changes in Net Assets With Donor Restrictions								
Change in interest in Sumner Third-Party Trusts	-	-	(3,484,130)	-	-	-	-	(3,484,130)
Change in interest in assets with donor restrictions held by Rebecca Residence Foundation	-	-	-	(2,332,570)	-	-	-	(2,332,570)
Contributions	-	1,576,452	600	3,346,144	5,652	-	-	4,928,848
Investment income	-	297,319	-	208	451,136	-	-	748,663
Net (loss) on investments reported at fair value	-	(2,120,159)	-	-	(793,150)	-	-	(2,913,309)
Decrease in net annuity obligations	-	17,449	-	-	-	-	-	17,449
Investment fees	-	(26,431)	-	-	(5,484)	-	-	(31,915)
Net assets released from restrictions used for operations	(117,678)	(678,809)	(11,082)	(5,000)	(228,535)	-	-	(1,041,104)
Increase (decrease) in net assets with donor restrictions	(117,678)	(934,179)	(3,494,612)	1,008,782	(570,381)	-	-	(4,108,068)
Change in net assets	(12,912,993)	(22,386,295)	(5,003,228)	(3,975,382)	(1,088,491)	(186,030)	15,281,008	(30,271,411)
Net Assets, Beginning	58,825,045	225,820,352	22,247,094	28,529,112	42,231,152	4,033,638	(32,562,750)	349,123,643
Net Assets, Ending	$ 45,912,052	$ 203,434,057	$ 17,243,866	$ 24,553,730	$ 41,142,661	$ 3,847,608	$ (17,281,742)	$ 318,852,232

RESIDENCY AGREEMENT

PREAMBLE

THIS RESIDENCY AGREEMENT (called "Agreement"), made this ____ day of _____, 2022 between, CONCORDIA LUTHERAN HEALTH AND HUMAN CARE, a Pennsylvania nonprofit corporation, operating as CONCORDIA HAVEN, (called "Retirement Community") and _____ and _____ (called "Resident", and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident" where the context permits, and individually "Co-Resident") for admission of Resident to the Retirement Community for Occupancy of a _____ bedroom unit.

RECITALS:

The Retirement Community operates a Continuing Care Retirement Community consisting of a licensed Nursing Care Facility, a licensed Personal Care facility, Residential Living Units, its affiliated organizations on Concordia's main campus in Cabot, PA, and its affiliated off campus facilities including Concordia at Ridgewood Place, Concordia at the Orchard, Concordia at Rebecca Residence and Harmony Rehabilitation.

The Resident has applied for admission to the residential living units; and,

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

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

SECTION 1: LIVING ACCOMMODATIONS AND FACILITIES

1.1 Living Accommodations and Term.

The Retirement Community shall provide the Resident with the living 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 **Furnishings.**

The Retirement Community shall provide a Residential Unit and furnish it with the items identified in Exhibit "A". The Resident may provide other furnishings, subject to the Retirement Community's approval, which shall remain the Resident's property.

1.3 **Optional/Additional Furnishings/Appliances.**

The Retirement Community shall provide at additional cost optional appliances, furnishings, or services requested by the Resident, subject to approval by the Retirement Community. Optional furnishings, appliances or services are not included in the Entrance Fee or Monthly Fee. If requested prior to Occupancy, the cost of any optional/additional furnishing/appliances shall be paid on or before the Designated Occupancy Date or prior to Occupancy, whichever is earlier. At the discretion of the Retirement Community, the costs of any optional/additional furnishing/appliances requested after Occupancy shall be paid prior to or at the time of installation. Upon installation all additional/optional furnishings and appliances immediately become the property of the Retirement Community and shall remain in the Residential Unit after the termination of this Agreement. An addendum to this Agreement reflecting all optional or additional items and their cost shall be signed by the Resident and Retirement Community.

1.4 **Structural Changes, Upgrades, Additions and Redecoration.**

Any structural or physical change of any kind or redecoration (borders, wall coverings, awnings, etc.) within the living accommodation, including but not limited to repainting or recarpeting, may be made only after obtaining written approval from the Retirement Community. The cost of any redecoration or structural change requested by the Resident, and restoration to original condition, except that cost due to normal wear and tear, shall be paid by the Resident unless otherwise agreed in writing by the Retirement Community. The selection of a contractor for structural changes shall be made by the Retirement Community. The charge or value of any physical or structural changes will not be considered in calculating any applicable Entrance Fee refunds and are not considered part of the Entrance Fee. The Resident shall be responsible for maintenance of any approved structural changes or redecoration. Any changes or redecoration to the Residential Unit shall become the property of Retirement Community. At the Retirement Community's request, Resident will be required to return unit to original condition at Resident's expense unless released from the obligation to do so in writing by Retirement Community. An addendum to this Agreement reflecting all structural changes and their cost shall be signed by the Resident and Retirement Community.

1.5 **Common Facilities.**

The Retirement Community currently provides, for use by the Resident in common with other residents, a chapel, classroom, woodworking/hobby shop, beauty shop, game room, dining rooms, social and recreational facilities, gardens, grounds, and other facilities provided by the Retirement Community for all residents. The common facilities are available to Resident in accordance with the Retirement Community's schedule and policies as specified in the Resident Handbook, which is subject to change from time to time.

1.6 **Laundry Facilities.**

Residents share common laundry facilities on each floor at Haven II. Haven I and III have a stackable washer/dryer unit in every apartment. The use of laundry facilities shall be subject to the Retirement Community's policy reflected in the Resident Handbook.

1.7 **Storage Facilities.**

A storage bin is provided for each Residential Unit. The use of the storage facilities shall be subject to the safety and housekeeping policies of the Retirement Community.

1.8 **Personal Care Facility.**

The Retirement Community currently operates a licensed personal care facility known as the Personal Care Facility for the provision of personal care services, which shall be available on a priority access basis. Priority access is conditioned on the Resident satisfying the financial and all other requirements for admission.

1.9 **Nursing Facility.**

The Retirement Community currently operates a licensed Nursing Facility for the provision of nursing care services, which shall be available on a priority access basis. Priority access is conditioned on the Resident satisfying the financial and all other requirements for admission.

1.10 **Designated Occupancy Date.**

The Retirement Community expects that the Residential Unit will be available for Occupancy within thirty (30) days after the signing of this Agreement, on or before **January 30, 2022** (the "Designated Occupancy Date"). If the Residential Unit is available for Occupancy before the Designated Occupancy Date, the Resident may take possession on the first available date. The Retirement Community reserves the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or upon Occupancy, whichever is earlier, and the Entrance Fee must be paid in full prior to Occupancy, or within sixty (60) days after signing.

SECTION 2: SERVICES

2.1 **Utilities.**

The Retirement Community shall provide hot and cold water, gas heat, electricity and sewer. Refuse collection will be twice a week. These services are included in the Monthly Fee. The Retirement Community reserves the right to establish maximum usage levels on utilities and to charge the Resident for any unreasonably excessive usage due to waste or abuse.

2.2 **Assessments.**

The residential component of the Retirement Community is subject to real estate taxes that are included in the Monthly Fee. Any increase in the amount of the real estate tax assessment will result in a corresponding increase in the Monthly Fee.

2.3 **Telephone.**

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

2.4 **Cable Television**.

The Retirement Community shall provide each Residential Unit with two (2) accesses to cable service. Basic cable service is included in the Monthly Fee. Any additional cable service charges are not included in the Monthly Fee and shall be paid by the Resident.

2.5 **Maintenance and Repair of Equipment.**

The Retirement Community shall provide necessary repairs, maintenance and replacement of the Retirement Community's property, equipment and appliances. Repairs, maintenance, and replacement of the Resident's property and furnishings shall be the responsibility of the Resident and are not included in the Monthly Fee.

Redecoration by the Retirement Community will be at the discretion of the Retirement Community and will be implemented as part of the preventive maintenance program and is included in the Monthly Fee. Redecoration by the Resident is not included in the Monthly Fee and may only be made in accordance with the provisions of paragraph 1.4 of this Agreement. Maintenance and repair of the Retirement Community's property, equipment or appliances necessitated by the Resident's neglect or abuse as the Retirement Community determines, shall be paid by the Resident.

2.6 **Maintenance of Grounds.**

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

2.7 **Insurance.**

The Retirement Community shall provide insurance on the Retirement Community's property only. The Resident is responsible to insure all personal property and is responsible for the cost of such insurance in accordance with the provisions of Section 12.8.

2.8 **Administration.**

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

2.9 **Food and Meals.**

The Retirement Community shall make available at an additional charge two (2) meals per week day in the Retirement Community's dining facilities. Food and meals are not included in the Monthly Fee and must be purchased at rates established by the Retirement Community, which are subject to change from time to time. Each resident is welcome to purchase one or more meals per day; however the Resident is only obligated to purchase a minimum of 15 meals per month from the dining room. If residents are away from Retirement Community for a period of 30 consecutive days or more, they may request an exception to this 15-meal per month policy. Guest meals will be available at an additional charge at rates determined by the Retirement Community. In case of the Resident's illness, the Retirement Community shall deliver, at no additional delivery charge, up to two (2) prepared meals each day to a Resident for a period not to exceed two (2) weeks. The regular price of the meal shall be paid by the Resident. The Retirement Community reserves the right to impose an additional charge for delivery in the event the Resident's illness exceeds two (2) weeks.

2.10 **Housekeeping.**

The Retirement Community shall make available through Concordia Private Care housekeeping services for an additional fee in accordance with the Retirement Community's policy that is subject to change from time to time.

2.11 **Transportation.**

Limited local transportation, in accordance with the Transportation Policy, is included with the Monthly Fee. Additional transportation service is provided at an additional charge consistent with the fee schedule established by the Retirement Community in accordance with the Transportation Policy set forth in the Resident Handbook, which is subject to change from time to time.

2.12 **Beauty/Barber Services.**

The Retirement Community shall make available, at an additional cost, beauty and barber services.

2.13 **Parking/Garages.**

The Retirement Community currently provides one (1) parking space for each Residential Unit with an occupant who has a valid registration for an automobile and a current valid driver's license. Authorization for parking is contingent upon the Resident registering an automobile with the Retirement Community. A limited number of garages are available for an additional Monthly Fee. The Resident must comply with the Retirement Community's policy regarding vehicle registration and parking, which policy is subject to change from time to time.

2.14 **Call and Security System.**

The Retirement Community shall equip each Residential Unit with a call system by which the Resident may contact the Nursing Facility. The Retirement Community does not provide Emergency Medical Services ("EMS"), emergency medical treatment or security guards in the event of a security concern. No physician is immediately available within the Retirement Community for the purpose of handling medical emergencies. The Resident is required to dial 911 immediately in the event of a medical emergency. If the Resident is unable to dial 911, the Resident may use the call system and a nurse or nurse's assistant will assist the Resident in calling 911. While the call system shall be used to inform the Retirement Community of a need for support for a medical emergency or a security concern, the Retirement Community shall incur no liability with regard to or arising from its response to medical emergencies or security concerns in the Residential Unit.

2.15 **Activities.**

The Retirement Community, in its discretion, shall provide recreational, educational, and social services. Certain activities may involve participation fees to be paid by Resident.

2.16 **Additional Miscellaneous Services.**

Other miscellaneous services are available at an additional charge and are not included in the Monthly Fee.

2.17 **Changes in Services.**

The Retirement Community reserves the right to add or delete certain services and to adjust the Monthly Fee appropriately. The Retirement Community will provide thirty (30) days advance notice of any changes in services.

SECTION 3: HEALTH, PERSONAL CARE, AND ADULT DAY SERVICES

3.1 **The Nursing Facility and Personal Care Facility.**

The Retirement Community shall operate Nursing and Personal Care Facilities licensed by the Commonwealth of Pennsylvania and shall make available on a priority access basis and at an additional charge routine nursing or Personal Care services for temporary or permanent illnesses. Residents have priority access to personal care and skilled nursing services at any of the facilities operated by Concordia Lutheran Ministries. The Retirement Community is a subsidiary of Concordia Lutheran Ministries. Residents may choose from those facilities the one that best suits their particular needs. Personal care and routine nursing care for services shall be provided in either semi-private or private accommodations depending on availability and other factors. The Retirement Community will make every effort to accommodate each Resident; however, the Retirement Community has the discretion to select either private or semi-private accommodations for the Resident. The Resident shall sign an admission agreement upon temporary or permanent transfer to either the Personal Care or Nursing Care facilities, which agreements will supplement the terms of this Agreement. In the event any provision of the admission agreement(s) is in conflict with or inconsistent with any of the terms or provisions of this Agreement, then this Agreement shall govern and control the relationship between the Resident and Retirement Community. The Retirement Community will exercise its best efforts to accommodate the level of care needs of the Resident; however, there is no guarantee that space will be immediately available in the Retirement Community's Personal Care or Nursing Facilities at such time as the Resident may require personal care or nursing care services.

3.2 **Adult Day Services.**

Adult day services are available to the Resident on a priority access basis and at an additional charge. The charges for adult day services are not included in the Monthly Fee.

3.3 **Call Services.**

The Resident is obligated to dial 911 in the event of a medical emergency. In the event of an illness or incident requiring nursing intervention other than a medical emergency, nursing intervention will be provided at no additional charge. Further information concerning the Retirement Community's nursing care services is contained in the Resident Handbook. The Retirement Community reserves the right to charge a fee for nursing intervention in the future, and to adjust such charges from time to time.

3.4 **Private Duty Nursing or Companion Services in the Residential Unit.**

Subject to the approval of the Retirement Community, the Resident may utilize the services of private duty nurses, companions or individuals providing personal care or nursing care services in the Residential Unit so long as the Resident is able to satisfy the Retirement Living Criteria. Such services must be approved in advance and in writing by the Retirement Community. The Retirement Community reserves the right to review the credentials of all nurses and companions, to approve or prohibit the use of or to require the discontinuation of such services in accordance with its Private Attendant Policy. The Resident is responsible to pay for all such services. As a condition of the Retirement Community's approval, all private duty nurses or companions must provide the Retirement Community with an appropriate release and indemnification agreement, proof of liability and workers' compensation 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. Medicare insurance may be available for certain types of home health care. To the extent required, Resident shall confirm that any approved private duty nurse, companion, or attending individual has workers' compensation insurance coverage. If approval to employ a care giver is required, then to the extent required by law, the Resident may be required to provide the care giver with worker's compensation insurance. Services of private duty nurses, nurse assistants or companions may be used so long as the Resident is able to satisfy the Retirement Living Criteria as defined by Retirement Community policy. In exchange for Retirement Community's consent to Resident's request for the services of a private duty nurse, companion, or other assistant, Resident shall execute, if requested by the Retirement Community, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. The Retirement Community reserves the right to terminate the Resident's authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that the Resident does not comply with the requirements of this Section or the Aging-in-Place Addendum, or requires transfer to another level of care. If transfer to another level of care is required, then the Retirement Community reserves the

right to transfer the Resident to another level of care within the Retirement Community or to such other external care facility as the Retirement Community deems appropriate.

3.5 **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 Retirement 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 the Resident's payment of the Entrance Fee or Monthly Fee.

3.6 **Hospitalization.**

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

3.7 **Accident or Illness Away from Retirement Community.**

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

3.8 **Limitations on Care.**

The Retirement Community is not designed to care for persons who are afflicted with uncontrolled or untreated mental illness resulting in behavior contrary to the Retirement Living Criteria, active drug or alcohol abuse, or who require specialized psychiatric care or other specialized care services not authorized or permitted under the applicable licensure regulations or high acuity nursing care services beyond Routine Nursing Care as defined in this Agreement. If the Retirement Community determines that the Resident's condition is such that the Resident's, or in the case of double occupancy, one Co-Resident's continued presence in the Retirement Community is either dangerous or detrimental to the life, health, or safety of the Resident, or in the case of double occupancy, a Co-Resident, or other residents, or the peaceful enjoyment of the Retirement Community by other residents, the Retirement Community may transfer the Resident or in the case of double occupancy, a Co-Resident, to an appropriate outside care facility. The Retirement Community's determination shall be made in writing and signed by the Medical Director and the Chief Executive Officer or designee of the Retirement Community. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Fee and also shall be responsible to pay for the

cost of the Resident's, or in the case of double occupancy, Co-Resident's care in such other facility. If the transfer is to be permanent, then the termination provisions of this Agreement shall apply, except that only such notice of termination as is reasonable under the circumstances shall be given in any situation where the Resident is a danger to self or others, or to the health, safety or peace of the Retirement Community.

3.9 **Costs in a Nursing Facility or Personal Care Facility.**

(a) **Exclusions (not covered by the Monthly Fee).** There will be an additional charge for all medical, personal care, health, and nursing care services. The cost of such services is not included in the Monthly Fee, and the Resident shall be responsible to pay the charges and costs for all health and related services, including, but not limited to, routine personal care or nursing care services in the Personal Care Facility or Nursing Facility; therapist or rehabilitation services; physician services; diagnostic services; dental services; drugs and medication; private duty nurses or companions; care for psychiatric conditions; podiatry; refractions; eyeglasses; hearing aids; orthopedic appliances; incontinence supplies; personal care supplies; specialized treatment; or any other health or medical services provided under this Agreement. The Resident shall pay the applicable Daily Rate for routine personal care or nursing care services.

(b) **Ancillary Services.** All miscellaneous charges and fees for ancillary services not covered or included in the Daily Rate are an additional charge and shall be paid by the Resident.

(c) **Residential Unit Reservation Costs.** The Resident shall pay the then applicable Daily Rate for routine personal care or nursing care services at the time services are provided and shall pay the charges for reserving the Residential Unit as set forth below.

(i) **Temporary Transfer.**

(A) **Single Occupancy.** During any period of temporary transfer, the Resident shall be charged and shall pay the applicable and then current Daily Rate for routine personal care or nursing care and any other additional charges for ancillary or miscellaneous services in the Personal Care or Nursing Facilities, and shall continue to pay the then current applicable Monthly Fee for reservation of the Residential Unit. There will be no reduction in the Monthly Fee upon temporary transfer to the Personal Care or Nursing Facilities. The Retirement Community reserves the right to declare the transfer permanent at any time in accordance with Section 8.2 of this Agreement.

(B) **Double Occupancy.** During any period of temporary transfer, the Co-Resident in the Personal Care or Nursing Facilities shall be charged and shall pay the applicable and then current Daily Rate for routine

personal care or nursing care, and any other additional charges for ancillary or miscellaneous services. The Co-Resident remaining in the Residential Unit shall be charged and shall continue to pay the Monthly Fee for Double Occupancy. In situations where one Co-Resident temporarily transfers to the Nursing Facility, 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, each Co-Resident shall be charged and shall pay the Daily Rate for routine personal care or nursing care services and any additional charges for ancillary or miscellaneous services in the Personal Care or Nursing Facilities, and collectively shall be charged and shall pay the then current Monthly Fee for Double Occupancy. Each Co-Resident remains jointly and severally liable for each other's charges. The Retirement Community reserves the right to declare any transfer permanent at any time in accordance with Section 8.2 of this Agreement.

(ii) **Permanent Transfer.**

(A) **Single Occupancy.** Upon the permanent transfer of a Resident to the Personal Care or Nursing Facilities and surrender of the Residential Unit, the obligation to pay the Monthly Fee shall cease, and the Resident shall pay only the applicable and then current Daily Rate for routine personal care or nursing care services and the other additional charges for ancillary or miscellaneous services.

(B) **Double Occupancy.** At the time one Co-Resident is permanently transferred to the Personal Care or Nursing Facilities, the Monthly Fee for the Residential Unit shall be reduced to the Monthly Fee for Single Occupancy. The Co-Resident in the Personal Care or Nursing Facilities shall be charged and shall pay the applicable and then current Daily Rate for routine personal care or nursing care and any additional charges for ancillary or miscellaneous services, and the Co-Resident remaining in the Residential Unit shall be charged and shall pay the Monthly Fee for Single Occupancy. In situations where one Co-Resident permanently transfers to the Nursing Facility, 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 that both Co-Residents are permanently transferred to the Personal Care or Nursing Facilities, each Co-Resident shall be charged and shall pay the Daily Rate for routine personal care or nursing care services and any other additional charges for ancillary or miscellaneous services. Each Co-Resident remains jointly and severally liable for each other's respective charges. The obligation to pay the Monthly Fee shall cease upon permanent transfer of both Co-Residents and surrender of the Residential Unit.

3.10 **Future Use of Facilities.**

Although there is no current plan to discontinue operations of the Nursing Facility or Personal Care Facility or the provision of adult day services, if deemed to be in the best interests of the perpetuation of the Retirement Community's mission by the Board of Directors, the Retirement Community reserves the right at some future point to reduce the availability of the number of beds or to discontinue the operation of these facilities and/or these services. Should the Retirement Community elect to discontinue operations of the Nursing Facility or Personal Care Facility, there are no assurances that any replacement facilities will be available at the Retirement Community.

SECTION 4: FEES

4.1 **Refundable Deposit Fee and Entrance Fee Options.**

(a) **Refundable Deposit Fee.** The Resident shall pay the sum of $5000 to the Retirement Community as a Refundable Deposit Fee upon the Retirement Community's receipt of the Resident's application or at such other time as designated by the Retirement Community. If the Resident is approved and accepts occupancy of the Residential Unit the Refundable Deposit Fee payment will be applied as a credit towards the initial Entrance Fee payment. Failure to obtain approval for or accept occupancy shall result in the termination of this Agreement, the loss of all rights of occupancy, and the return of the Refundable Deposit Fee.

(b) **Entrance Fee.** The amount of the Entrance Fee is based on the type (1 B/R, 2 B/R or large 2 B/R) of Residential Unit selected and the Entrance Fee Option selected. The Resident may select the 75% Refundable Entrance Fee Option, the Standard Entrance Fee Option (limited refund), the Intermediate Entrance Fee Option (limited refund), or the Minimum Entrance Fee Option (limited refund) or Rental Option (non-refundable deposit). The Resident shall pay to the Retirement Community the sum of $_____ as the Entrance Fee for the 75% Refundable Entrance Fee, Standard Entrance Fee Option, Intermediate Entrance Fee Option, Minimum Entrance Fee Option or the Rental Option.

(c) **Payment.** Resident shall pay the sum of $_____ as the final payment of the Entrance Fee on or before the Designated Occupancy Date or Occupancy, whichever is earlier.

4.2 **Amortization of Entrance Fee.**

(a) **75% Refundable Entrance Fee.** Twenty-five percent (25%) of the Entrance Fee shall be immediately amortized on the Designated Occupancy Date or Occupancy, whichever is earlier. The balance of the Entry Fee shall remain unamortized and refundable, without interest, subject to the terms of this Agreement. The refund shall be paid in accordance with the terms of this Agreement.

(b) **Limited Refund of Standard, Intermediate and Minimum Entrance Fee.** Five percent (5%) of the Entrance Fee shall be immediately amortized on the Designated Occupancy Date or Occupancy, whichever is earlier. The balance of the Entrance Fee shall be amortized and earned by the Retirement Community at the rate of twenty-four percent (24%) for the first year, eighteen percent (18%) for the second year, eighteen percent (18%) for the third year, twelve percent (12%) for the fourth year, twelve percent (12%) for the fifth year, and eleven percent (11%) for the sixth year pro-rated monthly during a period of six years from the Designated Occupancy Date or Occupancy, whichever is earlier. At the conclusion of the six-year amortization period, the Entrance Fee shall be earned in full by the Retirement Community.

(c) **Rental Entrance Fee.** In the event Resident selects the Rental Option, the Entrance Fee is a non-refundable deposit payable to Resident Community and is not amortized.

4.3 **Limitations on Increases in the Entrance Fee.**

After the signing of this Agreement by the Resident, there will be no increase in the Entrance Fee for the Residential Unit prior to Occupancy unless required by changes in federal or state assistance programs. Charges for care paid in one lump sum shall not be increased or changed during the duration of the agreed upon care, except for changes required by state or federal assistance programs. Should Resident request a change of Residential Unit upon which the initial Entrance Fee was based, an adjustment to the Entrance Fee based upon such change of Residential Unit may be imposed.

4.4 **Use of Entrance Fee.**

The entire Entrance Fee after payment shall be used by the Retirement Community for any corporate purpose and in any manner deemed appropriate by the Retirement Community in its sole and absolute discretion consistent with the law. The Retirement Community shall maintain financial reserves consistent with the requirement of the law.

4.5 **Fee for Optional/Additional Furnishings or Appliances.**

If applicable, the fee of $_____ for any optional or additional furnishings or appliances, as reflected in the attached addendum, must be paid on or before the Designated Occupancy Date or prior to Occupancy, whichever is earlier.

4.6 **Monthly Fee.**

(a) **Amount.** The Resident shall pay to the Retirement Community a Monthly Fee of $_____ for _____ occupancy of the Residential Unit. The amount of the Monthly Fee is based on the size and the number of occupants of the Residential Unit and the Entrance Fee option selected. In situations of Double Occupancy, the Double Occupancy Fee is added to the Monthly Fee.

(b) **Payment and Due Date.** Payment of the first Monthly Fee is due on the date the Resident accepts Occupancy or the Designated Occupancy Date, whichever is earlier. The Monthly Fee shall be pro-rated if the Resident assumes occupancy after the first of the month. The Resident shall receive a monthly invoice, on or about the tenth (10th) business day of each month. All Monthly Fee payments are due upon receipt. If any Monthly Fee, other charges for care or for miscellaneous or ancillary services, are not paid within sixty (60) calendar days from the due date, then, subject to the Retirement Community's Financial Assistance Policy as described in this Agreement or as it may be periodically revised, the Retirement Community may elect to exercise its available rights and remedies under this Agreement, including termination.

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

4.7 **Other Charges.**

The monthly invoice shall reflect all other charges for miscellaneous, ancillary or other services in addition to the Monthly Fee. Payment for all other charges also is due upon receipt.

4.8 **Co-Resident's Fee Responsibility.**

In situations of Double Occupancy, each Co-Resident shall be jointly and severally liable for each other's financial obligations and for all payments due under this Agreement. If one Co-Resident dies or leaves the Community or if this Agreement is terminated as to one Co-Resident for any reason, then both Co-Residents and/or their estates shall remain jointly and severally liable for all financial obligations incurred by either Co-Resident under this Agreement. In the event one Co-Resident transfers to the Nursing Facility, 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 **Service Charge for Late Payment and Cost of Collection.**

A service charge of one and one-half (1 1/2%) percent per month will be added to amounts past due in excess of sixty (60) calendar days. In the event the Retirement Community initiates mediation and/or arbitration to collect payments past due in excess of sixty (60) days and the parties, through mediation, mutually agree in favor of the Retirement Community, or if unable to mutually agree, the Retirement Community, through arbitration, is deemed to be the prevailing party, the Resident shall be responsible to pay all attorneys' fees and costs incurred by the Retirement Community in pursuing the enforcement of the Resident's financial obligations under this Agreement. If the parties mutually agree in favor of the Resident or the Resident is the prevailing party in a collection action, the Resident shall be entitled to recover attorneys' fees and costs incurred in defending the collection action.

4.10 **Disclosure of Financial Information.**

The Retirement Community reserves the right to require the Resident, upon request by Community, to update the financial information disclosed in the application for admission. Disclosure allows the Retirement Community to monitor and project financial assistance needs.

SECTION 5: FINANCIAL ASSISTANCE POLICY

5.1 **Inability to Pay.**

It is the policy of the Retirement Community not to terminate this Agreement solely because of the Resident's inability to pay the Monthly Fee and other charges, so long as the Resident qualifies for, and the Retirement Community is capable of providing, financial assistance as set forth in this Agreement. It is the Resident's responsibility to demonstrate an inability to meet monthly financial obligations to the Retirement Community. In the event that the Resident's income or assets become insufficient to pay for monthly expenses incurred, the Resident shall immediately apply for financial assistance either from the Resident's family, church, or public welfare agencies, including the Pennsylvania Department of Human Services ("DHS") which administers the Medical Assistance Program (called "MA Program"), which may be in a position to render financial assistance. The Resident is required to apply for, and the Retirement Community shall have the right to apply for and obtain, if the Resident qualifies, financial assistance for the Resident from any appropriate governmental agency, including DHS for the payment of Medical Assistance benefits for nursing care services. In the event that Resident is unable to secure financial assistance and Retirement Community, in its sole discretion, is incapable of providing financial assistance, Retirement Community reserves the right to terminate this Agreement.

5.2 **Deductions From Any Unamortized Portion of the Entrance Fee.**

If financial assistance is not available from any other source, and the Resident's income and assets are no longer sufficient to pay the Monthly Fee and any other financial obligations under this Agreement, then the Retirement Community shall deduct from any funds otherwise due the Resident as a refund, amounts necessary to fulfill all of Resident's financial obligations under this Agreement. The Resident hereby authorizes such deductions from any unamortized portion of the Entrance Fee. The Retirement Community may make such deductions from any refunds otherwise due under this Agreement at such time as any amounts due the Retirement Community under this Agreement have been unpaid for more than thirty (30) days from the payment due date. The Retirement Community shall continue to make such deductions from any amounts otherwise due as a refund under this Agreement, on a monthly basis, to offset any unpaid financial obligations of the Resident until all funds otherwise due the Resident as a refund have been exhausted and paid to the Retirement Community.

5.3 **Qualifications for Financial Assistance and Resident's Obligations.**

In order to qualify for consideration for financial assistance, the Resident's inability to pay the Monthly Fee or related charges must not be the result of any fault, negligence or mismanagement of assets represented to be available by the Resident, or others representing the Resident, to pay for the Resident's financial obligations. Additionally, the financial information provided by the Resident in the application documents for admission, in documents subsequently requested by the Retirement Community, or with the Resident's request for financial assistance must not contain any material misrepresentations or omissions. It is the Resident's responsibility to look to all other available sources of financial assistance before making application to the Retirement Community. If Resident's family has adequate resources to provide financial assistance to Resident, that fact will be taken into consideration in determining whether any financial assistance should be granted by Retirement Community, and if so, in what amount. Retirement Community shall be considered the last available resource, after the exhaustion of all other potential sources of financial assistance, for the provision of financial assistance. Assets or resources that are represented in the application documents to be available to meet the Resident's financial obligations under this Agreement shall not be unreasonably depleted, by, among other things, making gifts, donations, contributions, grants, or gratuities; or by transferring, selling, conveying, exchanging, trading, or disposing of those assets or resources for less than their fair market value without the express written permission of the Retirement Community, which permission will not be unreasonably withheld. If the Resident transfers or unreasonably depletes assets or resources represented in the application documents for admission to be available to meet the Resident's financial obligations under this Agreement, the Resident shall not be considered for financial assistance. The Resident has an affirmative obligation to apply for financial assistance and to make the Resident's financial needs and resources known to the Retirement Community at least one hundred and twenty (120) days in advance of the need for funds.

5.4 **Possible Limitations on Assistance.**

Following the exhaustion and payment to the Retirement Community of all funds otherwise due as a refund under this Agreement, and if no funds are available from any other sources to fulfill Resident's financial obligations under this Agreement, and if the Resident adequately demonstrates to the Retirement Community a financial inability to pay the Monthly Fee and other charges; then, subject to the Retirement Community's Financial Assistance Policy expressed herein, which may change from time to time, and the availability of funds, the Retirement Community, upon the Resident's request, shall consider the Resident for financial assistance. Although there is no absolute guarantee that a resident who qualifies for consideration for financial assistance will receive any financial assistance, the Retirement Community will endeavor to provide it to the extent reasonably possible without jeopardizing the ability of the Retirement Community to care for its other residents. The ability of the Retirement Community to provide financial assistance is contingent upon a number of factors, including the availability of charitable gifts, and the financial condition of the Retirement Community. The Retirement Community retains the discretion to deny requests for financial assistance and to limit the amount of financial assistance. If the Retirement Community determines that the Resident qualifies for financial assistance, then the Retirement Community may provide such assistance as is necessary to enable the Resident to meet the Monthly Fee obligation or other charges, provided that such assistance can be granted or continued without impairing the financial ability of the Retirement Community to provide housing and care to its other residents or the ability of the Retirement Community to operate or continue on a sound financial basis. 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. The Retirement Community's Financial Assistance Policy applies only while the Resident occupies the Residential Unit or Personal Care Facility. It does not apply to occupancy of the Nursing Facility because financial assistance is available through participation in the MA Program administered by DHS.

5.5 **Other Resources and Recovery of Retirement Community's Subsidy.**

If the Resident receives financial assistance from the Retirement Community, the Resident shall not sell or otherwise transfer property without the written consent of the Retirement Community. If the Resident owns any property at the time of death not disclosed on the Resident's financial statements in the application documents, or acquires property subsequent to the making of such financial statements and does not disclose its acquisition to the Retirement Community, then the Retirement Community shall be entitled to so much of such property, up to the whole value thereof, as is equal in value to the total amount of financial assistance provided the Resident by the Retirement Community. This agreement shall operate as an assignment, transfer and conveyance to the Retirement Community of such property, as is equal in value to the total amount of financial assistance provided by the Retirement Community, and the assignment may be enforced against the Resident's estate. The Resident's estate shall be liable to the Retirement Community in an amount equal to the amount of any financial assistance provided and accrued interest. The assignment herein shall apply whether or not the

Resident is occupying a Residential Unit at the Retirement Community at the time of the Resident's death. The Resident shall cooperate with the Retirement Community, including execution and delivery of instruments and documents, to implement the provisions of this paragraph.

5.6 **Disclosure of Financial Resources.**

The Retirement Community may from time to time request verified financial statements and copies of tax returns from the Resident if the Resident has applied for, or is receiving, financial assistance from the Retirement Community. Resident shall comply with such requests made by Retirement Community.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 **Non-Resident.**

In the event that a single Resident wishes to marry or have another person not admitted to the Retirement Community under a Residency Agreement share the Resident's Residential Unit as a Co-Resident, the proposed Additional Occupant must file an application for admission and meet all age and other requirements for admission applicable to residents of the Residential Unit. The admission of an Additional Occupant shall be at the sole discretion of the Retirement Community. If the proposed Additional Occupant receives approval to occupy the Residential Unit, this Agreement will be amended so that the Additional Occupant shall become a Co-Resident under this Agreement, and the Monthly Fee shall be increased to be equivalent to the Monthly Fee for Double Occupancy of the Residential Unit. The Additional Occupant shall pay an admission fee equal to the then current minimum Entrance Fee that will be determined by the Retirement Community. Please contact the Retirement Community in advance of making these important decisions.

If, after the admission of an Additional Occupant, the original Resident admitted under this Agreement permanently leaves the Retirement Community for whatever reason, and the Entrance Fee originally paid by that Resident is fully amortized, then the Monthly Fee paid by the remaining Additional Occupant shall be no less than the Monthly Fee for Single Occupancy based on the selection of the Minimum Entrance Fee Option. If the original Resident dies following the admission of an Additional Occupant, any unamortized portion of the Entrance Fee of the original Resident shall continue to be amortized and earned by the Retirement Community until the termination of the Additional Occupant Addendum either as a result of the Additional Occupant's death or for any other reason, at which time the remaining unamortized portion, if any, shall be refunded to the original Resident's estate according to the refund provisions of this Agreement.

In the event that the proposed Additional Occupant does not meet the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to the Retirement Community. If an agreement cannot be reached regarding the admission of the proposed Additional Occupant, the Resident may exercise the option to terminate this Agreement in accordance with the termination and refund provisions.

6.2 **Other Residential Unit.**

In the event that the Resident desires to marry another resident admitted under a separate Residency Agreement, and thereafter occupy a single Residential Unit, the Resident first must select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residential Units then occupied shall be thereafter occupied jointly. The Residential Unit not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residential Unit. Upon transfer, the Monthly Fee for Double Occupancy of the designated or alternative Residential Unit shall be paid and a Transfer Fee to be determined by the Retirement Community shall be paid. The Transfer Fee is subject to change from time to time by the Retirement Community. At the discretion of the Retirement Community, the Transfer Fee may be deducted from any unamortized portion of the Entrance Fee paid by the Resident whose Residential Unit is surrendered. The Residency Agreements shall be amended to reflect the change in the Residential Unit, the change in the Monthly Fee, and any other matters reasonably necessary for the transfer of the Resident to the designated or alternative Residential Unit. 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 the Residency Agreements and any applicable addenda.

Upon transfer to the designated or alternative Residential Unit, any unamortized portion of the Entrance Fee paid by the transferring Resident, less the deduction of the Transfer Fee, shall be refunded to the transferring Resident upon the Surrender of the Residential Unit. If the transferring Resident receives a partial refund of any unamortized portion of any Entrance Fee paid, and if the original Resident admitted under this Agreement permanently leaves the Retirement Community for whatever reason and the Entrance Fee originally paid by the Resident is fully amortized, then the Monthly Fee paid by the remaining Additional Occupant shall be no less than the Monthly Fee for Single Occupancy based on the selection of the Minimum Entrance Fee Option even if the original Resident selected and paid the Standard Entrance Fee Option.

6.3 **Additional Occupant Addendum.**

If the proposed Additional Occupant's application for admission is approved, this Agreement shall be amended, and the Resident and the proposed Additional Occupant shall sign an addendum. The Additional Occupant and the Resident 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.

SECTION 7: TERMINATION OF AGREEMENT

7.1 **Termination or Rescission by Resident.**

(a) **Rescission Period.** The Resident may rescind this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to the Retirement Community.

(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, the Resident may terminate this Agreement by delivering written notice to the Retirement Community prior to Occupancy. In the event of the Resident's 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 Section 9 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 Residential Unit, then the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy.

(c) **After Occupancy.** After Occupancy, the Resident may terminate this Agreement by delivery of written notice to the Retirement Community at least thirty (30) days prior to termination, and by the Surrender of the Living Accommodation. Termination shall be effective after the lapse of the (30) day notice period and Surrender of the Living Accommodation. Any applicable refunds shall be paid in accordance with Section 9 of this Agreement.

7.2 **Termination by Retirement Community.**

(a) **Prior to Occupancy.** The Retirement Community may terminate this Agreement at any time prior to Occupancy by providing written notice to the Resident prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, if, for whatever reason, the Retirement Community elects to discontinue operations. All payments, including the Refundable Deposit Fee, shall be refunded to the Resident.

(b) **After Occupancy.** The Retirement Community may terminate this Agreement upon a determination of just cause and delivery of sixty (60) days written notice or such written notice as is reasonable under the circumstances to the Resident or the Resident's representative. Just cause shall include, but not be limited to, a default in payment subject to the Retirement Community's Financial Assistance Policy; the submission of any materially false information in the application documents; the failure of the Resident to abide by the Retirement Community's rules, regulations, policies and procedures; the breach of any of the other terms of this Agreement; or a good faith determination in writing by the Retirement Community that continued Occupancy in the Living Accommodation by the Resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of the Resident or other residents or persons in the Retirement Community. In situations where continued Occupancy threatens the life, health, safety or peaceful enjoyment of the Resident or other residents, only such notice as is reasonably practicable under the circumstances will be provided the Resident or the Resident's representative, and termination may be effective immediately. The refund provisions of this Agreement shall apply to terminations for just cause in the same manner as such provisions would apply to any other termination.

7.3 **Termination Upon Permanent Transfer.**

If the Resident is permanently transferred to another facility, this Agreement shall terminate. Any applicable refunds shall be paid in accordance with Section 9 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 Residential Unit shall continue to pay the Monthly Fee. No refund shall be due so long as the remaining Co-Resident continues to reside in the Residential Unit and until all other conditions for a refund have been satisfied.

7.4 **Termination by Death.**

Following the death of the Resident, this Agreement shall terminate when the Living Accommodation has been surrendered and a thirty (30) day notice has been given to the Retirement Community. Any applicable refunds shall be paid in accordance with Section 9 of this Agreement. In situations of Double Occupancy, the death of one Co-Resident, either before or after Occupancy, shall not terminate this Agreement, and no refund shall be due at that time.

7.5 **Surrender.**

The obligation to pay the Monthly Fee shall continue until after the lapse of any mandatory notice period for termination and the Residential Unit has been surrendered by the Resident, or in the case of death, by the estate or family of the Resident. Surrender of the Residential Unit shall be complete when the Resident has ceased to occupy it, has removed all possessions from it, and has turned over to the Retirement Community the keys for the Residential Unit.

7.6 **Further Obligations and Release Upon Termination.**

Upon termination of this Agreement, the Retirement Community is released from any further obligations to the Resident or the Resident's estate except for the delivery of personal property as limited by this Agreement, and the payment of any refund, if any refund is due. The Resident or Resident's estate is released from any further obligations except for the payment of any further obligations to the Retirement Community (other than the obligation to repay any financial assistance as set forth in Paragraph 5.5) and the obligation to pay any sums due under this Agreement, including any indemnification obligations and payment of the Monthly Fee up to the date of Surrender of the Living Accommodation. 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.

7.7 **Failure to Vacate and Surrender Residential Unit.**

Upon notice of termination, in the event that the Resident fails to vacate and Surrender the Residential Unit timely, then the Retirement Community may file a complaint with the applicable District Justice seeking an order to evict the Resident from the Residential Unit. The Resident shall be obligated to pay the Retirement Community reasonable attorneys' fees and costs in the event it commences legal proceedings against the Resident to evict the Resident for the Resident's non-compliance with or breach of the terms of this Agreement.

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

8.1 Conditions of Residential Unit Occupancy.

The Resident shall have the right to occupy the Residential Unit for so long as the Resident satisfies the Retirement Living Criteria, which may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or conditions. Continued Occupancy of the Residential Unit shall, in general, be controlled by the ability of the Resident to maintain the Residential Unit in a safe and clean condition, and by the ability of the Resident to safely reside in the unit without posing a threat or danger to the health and safety of self or others. Prior to Occupancy, the Resident must have a medical examination at the Resident's expense to determine the level of care need of the Resident. After Occupancy, Retirement Community reserves the right to require the Resident to obtain at the Resident's expense a medical examination, or a letter from the Resident's attending physician, which will be considered in determining whether the Resident needs personal or nursing care services and can otherwise satisfy Retirement Community's Retirement Living Criteria of the Residential Unit. The Retirement Community's Residency Care Review Committee, or any successor Committee, with the advice of the Retirement Community's Medical Director, has the sole discretion to transfer the Resident to a different level of care facility within the Retirement Community.

8.2 Decision to Transfer.

(a) **Resident Participation.** The Retirement Community shall seek the participation of the Resident to the extent the Resident is able or willing to participate meaningfully, in any decision to transfer the Resident from the Residential Unit to a different level of care facility within the Retirement Community. In accordance with Section 8.2(b), the Retirement Community may consider information provided by a family member, if offered, as well as information provided by Resident's private physician, at Resident's expense, where the information is relevant to any decision to transfer the Resident.

(b) **Authority to Transfer.** The Retirement Community, in consultation with the Resident, Resident's responsible party and Resident's physician may transfer the Resident from and between the Residential Unit and its Nursing or Personal Care Facilities, or any other appropriate care facility if it determines that such a move should be made because of the health of the Resident, or otherwise to meet the requirements of law. If the transfer is to be permanent, then the termination provisions of this Agreement shall apply, except where the Resident is a danger to self or others, or to the health, safety or peace of the Retirement Community.

(c) **Role of Retirement Community's Medical Director.** The Retirement Community will appoint a medical doctor licensed to practice medicine in the Commonwealth of Pennsylvania as the Retirement Community's Medical Director. Upon a determination by the Retirement Community's Medical Director that the Resident is no longer capable of satisfying the Retirement Living Criteria of the Residential Unit and is in need of personal care, nursing or related care, the Resident or the Resident's legal representative or agent acting on the Resident's behalf, will be notified by the Retirement Community that arrangements will be made for the Resident's transfer to the Personal Care Facility or Nursing Facility or other appropriate care facility. The Retirement Community shall act in accordance with the determination of the Medical Director or attending physician and shall not be held responsible or liable for actions which are in accordance with the decision of the Medical Director or attending physician.

8.3 **Transfers Within the Retirement Community's Facilities.**

(a) **Transfer to Personal Care Facility.** If the Resident becomes ill or incapacitated, and in the opinion of the Retirement Community's Resident Care Review Committee or designee, with the advice of the Retirement Community's Medical Director, the Resident requires personal care, such care will be available on a priority access basis in the Personal Care Facility either on a temporary or permanent basis. If the Retirement Community's Resident Care Review Committee or designee determines that the health of the Resident is such that occupancy in the Personal Care Facility will be permanent, the Resident's Residential Unit will be released (if not occupied by a Co-Resident) and made available for occupancy by another. In the event that the Retirement Community or the Resident decides that the transfer is permanent, the Resident shall Surrender the Residential Unit and cause his/her personal possessions to be removed within thirty (30) days of notice of the Retirement Community's decision.

(b) **Transfer to Nursing Facility.** If the Resident becomes ill or incapacitated, and in the opinion of the Retirement Community's Resident Care Review Committee or designee, with the advice of the Medical Director, the Resident requires nursing care, such care will be available on a priority access basis in the Nursing Facility either on a temporary or permanent basis. If the Retirement Community's Resident Care Review Committee or designee determines that the health of the Resident is such that occupancy in the Nursing Facility will be permanent, the Resident's Residential Unit will be released (if not occupied by a Co-Resident) and made available for occupancy by another. In the event that the Retirement Community or the Resident decides that the transfer is permanent, the Resident shall Surrender the Residential Unit and cause his/her personal possessions to be removed within thirty (30) days of notice of the Retirement Community's decision.

8.4 **Transfer to Hospital or Other Outside Facility.**

The Resident shall retain the right to transfer to a hospital or other acute or outside health care provider at any time the Resident so chooses. Additionally, in the event that hospitalization or outside care of the Resident becomes necessary as determined by the Resident's physician or Retirement Community's Medical Director, the Resident will be transferred to a hospital or other acute or outside health care provider. In the event the Resident's condition deteriorates to the degree that in the professional opinion of the Medical Director, the Resident's presence in the Retirement Community is deemed detrimental to the health, safety or peace of other residents, the Retirement Community may transfer the Resident to an appropriate outside care facility. The Retirement Community's Resident Care Review Committee, or designee, with the advice of the Medical Director may declare the Resident's Residential Unit vacant (unless occupied by a Co-Resident) if the Resident has been transferred to an outside health care or other special service facility or hospital for health conditions which, in the opinion of the Medical Director or the Resident's physician, require permanent or prolonged residence in the outside facilities (i.e. generally ninety (90) days or more). The Resident shall Surrender the Residential Unit and cause the Resident's personal possessions to be removed from the Residential Unit, within thirty (30) days after notice of the Retirement Community's determination that the transfer will be permanent.

8.5 **Costs Related to Transfer to an Outside Facility.**

(a) **Single Occupancy.** During any temporary transfer to a hospital or outside facility, the Resident shall continue to pay the Monthly Fee and additionally all costs and charges related to the transfer to and occupancy of the outside facility or hospital. Upon permanent transfer to an outside facility, and after Surrender of the Residential Unit, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Any refund due shall be paid in accordance with the refund provisions of this Agreement. The Resident is obligated to pay the charges for transfer to, and occupancy of, any outside facilities including the charges for care in outside personal care or nursing care facilities resulting from a temporary transfer while the Resident is waiting for a room or bed because of insufficient space in the Retirement Community's Personal Care or Nursing Facilities.

(b) **Double Occupancy.** During any temporary transfer of one Co-Resident to a hospital or an outside facility, the Monthly Fee for Double Occupancy shall continue to be due and payable. Upon the permanent transfer of one Co-Resident to an outside facility, the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy of the applicable Residential Unit. In the event both Co-Residents are temporarily transferred to an outside facility, the Monthly Fee for Double Occupancy shall continue to be due and payable. In the event both Co-Residents are permanently transferred to an outside facility, then, after the Surrender of the Residential Unit, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Any refund due shall be paid in accordance

with the refund provisions of this Agreement. The Resident is obligated to pay all costs and charges related to the transfer to, and occupancy of, the outside facility or hospital, including care in an outside personal care or nursing care facility resulting from a temporary transfer while the Resident is waiting for a room or bed because of insufficient space in the Retirement Community's Personal Care or Nursing Facilities.

8.6 **Release of or Return to Residential Unit After Transfer.**

(a) **Temporary Transfer.** If the Resident is admitted temporarily to the Retirement Community's Personal Care Facility or Nursing facility, or a hospital or other outside facility, with a medical prognosis of recovery and return to health consistent with the conditions of Residential Unit occupancy, then the Resident shall retain possession of the Residential Unit for the purpose of resuming residency. During any period of temporary transfer to the Retirement Community's Personal Care Facility or Nursing Facility, the Resident shall pay the costs for retaining the Residential Unit. During any period of temporary transfer to a hospital or other outside facility, the Resident shall pay the costs for retaining the Residential Unit set forth in Section 8.5 above. The Resident may return to the Residential Unit at such time as the Retirement Community determines that the Resident can satisfy the Retirement Living Criteria.

(b) **Permanent Transfer.** If transfer to the Retirement Community's Personal Care Facility or Nursing Facility or hospital or other appropriate outside facility exceeds ninety (90) days, or if at an earlier time the Retirement Community determines that the Resident will not be able to satisfy the Retirement Living Criteria so as to resume residency in the Residential Unit, the Retirement Community shall have the right to declare the Residential Unit vacant (unless occupied by a Co-Resident) and release the Residential Unit to another. The Resident shall Surrender and vacate the Residential Unit within thirty (30) days of written notice of the Retirement Community's decision to permanently transfer the Resident and release the Residential Unit. If, in the Retirement Community's opinion, the Resident subsequently recovers sufficiently to satisfy the Retirement Living Criteria of a Residential Unit, the Retirement Community, in its sole discretion, shall make available as soon as reasonably practicable a Residential Unit with a floor plan comparable to the one relinquished. The Resident shall be obligated to pay a Refurbishment Fee prior to re-occupancy, which fee is subject to change from time to time. The Resident also shall repay to Retirement Community, prior to re-occupancy, any unamortized amounts of the initial Entrance Fee which were refunded to the Resident. The Entrance Fee amounts repaid will continue to be amortized in accordance with the original amortization schedule continuing from the date of re-occupancy. The Resident also shall pay the then current Monthly Fee.

SECTION 9: LIMITED REFUND OF ENTRANCE FEE.

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

9.1 Rescission or Termination Before Occupancy.

The Refundable Deposit Fee and any Entrance Fee payments will be refunded in full if the Resident rescinds this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of this Agreement by death of the Resident before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event the Resident prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, is precluded from becoming a resident because of illness, injury or incapacity, then the Retirement Community shall make a full refund of the Refundable Deposit Fee and all Entrance Fee payments less any amounts deducted to cover expenses incurred by the Retirement Community at the specific written request of the Resident. If the Resident does not terminate this Agreement within the seven (7) day rescission period but does 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 the Resident shall forfeit the entire Refundable Deposit Fee. The balance of the Initial Entrance Fee payment will be refunded to the Resident less any amounts deducted to cover expenses incurred by the Retirement Community at the specific written request of the Resident. In situations of Double Occupancy, the death of one Co-Resident, either before or after Occupancy, shall not terminate this Agreement. Upon the death of one Co-Resident, the Monthly Fee for Occupancy of the Residential Unit shall be reduced to the Monthly Fee for Single Occupancy and all other provisions of this Agreement shall remain in force.

9.2 Termination After Occupancy For Any Reason, Including Death.

(a) **75% Refundable Entrance Fee Option.** Residents who select the 75% Refundable Entrance Fee and who terminate this Agreement after Occupancy for any reason, including death, shall receive a refund of seventy-five percent (75%) of the Entrance Fee paid, without accrual of any interest, minus any charges, fees, or costs otherwise due and owing in accordance with this Agreement.

(b) **Limited Refund of Standard, Intermediate, or Minimum Entrance Fee Options.** Residents who selected a limited refund Entrance Fee Option (Standard, Intermediate, or Minimum Entrance Fee Option) shall be subject to the following provisions. Five percent (5%) of the Entrance Fee shall be amortized and will accrue to the benefit of the Retirement Community immediately on the Designated Occupancy Date or Occupancy, whichever is earlier. The balance of the Entrance Fee shall be amortized and will accrue to the benefit of the Retirement Community at the rate of twenty-four percent (24%) during the first year, eighteen percent (18%) during the second year, eighteen percent (18%) during the third year, twelve percent (12%) during the fourth year, twelve percent (12%) during the

fifth year, and eleven percent (11%) during the sixth year pro-rated monthly during a period of six (6) years from the Designated Occupancy Date or date of Occupancy, whichever is earlier. After the lapse of six (6) years, the Entrance Fee shall be earned in full by the Retirement Community and no part of it will be refunded. In the event of termination by any reason, including the death of the Resident during the six (6) year amortization period, any unamortized amounts pro-rated on a monthly basis, less deductions for any financial assistance provided to the Resident by the Retirement Community, and/or any amounts deducted to cover costs incurred by the Retirement Community to refurbish, restore or repair the Residential Unit in the event of unreasonable wear and tear, and/or costs incurred at the specific request of the Resident, and/or any unpaid charges, shall be refunded to the Resident or the Resident's Estate in accordance with Section 9.5 and 9.6, as applicable.

(c) **Rental Entrance Fee.** The Entrance Fee is a non-refundable deposit payable to Retirement Community and is not amortized.

9.3 **Double Occupancy - Limitation on Availability of Refund.**

It is the intention of the parties that any applicable refund will only be made in accordance with Section 9.5 after the last surviving Co-Resident vacates and surrenders the Residential Unit, and this Agreement is terminated. In situations of Double Occupancy where one Co-Resident is transferred to the Nursing Facility and becomes eligible for Medical Assistance, no potential future refund shall be available to pay for Routine Nursing Care. If, however, DHS construes any potential future refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 9.5 is contrary to law or Medical Assistance eligibility requirements, then the Retirement Community shall make available the amount determined by DHS or other appropriate tribunal as an available resource as a refund, and apply such refund to the payment of Routine Nursing Care for the particular Co-Resident.

9.4 **No Accrual of Interest.**

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

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

Prior to Occupancy, all applicable refunds will be made after termination and within sixty (60) days of Resident's request. As long as the Resident or in the case of Double Occupancy, a Co-Resident, continues to occupy any Residential Unit within the Retirement Community, excepting accommodations in the Personal Care Facility or Nursing Facility, no refund shall be due and no refund shall be paid until the death, permanent transfer, discharge or voluntary departure outside of the Retirement Community of the Resident, or in situations of Double Occupancy, both Co-Residents, and the termination of this Agreement. If the Resident, or in the case of Double Occupancy, both Co-Residents, has or have vacated and surrendered the Residential Unit and occupied permanently an accommodation in the Personal Care Facility or the Nursing Facility, then no refund shall be due until sixty (60) days from the date of the Surrender of the Residential Unit. The amount of any refund due will be calculated by reference to the date of Surrender of the Residential Unit. Upon the Surrender of the Residential Unit, any unamortized balance of the Entrance Fee will cease being amortized. Surrender of the Residential Unit shall be complete when the Resident has ceased to occupy it, has removed all possessions from it, and has turned over to the Retirement Community the keys for it. Where a Residential Unit is occupied by Co-Residents, there will be no refund, partial or otherwise, upon the death, permanent transfer, discharge or voluntary departure from or transfer to another level of care within the Retirement Community of only one of the Co-Residents.

9.6 **Distribution of Refund Upon Death.**

In the case of Single Occupancy, refunds to the Resident's Estate shall be paid to the duly appointed representative of the estate after proof of such appointment is provided to the Retirement Community in the form granted by the court confirming such appointment. In situations of Double Occupancy, any applicable refund shall be paid by the Retirement Community to the estate of the last surviving Co-Resident unless the provisions of Section 6.1 apply, or unless otherwise agreed in writing.

SECTION 10: LIMITED OPTION TO MOVE TO ANOTHER RESIDENTIAL UNIT.

10.1 **Option After Occupancy.**

After Occupancy, the Resident may request to exercise a limited option to move to another Residential Unit, if and when another Residential Unit becomes available, in accordance with the terms and conditions set forth in this section. A request to move must be based on health, financial conditions, death of a Co-Resident, or other grounds deemed reasonably necessary by the Retirement Community. The Resident may request to move to any other available Residential Unit. The Retirement Community reserves the right to disapprove the Resident's request to move. In the event the Resident desires to exercise the option to move to another Residential Unit, the Resident must notify the Retirement Community in writing of the Residential Unit desired. Resident shall be

responsible for, and shall pay, the expenses associated with moving Resident's personal property.

10.2 **Costs of Election to Move.**

If the Resident elects to move to another Residential Unit on the same campus, the Resident shall pay the then current Transfer Fee, which includes a Refurbishment Fee, which is subject to change from time to time. There will be no Entrance Fee credit or refund even if the Entrance Fee for the surrendered Residential Unit is greater than the Entrance Fee for the selected Residential Unit. If the Resident elects to move to a Residential Unit which has an Entrance Fee greater than the Entrance Fee the Resident paid for Occupancy of the Residential Unit initially designated under this Agreement, then the Resident shall pay, prior to moving to the selected Residential Unit, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move. The additional fee shall be amortized in accordance with the amortization schedule in Section 4.2.

10.3 **Option to Move Addendum.**

In the event the Resident receives approval from the Retirement Community to move to another Residential Unit, the Resident shall sign an addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Fee for the selected Residential Unit.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE.

11.1 **Legal Guardian.**

If the Resident becomes incapacitated or unable to properly care for self or property, and no representative has been lawfully designated to act on behalf of the Resident or no lawfully designated representative is available or able to act on behalf of the Resident, then the Retirement Community shall have the option to institute legal proceedings to adjudge the Resident incapacitated and have a guardian appointed for the Resident's Estate. The Resident authorizes the Retirement Community to nominate a legal guardian to serve subject to court approval, and the Resident releases the Retirement Community from any liability related to the nomination. All costs of such legal proceedings, including actual legal fees, shall be paid by the Resident or the legally appointed guardian of the Resident's Estate.

11.2 **Will and Funeral Arrangements.**

If the Resident has prepared a Will or named a funeral director, then the name of the executor/executrix designated in Resident's Will, and/or the name of the funeral director selected by the Resident shall be provided in writing to the Retirement Community. In the event that the Resident after Occupancy identifies an executor/executrix in a Will or changes the name of the executor/executrix designated in the Resident's Will or selects a funeral director or identifies another funeral director, the Resident shall notify the Retirement Community of the choices or changes in writing.

11.3 **Advance Directives.**

(a) **Power of Attorney.** If the Resident has written, or if the Resident should write after Occupancy, a Durable Power of Attorney, then the Resident shall furnish the Retirement Community, no later than the date of Occupancy or the date the Durable Power of Attorney becomes effective, a Durable Power of Attorney executed by the Resident which shall be maintained in the files of the Retirement Community.

(b) **Living Will.** If the Resident has executed an advance directive in the form of a living will relating to the provision of health care services in the event of terminal or other illnesses/conditions, the Resident shall provide a copy of the living will to the Retirement Community, and a copy of any revisions or changes made to the document during the Resident's term of Occupancy. In the event of transfer to the Nursing Facility the Resident shall provide the Retirement Community with the original document, and the Retirement Community shall comply with the instructions or requests of the Resident as reflected in the Resident's living will, if any, if the Resident's advance instructions/requests are consistent with the law and the Retirement Community's policy, as such policy may change from time to time. If the Retirement Community cannot comply with the Resident's Advance Directive as reflected in the Resident's living will, if any, then the Retirement Community shall assist in arranging for the transfer of the Resident to another health care provider, if reasonably available, which will comply with the Resident's Advance Directive. The transfer and cost of care in another health care facility shall be an additional cost and the Resident shall be responsible to pay such costs. It shall be the sole responsibility of the Resident to provide the latest draft to Retirement Community of any Advance Directive, including a living will, and the Retirement Community shall not be liable and shall be held harmless from failure to comply with the revisions to the instructions or request of the Resident if such revisions are not provided to the Retirement Community.

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 Right of Self Organization.

The Residents of the Retirement Community shall have the right of self organization. Management of the Retirement Community welcomes the Resident's input in operations; the Resident's input or direction is advisory only. A representative designated by the Retirement Community's Board of Directors shall hold quarterly meetings with the organization representing the residents known as the "Resident's Council". At least seven (7) days notice of each quarterly meeting shall be given. The purposes of the quarterly meetings shall be to discuss such subjects as the Retirement Community's income, expenditures, financial trends and issues, and proposed changes in policies, programs, and services.

12.2 Right to Receive Disclosure Statements.

The Retirement Community shall deliver to the Resident prior to or at the time of the execution of this Agreement, and make available to the Resident at least annually thereafter, a copy of its Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

12.3 Guest Privileges.

The Resident shall be authorized to entertain and accommodate guests in accordance with the Retirement Community's guest policy as reflected in the Resident Handbook. The Retirement Community's policy is subject to change from time to time.

12.4 Rights to Property/Subordination.

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

12.5 **Inspection of Residential Unit and Right of Entry.**

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

12.6 **Housekeeping/Housecleaning Responsibilities.**

The Resident shall maintain the Residential Unit in a clean, sanitary, and orderly condition. If the Resident does not or is unable to maintain the Residential Unit in a reasonable manner as determined by the Retirement Community, after notice to the Resident, the Retirement Community shall have the right to maintain the Residential Unit, and the cost of such additional cleaning or maintenance shall be charged to the Resident.

12.7 **Health Insurance and Third Party Payments.**

(a) **Required Insurance.** The Retirement Community expects that some of the cost of medicines, medical or nursing services or equipment provided for the Resident under this Agreement will be paid by present or future Federal, State, Municipal, or private plans or programs of Medical/Surgical Insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to occupancy, the Resident shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at Resident's expense maximum coverage available under the Federal Government Social Security health insurance program known as "Medicare A, B and D", or an equivalent policy approved in writing by Retirement Community, and at least one Medicare supplemental co-pay 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 the Retirement Community which provides coverage for Medicare deductibles and co-insurance. The Retirement Community reserves the right to require the Resident to acquire health insurance that is accepted by the facilities operated by Concordia Lutheran Ministries. 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 Retirement Community in writing as an equivalent policy. Proof of such insurance must be provided at the time of application and prior to admission. For a Resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and the

co-pay health insurance policies are allowable for nursing or related care provided by the Retirement Community, those proceeds shall be paid to the Retirement Community directly if billed directly by the Retirement Community. Proof of such insurance must be provided at the time of application and prior to admission. In the event the Resident fails to maintain in force, because of failure to make premium payments, such Health Care Insurance after occupancy, the Retirement Community reserves the right to make such payments for purposes of maintaining such insurance in force for the Resident's benefit. The Resident is obligated to reimburse the Retirement Community for such payments made on behalf of the Resident and the cost of such premium shall be added to and included in the Monthly Fee. The payment by Retirement Community of any premium due on the required policies does not constitute a waiver of Retirement Community's right to terminate this Agreement upon Resident's failure to make such premium payments and Retirement Community has no obligation or liability to provide or pay for Resident's health insurance. Retirement Community may require Resident to provide proof of health insurance from time to time after occupancy.

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

(c) **Enrollment in a Managed Care Organization.** Resident may not enroll in a managed care organization ("MCO") for which Retirement Community is not a network or participating provider, and Resident may not enroll in or subscribe to any MCO providing equivalent Medicare benefits without the written consent of Retirement Community. Prior to enrolling in any MCO, Resident shall sign an addendum identifying the plan and reflecting Retirement Community's approval or disapproval. In the event that Resident subscribes to an MCO, including one that provides Medicare benefits, and Retirement Community is not a participating provider in Resident's MCO, Retirement Community may elect, at its option, to attempt to negotiate an agreement with and to obtain payment from Resident's MCO for covered services to be provided by Retirement Community. If Retirement Community is or becomes a network provider in Resident's MCO, Retirement Community reserves the right to withdraw from participation as a network provider. If the Resident's MCO and Retirement Community do not reach agreement on the terms under which services would be provided, or the Resident's MCO does not agree to provide payment for covered services provided by Retirement Community, Resident may either transfer to and receive services from a participating provider in Resident's MCO or pay Retirement Community the Daily Rate and any additional charges for service which otherwise would have been covered by Medicare indemnity coverage. Regardless whether Resident transfers to

a participating provider or receives services through Retirement Community, Resident shall continue to pay the Monthly Fee.

12.8 **Personal Property Insurance.**

Resident is responsible to obtain and maintain personal property insurance (i.e., renters' insurance) in an amount sufficient to cover the loss of Resident's personal property. Resident shall provide Retirement Community with a certificate of insurance verifying coverage prior to Occupancy. This policy shall be endorsed to name Concordia Lutheran Health and Human Care as an additional insured, and to provide that Retirement Community shall receive thirty (30) days prior written notice of cancellation or non-renewal. The Retirement Community shall provide insurance on the Retirement Community's owned real, personal contents, and equipment property only.

12.9 **Automobile Operation and Insurance Requirements**.

Residents who operate a motor vehicle must possess a current valid driver's license and a valid state registration for the motor vehicle. Residents who drive or maintain motor vehicles shall maintain, at a minimum, automobile liability insurance to cover liability and medical expenses arising from injury to themselves and others. Residents must register their vehicle(s) with the Retirement Community, and comply with the Retirement Community's rules and policies governing the safe operation of motor vehicles. The Retirement Community reserves the right to revoke the Resident's operating privileges and remove the Resident's vehicle from its property if the Resident does not abide by the Retirement Community's policy as reflected in the Resident Handbook, which is subject to change from time to time.

12.10 **Reduction of Income or Other Resources.**

The Residents shall make every reasonable effort to meet their financial obligations to the Retirement Community. The Resident shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of application for admission and shall not make any transfers or gifts after Occupancy, which would substantially impair Resident's ability or the ability of Resident's Estate to satisfy Resident's financial obligations to the Retirement Community.

12.11 **Medical Examinations.**

The Resident must be examined by a qualified physician of the Resident's own choosing prior to occupancy, which examination shall include, but not be limited to a test for tuberculosis (TB), and must make the results of the examination available to the Retirement Community in writing. If the pre-occupancy medical examination reveals that Resident's health is not consistent with the Retirement Living Criteria in the Residential Unit, the Retirement Community may terminate this Agreement or offer admission to the Personal Care or Nursing Facilities. The Retirement Community reserves the right to require the Resident, upon request by the Retirement Community,

to obtain a medical examination at the Resident's expense and submit the results of the examination to the Retirement Community.

12.12 **Responsibility for Property Damage to Retirement Community.**

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

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

12.13 **Release Regarding Conduct of Other Residents or Guests.**

The Retirement Community assumes no liability for the conduct of the Resident or any other residents or guests, or for the use, ownership, possession or control of electric carts or similar mechanized mobile medical or other equipment by other residents or guests. The Resident releases and discharges the Retirement Community from any claims for personal injury to the Resident or damage to the Resident's personal property caused by the conduct of other residents or guests, or by the use, ownership, possession or control of electric carts or similar mechanized mobile equipment by other residents or guests. The Resident may bring any claims for damages to the Resident's personal property or for personal injury sustained by the Resident from the actions or omissions of other residents directly against the residents and/or guests that are responsible for such damages or the Resident's injury.

12.14 **Responsibility for Resident's Personal Property.**

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

risk of any damage or loss to the personal property of Retirement Community; the Resident also bears the risk of any damage or loss to personal property held in storage by the Retirement Community.

(b) **Obligations Upon Termination.** If the Resident has become unable to comply with the Retirement Living Criteria of the living accommodation, or this Agreement has been terminated for any reason, the Resident or the duly authorized representative of the Resident's Estate must remove all personal property from the living accommodation, including property held in storage. If the Resident's personal property is not removed by the Resident or the Resident's representative within thirty (30) days of the Resident's permanent transfer from the living accommodation or termination of this Agreement, the Retirement Community shall dispose of the Resident's property in any manner it deems appropriate, and shall not be liable or responsible for any damages to it. The Resident or the Resident's Estate shall be obligated to pay all costs for the removal, storage or disposal of the Resident's property. If the Resident's property is moved to, and stored in, a commercial warehouse, the Retirement Community shall have no liability or responsibility for the Resident's property during the transfer of the property or the storage of it.

12.15 **Resident Records.**

Resident consents to the release of Resident's personal and medical records maintained by the Retirement Community for treatment, payment and operations as determined reasonably necessary by the Retirement Community. Any such release may be to the Retirement Community's employees, agents and to other health care providers from whom the Resident receives services, to third-party payors of health care services, to any MCO in which Resident may be enrolled, or to others deemed reasonably necessary by the Retirement Community for purposes of treatment, payment and operations. Release of records for other purposes shall be done in accordance with applicable law, with a specific authorization from the Resident where required. Authorized agents of the state or federal government, including the Long Term Care Ombudsman, may obtain Resident's records without the written consent or authorization of Resident.

12.16 **Rules, Regulations, Policies and Procedures.**

The Resident shall cooperate fully with the Retirement Community to maintain the Living Accommodation and common facilities in a neat and orderly manner, and shall comply with all rules, regulations, policies and procedures established by the Retirement Community. The Retirement Community's rules, regulations, policies, and procedures are set forth in the Resident Handbook, and other publications or documents of the Retirement Community, and are subject to change from time to time.

12.17 **Rights of Resident Are Personal and Nontransferable.**

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

12.18 **Pets.**

Under limited circumstances as approved by the Retirement Community, the Resident may have a pet so long as it meets the requirements of the Retirement Community's pet policy. The Resident shall assume financial responsibility and any obligations for any damage caused by the pet and shall pay an additional fee as set by the Retirement Community in accordance with its policy, which is subject to change from time to time. The Retirement Community reserves the right to rescind approval of the pet if it determines that the pet constitutes a nuisance or danger to the Retirement Community, or threatens the quiet enjoyment of other residents.

12.19 **Smoking.**

Smoking is only permitted in the Residential Unit and the outside, designated areas on the Retirement Community's campus. Smoking is not permitted on Residential Unit balconies. If the Resident's smoking within the Residential Unit becomes a nuisance to other residents of neighboring residential units, as determined by the Retirement Community, then the Retirement Community, in its discretion, may transfer the Resident to another residential unit, require air filtering equipment at the Resident's expense, or terminate this Agreement. If the Resident transfers to another residential unit at the Retirement Community's request pursuant to this provision, the Resident shall pay all fees and costs associated with such transfer in accordance with the provisions of Section 10 of this Agreement. The Resident is responsible for paying any and all damages to the Residential Unit resulting from smoking, including painting and refurbishing costs which will be substantially more than routine refurbishment costs, due to smoke damage.

SECTION 13: 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 the Retirement Community's Disclosure Statement, which is made available to the Resident on an annual basis.

SECTION 14: CASUALTY LOSS

In the event the Living Accommodation occupied by the Resident or the building in which the Living Accommodation is located, is destroyed or is damaged by fire or other casualty so as to render the Living Accommodation generally unfit for Occupancy, the Retirement Community will endeavor in good faith to rebuild and replace the Living Accommodation and/or building with substantially similar accommodations unless doing so would threaten its financial viability. In the unlikely event that the Retirement Community determines that rebuilding threatens its financial viability so as to preclude replacement of the Living Accommodation or building, then the Retirement Community will strive to develop an alternative restoration plan in which it will exercise its best efforts to locate, identify or provide, if financially feasible as determined by the Retirement Community, reasonable alternative accommodations for any resident affected by such a catastrophic loss. The Retirement Community 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 the Resident's behalf. If the Retirement Community elects to terminate this Agreement, written notice of termination shall be given to the Resident as soon as is reasonably possible from the date of the damage to the Living Accommodation. Any applicable refund due to the Resident in accordance with Section 9 shall be paid to the Resident in full upon any such termination. If notice of termination is not given, or if the damage does not render the Living Accommodation unfit for Occupancy, the Retirement Community shall be obligated to rebuild or repair the damage to the Living Accommodation as soon as reasonably possible for Occupancy by the Resident, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event the Resident is unable to occupy the Living Accommodation for any period of time during any reasonably necessary period of restoration of the Living Accommodation, the Monthly Fee shall be reduced proportionately, unless a vacant Living Accommodation is available for temporary Occupancy by the Resident. The Retirement Community 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 Living Accommodation, or the interruption in use of the Living Accommodation, or the termination of this Agreement by reason of the destruction of the Living Accommodation or building.

SECTION 15: RENOVATION OF LIVING ACCOMMODATION

The Retirement Community reserves the right to relocate the Resident to another living accommodation within the Retirement Community in the event the Living Accommodation occupied by the Resident or the building in which the Living Accommodation is located is subject to renovation. In such event, the Resident shall relocate to a living accommodation that is substantially similar to the Living Accommodation designated under this Agreement. In the event of such relocation, the Retirement Community shall assume responsibility for the Resident's reasonable moving costs. During temporary occupancy of the other living accommodation, the Resident

shall pay the Monthly Fee applicable to that living accommodation. Upon completion of the renovations, the Resident may, subject to the Retirement Community's approval, elect to remain in the living accommodation the Resident has occupied on a temporary basis, or return to the renovated Living Accommodation or the renovated building in which the Living Accommodation is located. If the Resident, subject to the Retirement Community's approval, chooses to remain in the living accommodation the Resident has been occupying, then the Resident shall continue to pay the applicable Monthly Fee, and any applicable refund due to the Resident upon the termination of this Agreement shall be based on the Surrender of that living accommodation. In the event the Resident, subject to the Retirement Community's approval, chooses to return to the renovated Living Accommodation or the building in which the Living Accommodation is located, then this Agreement shall terminate and the Resident shall receive any applicable refund. The Resident shall execute a new Residency Agreement with the Retirement Community and pay the then current Entrance Fee and the then current Monthly Fee. All costs associated with relocation to the renovated Living Accommodation or the building in which the Living Accommodation is located shall be paid by the Resident.

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 the Retirement Community shall be construed as a waiver of any of the rights granted to the Retirement Community, or a limit on Retirement Community's ability to strictly enforce all of the provisions of this Agreement.

SECTION 18: ENTIRE AGREEMENT

This Agreement along with any applicable addendum(s) constitute the entire Agreement between the Retirement Community and the Resident. The Retirement Community shall not be responsible or liable for any statements, representations or promises made by any person representing or purporting to represent the Retirement Community, unless such statements, representations or promises are set forth in this Agreement. Any brochures or advertisements describing the Retirement Community 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 the Retirement Community's Board of Directors and executed by the parties.

SECTION 19: INDEMNIFICATION

The Resident shall indemnify and hold the Retirement Community harmless from and against, and is responsible to pay for, any damages, including the Retirement Community's 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 the Resident's acts or omissions, to the fullest extent permitted by law.

SECTION 20: GRIEVANCE PROCEDURE

20.1 Reporting Complaints.

If the Resident believes that he/she is being mistreated in any way or his/her rights have been or are being violated by staff or another resident, the Resident shall make this known to the Retirement Community via its open-door policy. The Resident and the Retirement Community will work together to establish a plan to resolve the situation satisfactorily to the Resident.

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 follow:

To Retirement Community:

_____

_____

_____

To Resident (Before Occupancy):

After Occupancy, notice will be provided to the Resident at Resident's living accommodations specified in this Agreement.

SECTION 22: MISCELLANEOUS PROVISIONS

22.1 Resident's Continuing Disclosure Obligation.

The information regarding the Resident's age and financial affairs and the Resident's ability to meet the Retirement Living Criteria submitted by the Resident in the forms and related application documents is a material part of this Agreement, and this information is incorporated as a part of this Agreement. The Resident acknowledges that the submission of false information may, in the discretion of the Retirement Community, constitute grounds for the termination of this Agreement. The Resident must disclose any material changes in the Resident's financial situation or the Resident's ability to meet the Retirement Living Criteria before and after Occupancy. The Retirement Community may from time to time request verified financial statements and copies of tax returns from the Resident. The failure to make such disclosure may, in the discretion of the Retirement Community, constitute grounds to terminate this Agreement.

22.2 Receipt of Disclosure Statement and Resident Handbook.

The Resident acknowledges receiving a copy of the Retirement Community's annual Disclosure Statement and the 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 the Retirement Community or granting any contractual rights to the Resident.

22.3 Retirement Community's Modification of Agreement and Policies.

The Retirement Community reserves the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in its rules, regulations, policies and procedures as the Retirement Community deems reasonably appropriate for the safe and efficient operation of the Retirement Community.

22.4 Binding Effect.

Except as otherwise provided herein, this Agreement shall bind and serve to benefit the legal representatives, successors and assigns of the Retirement Community, and the heirs, executors, administrators and assigns of the Resident.

22.5 Governing Law.

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

22.6 **Consent to Assignment.**

Resident consents to the collateral or other assignment by the Community of its right, title and interest in this Agreement.

22.7 **Editorial Provisions.**

The Headings of the paragraphs in this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of gender-based pronouns shall be interpreted to include both the male and female pronouns unless explicitly specified to relate to one gender only.

22.8 **Non-Waiver of Act 82.**

No act, agreement or statement of Resident, or of any individual purchasing care for a Resident under any agreement to furnish care to Resident, shall constitute a valid waiver of any provision of the Continuing-Care Provider Registration and Disclosure Act, Act of June 18, 1984, P.L. 391, No. 82 Sections 1-25, 40 P.S. Section 3201 et. seq., (Act 82), intended for the benefit or protection of Resident or the individual purchasing care for Resident.

22.9 **Limitations on Private Cause of Action.**

The Resident may not file or maintain an action under Act 82 if the Resident, before filing the action, received an offer, approved by the Insurance Commissioner, to refund all amounts paid by the Resident to the Retirement Community, the facility or person alleged to have violated Act 82 together with interest from the date of payment, less the reasonable value of care and lodging provided prior to receipt of the offer and the Resident failed to accept the offer within thirty (30) days of its receipt.

22.10 **Disclaimer.**

The Lutheran Church-Missouri Synod is not responsible for any obligations or liabilities of the Retirement Community.

22.11 **Acknowledgement.**

The Resident hereby acknowledges 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, the Retirement Community has caused this Agreement to be signed by its authorized representative, and the Resident has hereunto affixed his/her/their signature(s), the day and year first above written.

Attest: Retirement Community

_____

Connor C. Hagey, Dir. of Retirement Living

Witness: _____ _____

Resident

Witness: _____ _____

Resident

COMMONWEALTH OF PENNSYLVANIA)

) SS:

COUNTY OF BUTLER)

On this _____ day of _____, **2022**, before me a Notary Public, the undersigned officer, personally appeared _____ and _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.

_____

Notary Public

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 2022. You may rescind and terminate your Residency 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 Agreement within this seven (7) day period.

To rescind your Residency 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:

Concordia Haven
Director of Retirement Living
112 Marwood Road #4137
Cabot, PA 16023

No later than midnight of _____, 2022 (last day for rescission).

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

Date: _____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

EXHIBIT A

The following items will be provided by the Retirement Community as part of the Residential Unit:*

- Flooring
- Call system
- Smoke detectors
- Assist bars in the bathroom
- Curtain rods and sheers
- Refrigerator
- Range
- Microwave oven
- Sink
- Cabinets
- Fire extinguisher
- Carbon Monoxide detector
- Washer & Dryer (Haven I & III only)

* Haven I and III have a washer/dryer and dishwasher in each unit and two-bedroom units have a powder room.

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE

ANNUAL DISCLOSURE STATEMENT

JANUARY 2022

THIS DISCLOSURE STATEMENT IS BEING DISTRIBUTED PURSUANT TO THE CONTINUING CARE PROVIDER REGISTRATION AND DISCLOSURE ACT OF JUNE 18, 1984 (P.L. 391, NO. 82). THE ISSUANCE OF A CERTIFICATE OF AUTHORITY BY THE INSURANCE DEPARTMENT OF THE COMMONWEALTH OF PENNSYLVANIA DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT OF THE CONCORDIA LUTHERAN HEALTH AND HUMAN CARE CONTINUING CARE FACILITY BY THE INSURANCE DEPARTMENT, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT IN THE DISCLOSURE STATEMENT.

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE

DISCLOSURE STATEMENT

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G. Schedule of Increases in Monthly Fees
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SUMMARY OF DISCLOSURE STATEMENT

The following is a summary of information presented in this Disclosure Statement:

1. THE FACILITY: Concordia Lutheran Health and Human Care ("CLHHC"), 134 Marwood Road, Cabot, Pennsylvania 16023 (724) 352-1571 or (888) 352-1571 toll free.

2. THE PROVIDER: CLHHC with Corporate Offices at 134 Marwood Road, Cabot, Pennsylvania 16023 - (724) 352-1571 or (888) 352-1571 toll free. CLHHC is a subsidiary of Concordia Lutheran Ministries.

3. PERSON TO BE CONTACTED TO DISCUSS ADMISSIONS: Peggy Trettel, Admissions Counselor; 112 Marwood Road #4137, Cabot, Pennsylvania 16023 – (724) 352-5378 or (888) 352-1571 toll free, e-mail address ptrettel@concordialm.org

4. DESCRIPTION OF FACILITY: CLHHC facility consists of 327 apartments located in three buildings, 142 skilled nursing beds and 280 personal care units are on a campus consisting of 167 acres in Cabot, Pennsylvania. CLHHC operates a Medicare certified and a Private Duty Home Care service called Concordia Private Care.

5. AGE REQUIREMENTS: To enter the retirement apartments, individuals must be sixty-eight (68) years of age or older. If a married couple, one must be at least sixty-eight or special consideration may be granted by the Board of Directors.

6. AFFILIATIONS: CLHHC is a recognized service organization of the Lutheran Church-Missouri Synod. The Lutheran Church-Missouri Synod is not responsible for any obligations or liabilities of CLHHC. CLHHC is a member of LeadingAge and LeadingAgePA. CLHHC is also accredited by CARF (Commission on Accreditation of Rehabilitation Facilities.

7. CURRENT RESIDENT POPULATION: As of January 1, 2022, there are approximately 780 residents on Concordia Lutheran Ministries' Cabot campus.

8. OTHER CLHHC LOCATIONS: CLHHC also operates the following facilities:
   * Concordia at Ridgewood Place (Plum Borough, PA) – 75 bed personal care facility
   * Concordia at The Orchard (Butler, PA) – 60 bed personal care facility
   * Harmony Physical Rehabilitation (Monroeville, PA) – 25 bed rehab facility

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE

DISCLOSURE STATEMENT

INTRODUCTION

Concordia Lutheran Health and Human Care is a continuing care retirement community with corporate offices located at 134 Marwood Road, Cabot, Pennsylvania. Concordia is incorporated as Concordia Lutheran Health and Human Care, a Pennsylvania not-for-profit corporation with its principal offices at the same address and is a subsidiary of Concordia Lutheran Ministries. Concordia Lutheran Health and Human Care is a recognized service agency of the Lutheran Church-Missouri Synod. The Lutheran Church-Missouri Synod is not, however, responsible for the financial or contractual obligations of Concordia Lutheran Health and Human Care.

Concordia Lutheran Health and Human Care (hereafter referred to as "Concordia") is exempt from the payment of Federal income tax under Internal Revenue Code Section 501 (c) (3). A copy of the determination letter from the Internal Revenue Service is attached as Exhibit A.

The Board of Directors of Concordia has oversight authority over the business affairs of Concordia. No officer, director, trustee, or other person has held a 10 percent or greater equity or beneficial interest, has provided $500 or more in goods or services to the Provider, or has been convicted of a felony charge. The officers and directors of Concordia serve on a voluntary basis and receive no remuneration for their activities related to Concordia. The name of each officer and director are attached as Exhibit B.

The President and Chief Executive Officer (CEO) has full-time, on-site operational and management responsibility. A description of the background and experience of Keith E. Frndak, the current President and CEO, is attached as Exhibit C.

DESCRIPTION

Concordia occupies approximately one hundred sixty-seven (167) acres of land in suburban Cabot, Pennsylvania. As of October 1, 2001, 327 apartments are located in three buildings, which are referred to as Concordia Haven Apartments. The apartments accommodate single residents or couples and are attractively designed for easy living.

All of the apartments contain full baths, kitchen facilities, carpeting, ceramic and/or vinyl floor covering and individually controlled heat and air conditioning. Attractive dining rooms for the exclusive use of Concordia residents and their guests are provided. Guest rooms, garden plots, a year-round craft program, and related equipment is available. A social center facilitates privately hosted occasions for friends and families as well as social events for Concordia Haven dwellers. Shopping centers and recreation areas are nearby. Group transportation is available.

Residents have priority access to all affiliated services of Concordia, including Skilled Nursing, Personal Care and all Home and Community-based services.

FEES

Various Entrance Fees are associated with the Concordia Haven Apartments, depending on the size of the unit and the desired monthly fee. A current schedule of Entrance Fees and Monthly Service Fees is attached and marked Exhibit D. Those who require financing while assets such as a home or investments are liquidated may do so at an annual interest rate determined by the retirement community that is reflective of current market rates. It is expected that the monthly and second occupant fees will be increased periodically to cover increases in the cost of providing services to residents. Residents will be given at least thirty days advance

notice of any increase in monthly and second occupant fees, in accordance with Section 4.6, Paragraph C, Page 14 of the Residency Agreement, a copy of which is attached as Exhibit E. Exhibit G is a table that shows the frequency and average dollar amount of the increases in the Monthly Service Fees over previous years.

SERVICES

The following list summarizes the benefits and services that are available with the occupancy of a Concordia Haven Apartment:

1. Twenty-four-hour call service.
2. Utility charges (electric, gas, water, sewer, basic cable, snow removal, garbage service, etc.) are included in the monthly fee.
3. The use of all of the facilities and access to programs.
4. Trips to area shopping centers.
5. Transportation is provided for group activities and individual necessities.
6. Medical transportation service is provided to residents as follows:

   Twelve (12) vouchers annually: each voucher entitles residents to two and one half (2 1/2) hours and thirty (30) miles round trip. There will be an additional charge for any trip exceeding two and one-half (2 1/2) hours or thirty (30) miles. Any trip beyond the twelve (12) vouchers will be charged to the resident. Vouchers may not be gifted, sold, transferred, etc. Vouchers are not accepted for services that are available on campus (ex: podiatrist, therapy). Vouchers expire December 31 of year issued.
7. Limited shuttle service is available between buildings on Concordia's Campus.

Services such as Home Care, private duty health care services, housekeeping and laundry services and beauty shop services may be available at an additional charge. This list is not intended to be all inclusive.

Details regarding the above services are provided in Section 2 of the Residency Agreement which has been attached as Exhibit E.

Apartment residents are given a priority status admission for other health care services, such as personal care and skilled nursing services, at any of Concordia's facilities (including Concordia of the South Hills, Concordia at Sumner, Concordia at Ridgewood Place, Concordia at the Orchard, Concordia at Rebecca Residence, Concordia of Cranberry, Concordia of Fox Chapel, Concordia of Franklin Park and Concordia of Wexford, Concordia of Monroeville, Concordia at Villa St. Joseph and Harmony Rehabilitation), subject to provisions in the Residency Agreement.

The Resident may not, however, give away material amounts of money while living in the apartments so as to jeopardize the ability to pay for care should the Resident require the health care services offered by Concordia.

Details concerning contingencies under the Continuing Care Plan are discussed in Section 3 and Section 5 of the Residency Agreement. Residents admitted to the Health Center pay the then current daily rate and the monthly charge for the apartment, if it is their desire to maintain and return to the apartment. The daily rate for the Health Center includes three meals per day and a full-service package.

ESCROW AND RESERVE FUNDS

Escrow and reserve funds have been established as required by the Pennsylvania Insurance Department. Any money so escrowed will be invested by the Escrow Agent in accordance with the Act.

FINANCIAL STATEMENTS

Audited financial statements for the fiscal year ending June 30, 2020 are attached as Exhibit H. If you have any questions regarding the Financial Statements, please contact the Chief Financial Officer or your own financial advisor.

EXHIBIT A

EXEMPTION FROM FEDERAL INCOME TAXATION

EXHIBIT B

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE

BOARD OF DIRECTORS

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE
BOARD OF DIRECTORS
2022

Mr. Keith Frndak, Chair (*President*)

Mr. Michael Falbo (*Secretary/Treasurer*)

Mr. Alvin Barringer

Ms. Kay Frndak-Suder

Mr. Fred Heintz

Mr. Paul Hoffman

Mr. Brian Hortert

Ms. Misty Ingram

Ms. Sherrie Purucker

Mr. Daniel Spittel

Ms. Melissa Sullivan

Ms. Tammy Young

EXHIBIT C

RESUMES OF

KEITH E. FRNDAK,

President & Chief Executive Officer

and

CONNOR C. HAGEY

Director of Retirement Living

KEITH E. FRNDAK

210 Lois Lane
Saxonburg, PA 16056

SUMMARY

President & CEO of Concordia Lutheran Ministries. Responsible for strategic objectives, foundation activities, and operational oversight of all Concordia's corporate network which includes 8 nursing homes (663 beds); 7 inpatient rehab units; 13 personal care or assisted living properties (1,189 beds); 5 independent living properties with 981 retirement apartments and 22 villas; Concordia Community Support Services; Concordia Visiting Nurses; Concordia-IRMC VNA; Good Samaritan Hospice and Concordia Hospice of Washington including four in-patient locations; Concordia Medical Equipment; Providence Pharmacy; Concordia Physician Practice; Outpatient Rehab; Adult Day Services and Concordia Child Care Center.

EXPERIENCE

CONCORDIA LUTHERAN MINISTRIES, Cabot, PA **1985 – Present**
President & Chief Executive Officer

- Responsible for all strategic objectives, foundation and operational oversight of Concordia's corporate network which includes 7 nursing homes (663 beds); 11 personal care properties (938 beds); two assisted living properties (215 beds); 3 memory care facilities (99 beds); 5 retirement communities (1,003 retirement living apartments); as well as the following home and community service organizations: Concordia Community Support Services, Concordia Visiting Nurses, VNA Alliance, Concordia Private Care, Concordia Physician Practice, Good Samaritan Hospice (which includes two in-patient hospice locations), Concordia Hospice of Washington, Concordia Medical Equipment; Providence Pharmacy; Concordia Outpatient Rehabilitation, Concordia Adult Day Services and the Concordia Child Care Center, a licensed child care center serving the community and employees.

- Chairman of the Board for the following corporations: Concordia Health and Human Care, Concordia Community Support Services, Concordia Visiting Nurses, Good Samaritan Hospice, Concordia at Rebecca Residence, Concordia Medical Equipment, Providence Pharmacy, Concordia Lutheran Ministries Foundation, Concordia Lutheran Ministries of Pittsburgh, Concordia of Ohio and Concordia of Florida and Concordia Physician Practice.

EDUCATION

BA in Health Care Management, Edinboro University, Edinboro, PA

LICENSE

Nursing Home Administrator License #NH002520L

Connor C. Hagey

Home Address
401 Altermoor Dr
Natrona Heights, PA 15065

chagey@concordialm.org

Phone
(724) 352-1571 Ext: 8343

Work History

Concordia Lutheran Ministries
Director of Retirement Living (February 2014 – Present)

- Responsible for all operations regarding Concordia Haven Retirement Apartments

Manager-In-Training (January 2013 – January 2014)

- Trained with Executive Director and Administrator of Cabot Personal Care
- Participated in the day-to-day operations of Cabot Personal Care
- Trained with various executives throughout Concordia lines of business

PNC Bank, Pittsburgh PA
Investment Operations – Team Lead (July 2011 – January 2013)

- Supervised a team of six Investment and Sr. Investment specialists
- Oversaw all job duties, projects and additional duties as needed

Investment Operations – Sr. Investment Specialist (December 2010 – July 2011)

- Assumed all duties of Investment Specialist
- Acted as primary contact for internal and external service partners
- Assisted Team Leader in staff training
- Created & updated job procedures as necessary
- Reconciled internal books of record and external reporting systems

Investment Operations – Investment Specialist (February 2008 – December 2010)

- Worked with PNC and external investors to ensure proper trade execution and settlement
- Located trade discrepancies and corrected as needed
- Identified and resolved failed trades as necessary

Securities Processing (February 2006 – February 2008)

- Processed assets through client Accounts using different financial programs
- Received and delivered securities through various depositories
- Developed spreadsheets and templates for department use
- Analyzed and resolved problems resulting from trade, processing, and reversal errors

Teller (April 2005-February 2006)

- Updated various PNC marketing and promotional campaigns
- Cross trained as Customer Service Representative
- Utilized Microsoft and DOS systems to perform customer transactions

Education

Bachelor of Science in Business Administration (May 2003)
Shippensburg University, Shippensburg PA (Aug. 1999 - May 2003)

- John L. Grove College of Business - Nationally accredited by AACSB International The International Association for Management Education
- Major: Marketing Major GPA: 3.2
- Dean's List: Spring 2002, Spring 2003

Leadership

- Board of Directors, Redeemer Lutheran School

EXHIBIT D

SCHEDULE OF ENTRANCE FEES
AND
MONTHLY FEES

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE

2022 Schedule of Entrance Fees and Monthly Fees

	Haven II		Haven I & III	
	Entrance Fee	*Monthly Fee*	*Entrance Fee*	*Monthly Fee*
Two Bedroom Unit				
75% Refundable	**$122,000**	**$1,355**	**$159,000**	**$1,580**
Standard	**$94,000**	**$875**	**$122,000**	**$945**
Intermediate	**$75,000**	**$1,075**	**$100,000**	**$1,150**
Minimum	**$47,000**	**$1,490**	**$69,000**	**$1,630**
***Rental Option**	**$17,000**	**$1,950**	**$19,000**	**$2,380**
	***(non-refundable deposit)**		***(non-refundable deposit)**	
One Bedroom Unit				
75% Refundable	**$92,000**	**$1,050**	**$115,000**	**$1,320**
Standard	**$66,000**	**$800**	**$88,000**	**$850**
Intermediate	**$48,000**	**$975**	**$71,000**	**$1,025**
Minimum	**$34,000**	**$1,225**	**$51,000**	**$1,350**
***Rental Option**	**$15,000**	**$1,565**	**$17,000**	**$1,900**
	***(non-refundable deposit)**		***(non-refundable deposit)**	

The second occupant fee is $195 per month. Monthly fees and second occupant fees are not fixed rates and will increase from time to time.

This model allows resident to choose their desired Entrance Fee and the related Monthly Fee if they are financially eligible.

The minimum age is 68. Applicants under the age of 68 can inquire about special considerations.

EXHIBIT E

RESIDENCY AGREEMENT

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DEFINITION OF WORDS AND PHRASES

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

AMORTIZATION OF ENTRANCE FEE: The periodic reduction in the refundable portion of the Entrance Fee until it is earned in full by the Retirement Community.

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

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

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

CO-RESIDENT: One of two individuals who signs as Resident to occupy initially one Residential Unit. Co-Residents must either be married or siblings to share a residential unit. Other related parties that are not married or siblings can occupy a unit at the sole discretion of administration.

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

DESIGNATED OCCUPANCY DATE: The date designated by the Retirement Community on which Resident must accept occupancy of the Residential Unit.

DOUBLE OCCUPANCY: Two individuals initially residing in a Residential Unit as Co-Residents. Residents must either be married or siblings to share a residential unit. Other related parties that are not married or siblings can occupy a unit at the sole discretion of administration.

DOUBLE OCCUPANCY FEE: The additional fee for a second occupant of the Residential Unit. The charge is added to the Monthly Fee.

ENTRANCE FEE: The charge for admission to the Retirement Community. The amount of the Entrance Fee is based on the Entrance Fee Option and the type of the Residential Unit selected.

FINANCIAL ASSISTANCE POLICY: The Retirement Community's policy regarding the possibility of providing financial assistance or subsidy to Resident in accordance with this Agreement.

LIVING ACCOMMODATION: The Residential Unit, or personal care room, or nursing care bed provided for occupancy by Resident.

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

MONTHLY FEE: The monthly charge for occupancy of a Residential Unit. The amount of the Monthly Fee is based on the size of the unit selected, the number of occupants of the Residential Unit and the Entrance Fee Option paid. In situations of Double Occupancy, it includes the Double Occupancy Fee.

NURSING FACILITY: The licensed nursing care facilities affiliated with the Retirement Community, and located at the main campus in Cabot, PA, and at Concordia of the South Hills (in Mt. Lebanon, PA), Concordia at Sumner (in Copley, OH), Concordia at Rebecca Residence (in Allison Park, PA), Concordia at Monroeville (in Monroeville, PA), Concordia at Villa St. Joseph (in Baden, PA), Concordia Village of Tampa (in Tampa, FL) and Harmony Physical Rehabilitation (in Monroeville, PA).

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

PERSONAL CARE FACILITY: The licensed personal care facilities affiliated with the Retirement Community, and located at the main campus in Cabot, PA, at Concordia of the South Hills (in Mt. Lebanon, PA), Concordia at Sumner (in Copley, OH) Concordia at Ridgewood Place (in Plum Borough, PA), at Concordia at the Orchard (in Butler, PA), Concordia at Rebecca Residence (in Allison Park, PA), at Concordia of Cranberry (in Mars, PA), at Concordia of Fox Chapel (in Cheswick, PA), Concordia of Franklin Park (in Franklin Park, PA), Concordia of Wexford (in Wexford, PA), Concordia Village of Tampa (in Tampa, FL) and Concordia of Monroeville (in Monroeville, PA).

RATE SCHEDULE: A Retirement Community publication reflecting current charges for services rendered by the Retirement Community.

REFURBISHMENT FEE: The charge for transferring and moving from the Residential Unit designated under this Agreement to another Residential Unit. The fee must be paid upon approval of Resident's request to move or upon Resident's request to return to Retirement Community after transfer to an outside facility which previously had been determined to be permanent.

RESIDENT: Individual(s) residing in a Residential Unit.

RESIDENT CARE REVIEW COMMITTEE: Is responsible for directing and coordinating the transfer of Resident between various levels of care within the Retirement Community and is comprised of representatives from various departments across the continuum of care.

RESIDENT HANDBOOK: A Retirement Community publication reflecting the rules, regulations, policies and administrative procedures of the Retirement Community. Resident is obligated to comply with the Retirement Community's 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.

RESIDENT SERVICES COORDINATOR: The individual responsible for routine, administrative support matters related to residents.

RESIDENTIAL UNIT: A one-bedroom, two-bedroom, three-bedroom or large two-bedroom apartment.

RETIREMENT COMMUNITY: The term used for Concordia Lutheran Health and Human Care, Concordia Haven Retirement apartments, and includes all of its affiliated facilities.

ROUTINE NURSING CARE: The level of nursing care that is provided in the Nursing Facility. It is provided by registered nurses, licensed practical nurses and certified nursing assistants, and includes assistance with activities of daily living (bathing, dressing, eating), medication administration and wound care. It does not include care for Residents with certain complex medical conditions which require equipment and professional staff other than currently provided and which may be characterized as sub-acute, transitional care or special rehabilitation services (for example, ventilator dependency care is considered to be beyond the scope of the Retirement Community's current service capability). Residents requiring more than routine nursing care may be referred to an appropriate facility for treatment and care. To the extent that more than routine nursing care services are provided, those services will be provided at an additional charge above the Daily Rate.

SINGLE OCCUPANCY: One individual initially residing in the Residential Unit.

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

TRANSFER FEE: The fee charged for transfer to another Residential Unit because of marriage to another resident of Retirement Community or as a personal preference of the resident.

RESIDENCY AGREEMENT

EXHIBIT F

CONCORDIA HAVEN –
INDEPENDENT LIVING CRITERIA

An applicant/resident must satisfy the following retirement living criteria in order to qualify for residency in a residential unit:

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 residential unit.

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

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

4. Demonstrate that, upon applicant's/resident's request for a reasonable accommodation to remain in the residential unit, such reasonable accommodation shall be secured with appropriate and qualified assistance, and, if requested by the Retirement 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 the Retirement Community and without prematurely depleting such resources as determined by the Retirement Community.

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

EXHIBIT G

SCHEDULE OF INCREASES IN MONTHLY FEES

CONCORDIA HAVEN APARTMENTS PRICE HISTORY
SUMMARY OF ENTRANCE FEE OPTION CHANGES SINCE 2018:

1-2018	**Haven II**	
	Three Bedroom	138,000 + 955 –or– 116,000 + 1,185 –or– 81,000 + 1,685
		75% Refundable 180,000 + 1,655
		*Rental Option 27,000 + 2,550 (*non-refundable deposit)
	Two Bedroom	81,000 + 720 –or– 63,000 + $915 –or– 38,000 + 1,290
		75% Refundable 108,000 + 1,150
		*Rental Option 14,000 + 1,750 (*non-refundable deposit)
	One Bedroom	58,000 + 650 –or– 42,000 + 810 –or– 28,000 + 1,045
		75% Refundable 81,000 + 895
		*Rental Option 12,000 + 1,365 (*non-refundable deposit)
	Haven I and Haven III	
	Large Two Bedroom	138,000 + 955 –or– 116,000 + 1,185 –or– 81,000 + 1,685
		75% Refundable 180,000 + 1,655
		*Rental Option 27,000 + 2,550 (*non-refundable deposit)
	Two Bedroom	106,000 + 780 –or– 87,000 + 975 –or– 59,000 + 1,430
		75% Refundable 142,000 + 1,390
		*Rental Option 16,000 + 2,130 (*non-refundable deposit)
	One Bedroom	76,000 + 695 –or– 61,000 + 855 –or– 42,000 + 1,160
		75% Refundable 102,000 + 1,155
		*Rental Option 13,000 + 1,680 (*non-refundable deposit)
1-2019	**Haven II**	
	Three Bedroom	157,000 + 1,035 –or– 128,000 + 1,310 –or– 88,000 + 1,790
		75% Refundable 181,000 + 1,680
		*Rental Option 28,000 + 2,575 (*non-refundable deposit)
	Two Bedroom	84,000 + 750 –or– 65,000 + $945 –or– 40,000 + 1,320
		75% Refundable 112,000 + 1,195
		*Rental Option 15,000 + 1,780 (*non-refundable deposit)
	One Bedroom	59,000 + 680 –or– 43,000 + 840 –or– 29,000 + 1,075
		75% Refundable 84,000 + 925
		*Rental Option 13,000 + 1,395 (*non-refundable deposit)
	Haven I and Haven III	
	Large Two Bedroom	157,000 + 1,035 –or– 128,000 + 1,310 –or– 88,000 + 1,790
		75% Refundable 181,000 + 1,680
		*Rental Option 28,000 + 2,575 (*non-refundable deposit)
	Two Bedroom	110,000 + 810 –or– 90,000 + 1,005 –or– 61,000 + 1,460
		75% Refundable 147,000 + 1,420
		*Rental Option 17,000 + 2,160 (*non-refundable deposit)
	One Bedroom	79,000 + 725 –or– 63,000 + 885 –or– 44,000 + 1,190
		75% Refundable 106,000 + 1,185
		*Rental Option 15,000 + 1,695 (*non-refundable deposit)
1-2020	**Haven II**	
	Three Bedroom	176,000 + 1,105 –or– 140,000 + 1,430 –or– 95,000 + 1,895
		75% Refundable 182,000 + 1,705
		*Rental Option 29,000 + 2,600 (*non-refundable deposit)
	Two Bedroom	86,000 + 785 –or– 68,000 + $970 –or– 42,000 + 1,355
		75% Refundable 113,000 + 1,220
		*Rental Option 15,000 + 1,815 (*non-refundable deposit)
	One Bedroom	60,000 + 715 –or– 44,000 + 875 –or– 30,000 + 1,110
		75% Refundable 85,000 + 950
		*Rental Option 13,000 + 1,430 (*non-refundable deposit)

	Haven I and Haven III	
	Large Two Bedroom	176,000 + 1,105 –or– 140,000 + 1,430 –or– 95,000 + 1,895
		75% Refundable 182,000 + 1,705
		*Rental Option 29,000 + 2,600 (*non-refundable deposit)
	Two Bedroom	112,000 + 845 –or– 92,000 + 1,040 –or– 63,000 + 1,495
		75% Refundable 148,000 + 1,445
		*Rental Option 17,000 + 2,195 (*non-refundable deposit)
	One Bedroom	81,000 + 760 –or– 65,000 + 920 –or– 46,000 + 1,225
		75% Refundable 107,000 + 1,210
		*Rental Option 15,000 + 1,730 (*non-refundable deposit)
1-2021	**Haven II**	
	Three Bedroom	178,000 + 1,140 –or– 142,000 + 1,465 –or– 97,000 + 1,930
		75% Refundable 183,000 + 1,740
		*Rental Option 29,000 + 2,635 (*non-refundable deposit)
	Two Bedroom	88,000 + 820 –or– 70,000 + $1,005 –or– 44,000 + 1,390
		75% Refundable 114,000 + 1,255
		*Rental Option 15,000 + 1,850 (*non-refundable deposit)
	One Bedroom	61,000 + 750 –or– 45,000 + 910 –or– 31,000 + 1,145
		75% Refundable 86,000 + 985
		*Rental Option 13,000 + 1,465 (*non-refundable deposit)
	Haven I and Haven III	
	Large Two Bedroom	178,000 + 1,140 –or– 142,000 + 1,465 –or– 97,000 + 1,930
		75% Refundable 183,000 + 1,740
		*Rental Option 29,000 + 2,635 (*non-refundable deposit)
	Two Bedroom	114,000 + 880 –or– 94,000 + 1,075 –or– 65,000 + 1,530
		75% Refundable 149,000 + 1,480
		*Rental Option 17,000 + 2,230 (*non-refundable deposit)
	One Bedroom	83,000 + 795 –or– 67,000 + 955 –or– 48,000 + 1,260
		75% Refundable 108,000 + 1,245
		*Rental Option 15,000 + 1,765 (*non-refundable deposit)
1-2022	**Haven II**	
	Three Bedroom	191,000 + 1,225 –or– 152,000 + 1,565 –or– 104,000 + 2,065
		75% Refundable 195,000 + 1,860
		*Rental Option 31,000 + 2,800 (*non-refundable deposit)
	Two Bedroom	94,000 + 875 –or– 75,000 + $1,075 –or– 47,000 + 1,490
		75% Refundable 122,000 + 1,355
		*Rental Option 17,000 + 1,950 (*non-refundable deposit)
	One Bedroom	66,000 + 800 –or– 48,000 + 975 –or– 34,000 + 1,225
		75% Refundable 92,000 + 1,050
		*Rental Option 15,000 + 1,565 (*non-refundable deposit)
	Haven I and Haven III	
	Large Two Bedroom	191,000 + 1,225 –or– 152,000 + 1,565 –or– 104,000 + 2,065
		75% Refundable 195,000 + 1,860
		*Rental Option 31,000 + 2,800 (*non-refundable deposit)
	Two Bedroom	122,000 + 945 –or– 100,000 + 1,150 –or– 69,000 + 1,630
		75% Refundable 159,000 + 1,580
		*Rental Option 19,000 + 2,380 (*non-refundable deposit)
	One Bedroom	88,000 + 850 –or– 71,000 + 1,025 –or– 51,000 + 1,350
		75% Refundable 115,000 + 1,320
		*Rental Option 17,000 + 1,900 (*non-refundable deposit)

EXHIBIT H

AUDITED FINANCIAL STATEMENTS

CONCORDIA LUTHERAN HEALTH AND HUMAN CARE
ANNUAL DISCLOSURE STATEMENT REVISIONS

Revised	September 2000
Revised	January 2001
Revised	March 2003
Revised	January 2004
Revised	January 2005
Revised	January 2006
Revised	January 2007
Revised	January 2008
Revised	January 2009
Revised	January 2010
Revised	January 2011
Revised	July 2011
Revised	January 2012
Revised	January 2013
Revised	January 2014
Revised	January 2015
Revised	January 2016
Revised	January 2017
Revised	January 2018
Revised	January 2019
Revised	January 2020
Revised	January 2021
Revised	January 2022