Landis Communities

1001 E Oregon Road
Lititz, PA 17543
717.381.3500
LandisCommunities.org

October 29th, 2024

Hem Mahat
Administration
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Dear Mr. Mahat,

Please find behind this letter the following documents for Landis Homes or explanations as to the current year status.

- Annual Disclosure Statement
- Financial Statements including all of the following:
  - Statutory Liquid Reserve Calculation
  - Deferred Revenue
  - Funds in Escrow (See audit page 29, account for units under construction)
- CPA qualification Letter (Same firm as prior year)
- Internal Control Issues (None noted during audit)
- Notification of Adverse Financial Condition (None noted during audit)
- Resident Agreement
- Annual Payment (Paid electronically)
- Amendment regarding expansion

Please feel free to contact me with questions. My contact information is below.

Thank you!

Corey Hamilton, MASL, CPA
VP of Finance and CFO
Landis Communities
(717) 381-3532 - Office
(717) 756-2660 - Cell
chamilton@landis.org - Email
LandisCommunities.org

Cultivating Life, Together

pennsylvania
INSURANCE DEPARTMENT

CONTINUING CARE RETIREMENT COMMUNITIES ("CCRCs")

PROVIDER NAME: Landis Homes Retirement Community EIN: 23-2194364

FACILITY NAME: Landis Homes Retirement Community

D/B/A NAME (if applicable): _____

Contact: Corey Hamilton, CFO Telephone: 717-381-3532

Contact Email address: CHamilton@Landis.org Billing Email : _____

Required Filings in the State Of: Pennsylvania Filings Made During the Year 2024

PENNSYLVANIA DOMESTIC FILERS:

The Department is in the process of transitioning to paperless filings, which will require a billing email addresses. Please ensure contact information on file with the Department is always maintained current.

Filings may be made in electronic form only and hardcopy filings are optional. Further:

1. All Pennsylvania CCRC filings are to be emailed to:
   RA-IN-CCRC@PA.gov
   a. The email subject line should begin with the EIN followed by the provider name and then facility name. **Please do not use d/b/a name for the Provider in email subject line.**
   b. Each document is to be submitted in PDF format.
   c. ZIP files cannot be accepted through the firewall and may result in a late filing. Encrypted files can be accepted and are preferable over a secured portal process.
   d. The document file name for each item should begin with the provider name and a brief document description. (i.e. CCRC Disclosure Statement).
   e. Documents requiring signature should include a wet signature PDF scan.
   f. Please provide a Company contact email address for the Department to address any inquiries and direct invoicing for electronic payment implementation.
2. Electronic filings only are required and preferred. However, the Department will accept hard copy filings. These can be sent to **ATTN: Hem Mahat**, Administration, PA Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17120.
3. The scanned documents submitted should reflect the appropriate wet signatures and notary requirement.
4. Filing fee payment can be mailed to the Department, to **ATTN: Hem Mahat**, Administration, PA Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17120 and clearly identify the Provider name, EIN and CCRC renewal fee period. A scanned copy of the fee payment can be included with the electronic submission to facilitate filing review.
5. Questions can be emailed to RA-IN-CCRC@PA.gov

Office of Corporate & Financial Regulation | Bureau of Company Licensing & Financial Analysis
Financial Analysis Division |1345 Strawberry Square | Harrisburg, Pennsylvania 17120
Phone: 717.787.3952 | Fax: 717.787.8557 | www.insurance.pa.gov | ra-in-ccrc@pa.gov

CONSOLIDATED AUDIT REQUESTS			
√	**DOCUMENT**	**DUE DATE ***	**CITATION ****
	Request to file consolidated or combined audit filings in lieu of separate CPA reports. Note: This request requires prior approval. If approved, the required consolidated or combined worksheets need to be subjected to audit procedures.	30 days prior to fiscal year end	31 Pa. Code § 147.7(c)
REQUIRED FILINGS			
√	**DOCUMENT**	**DUE DATE ***	**CITATION ****
	CPA Report	Four (4) months after fiscal year end	31 Pa. Code § 147.3(c)
	Disclosure of Calculation of "Statutory Liquid Reserves" must be part of the audited financial statements notes or as a supplemental schedule. Statutory Liquid Reserves amount must be part of the audited balance sheet as a separate balance sheet account.	Four (4) months after fiscal year end	40 P.S. § 3209 And 31 Pa. Code § 151.11(d)
	Disclosure of all "Deferred Revenues" (Deferred Revenues - Nonrefundable portion of entrance fees reported as deferred income & amortized over the actuarially determined life expectancy of each resident.)	Four (4) months after fiscal year end	31 Pa. Code § 151.11(d)
	Disclosure of funds maintained in an escrow account for entrance fees must be part of the audited financial statements notes.	Four (4) months after fiscal year end	40 P.S. § 3212
	CPA Qualification Letter	Four (4) months after fiscal year end	31 Pa. Code §§ 147.4(e) & 147.6a
	CPA Awareness Letter Not required annually, but must be on file for the CPA performing the current year's audit	Four (4) months after fiscal year end	31 Pa. Code § 147.5(d)
	Communication of Internal Control Related Matters Noted in Audit	If issued by CPA Within 60 days of filing the CPA report	31 Pa. Code § 147.9a
	Notification of Adverse Financial Condition	If issued by CPA Within 5 business days of receipt, forward a copy to the Department & provide evidence of such to the CPA.	31 Pa. Code §§ 147.4(e) & 147.9
	Change in CPA letters		
	Notification of dismissal, resignation, or replacement	Within 5 business days of CPA dismissal, resignation, or replacement	31 Pa. Code § 147.5(c)
	CCRC's letter addressing whether there were disagreements 24 months prior to change	Within 10 business days of the notification letter	31 Pa. Code § 147.5(c)(1)

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Phone: 717.787.3952 | Fax: 717.787.8557 | www.insurance.pa.gov | ra-in-ccrc@pa.gov

√	DOCUMENT	DUE DATE *	CITATION **
	Letter from the former CPA stating that they agree or disagree with the contents of the letter from the CCRC regarding disagreements 24 months prior to change	Concurrently with the CCRC's letter regarding disagreements	31 Pa. Code § 147.5(c)(2)
	Letter with the name and address of the independent CPA or accounting firm retained to conduct the annual audit and provide an awareness letter from same	Within 60 business days of the notification letter	31 Pa. Code §§ 147.5(c)(3) & (d)
	Current Resident's Agreement (Complete copy required regardless if unchanged from the prior filing)	Four (4) months after fiscal year end	31 Pa. Code § 151.8(f)
	Disclosure Statement *** ***Note: This must be filed by the provider and in the format presented to a current or potential resident. Disclosure statement filings are public and posted to the Insurance Department website. Please submit in PDF format to the Department.***	Four (4) months after fiscal year end	40 P.S. § 3207(b) and 31 Pa. Code § 151.7
	Narrative statement of material differences of actual vs. pro forma income statement	Four (4) months after fiscal year end	40 P.S. § 3207(b)(1)
	Pro Forma Income Statement – for the next fiscal year	Four (4) months after fiscal year end	40 P.S. § 3207(b)(2)
AMENDMENTS TO DISCLOSURE STATEMENTS			
	An electronic filing is to be submitted and include a cover letter briefly outlining the sections of the disclosure statement amended and a redline version illustrating the changes. Material changes in the operation of a provider or facility which require an amendment to a disclosure statement may include, but are not limited to, the following: (1) Changes in the board of directors, officers, managing or general partners, administrators or trustees and managers which affect the management of a facility. Biographical affidavits by these individuals shall be filed with the Department at the time an amended disclosure statement is filed. (2) New or additional mortgages, liens, security interests, loan commitments, long-term financing arrangements or leases, which transaction materially affects the real property of the facility. A copy of all pertinent documents evidencing the transactions shall be filed with the Department at the time an amended disclosure statement is filed. ***Continued on next page***	Upon amendment or change	31 Pa. Code § 151.7(e)

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√	DOCUMENT	DUE DATE *	CITATION **
	(3) Other material changes in the financial or factual information contained in the disclosure statement or statement in support of the provider's original application for a certificate of authority. Explanatory material and copies of pertinent documents concerning the material changes shall be filed with the Department at the time an amended disclosure statement is filed. ***Note: Amended Disclosure Statements must be filed by the provider within 30 days of amendment or change, and in the format to be presented to a current or potential resident. Amended Disclosure Statements are public documents and posted on the Department's website.***	Upon amendment or change	31 Pa. Code § 151.7(e)

* There are no provisions in statute or regulation that provide for an extension or waiver of the audited financial report filing date requirements for CCRCs.

** 31 Pa. Code Chapters 147 and 151 are available on The Pennsylvania Code website at: Annual Audited Insurers' Financial Report and Continuing Care Providers.

*** **Filing fee** - There is a $750 Disclosure Statement filing fee pursuant to 31 Pa. Code § 151.14(c). Filing fee payment can be mailed to the Department, to **ATTN: Hem Mahat**, Administration, PA Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17120 and clearly identify the Provider name, EIN and CCRC renewal fee period. A scanned copy of the fee payment can be included with the electronic submission to facilitate filing review.

INQUIRIES CAN BE MADE TO:
Pennsylvania Insurance Department
E-mail: ra-in-CCRC@pa.gov
Phone: 717-787-3952

DISCLOSURE STATEMENT

UNDER PENNSYLVANIA ACT 82

October 31, 2024

Landis Homes

1001 E. Oregon Rd
Lititz PA 17543-9206
(717) 569-3271

NOTE: Issuance of a Certificate of Authority by the Pennsylvania Insurance Department does not constitute approval, recommendation or endorsement of Landis Homes Retirement Community by the Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this disclosure statement.

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RESIDENT DISCLOSURE STATEMENT
(Section 151.7 of Regulations)

1) Facilities:

Landis Homes Retirement Community
1001 Oregon Road,
Lititz, PA 17543

2) Licensed Provider:

Landis Homes Retirement Community
1001 Oregon Road,
Lititz, PA 17543

3) Admissions:

Sarah L. Short
Director of Residency Planning
Landis Homes
1001 E. Oregon Road, Lititz, PA 17543
(717) 381-3549
sshort@landishomes.org

4) Facility Description:

Landis Homes is located on a 114-acre campus, surrounded by farmland, 8 miles north of Lancaster, Pennsylvania.

Licensed nursing care and personal care is provided in households located in one and two-story buildings. Residential living includes single-level cottage homes, apartments in one, two and three-story buildings and hybrid-style homes. Hybrid-style homes combine the features of cottage homes (multiple outside walls, garages, no corridors) with those of apartment living (indoor access to common areas, a shared community room).

5) Minimum Age for Admission:

The minimum age is 62. Exceptions may be made for those seeking admission to Heritage Memory Support and for short-term admissions to the skilled nursing area.

6) Affiliation with Other Organizations, Including Religious Organizations:

Landis Homes is affiliated with Landis Communities, which is a conference related ministry with ties to LMC (previously known as Lancaster Mennonite Conference) and Atlantic Coast Conference of Mennonite Church USA. Landis Communities appoints members to the Board of Directors of Landis Homes. Neither LMC nor the Atlantic Coast Conference of Mennonite Church USA or any other group other than Landis Homes is responsible for the financial and contractual obligations of the Facility.

7) Resident Population:

As of June 30, 2024, there were 642 residents in the residential living area, 93 residents living in personal care, and 101 living in skilled nursing at Landis Homes, for a total of 836 residents.

8) Sample Fees:

Sample Fees for a One Bedroom Residential Living Cottage.

		Single	Double
Entrance Fee: $132,000	Monthly fees:	$1,396	$1,631

9) Loan Agreements:

The details of Landis Homes loan agreements may be found on pages 20 through 22 of the audited financial statements, which are attached to the back of the disclosure statement.

Responses to Section 7 of Pennsylvania Act 82 of June 18, 1984.

The numbers below correspond to the paragraphs of Section 7(a) which list the requirements for this disclosure statement.

1) The Provider:

Landis Homes, not-for-profit Pennsylvania Corporation
1001 E. Oregon Road
Lititz, PA 17543

2) Board of Directors:

No officer, trustee, nor any other person had any equity or beneficial interest in the provider.

Glen Moffett, 1001 E. Oregon Road, Lititz, PA 17543
Gerry Horst, 1001 E. Oregon Road, Lititz, PA 17543
Lisa Clark, 1001 E. Oregon Road, Lititz, PA 17543
Kenneth Moore, 1001 E. Oregon Road, Lititz, PA 17543
Mim Book, 1001 E Oregon Rd, Lititz PA 17543
Bill Davis, 1001 E. Oregon Road, Lititz, PA 17543
Sherwood Lingenfelter, 1001 E. Oregon Road, Lititz, PA 17543
George Stoltfus, 1001 E. Oregon Road, Lititz, PA 17543

3) Further Information Concerning Landis Homes as the Provider Agency and its Board of Directors.

This item requires a listing of the following information for those named in item 2:

(A) A description of the business experience of such persons, if any, in the operation or management of facilities similar to Landis Homes:

The Board of Directors consists of individuals that possess a wide variety of experience in the business community, with some members having specific experience in the healthcare and service-oriented sectors.

(B) The name and address of any entity in which such person has a 10% or greater interest and which it is presently intended will or may provide goods, leases, or services to the facility of a value of $500 or more within any year:

None

(C) Description of certain types of criminal, civil or administrative charges convictions, injunctions, or suspensions of licenses:

None

4) Affiliation of the Provider with a Religious Organization

Landis Homes is affiliated with Landis Communities, which is a conference related ministry with ties to LMC (previously known as Lancaster Mennonite Conference) and Atlantic Coast Conference of Mennonite Church USA. Landis Communities appoints members to the Board of Directors of Landis Homes. Neither LMC nor the Atlantic Coast Conference of Mennonite Church USA or any other group other than Landis Homes is responsible for the financial and contractual obligations of the Facility.

A Board of Directors of not less than six nor more than twelve members governs Landis Homes. The Landis Communities Board of Directors shall appoint up to nine directors for terms of three years (unless a shorter term is designated by the Landis Homes Board of Directors at appointment). The Landis Homes Board of Directors may recommend nominees. The Landis Communities Board of Directors may appoint up to three directors for terms of one year.

Neither the Lancaster Mennonite Conference nor the Atlantic Coast Conference of Mennonite Church USA or any other group other than Landis Homes is responsible for the financial and contractual obligations of the Facility.

Landis Homes is exempt from the payment of federal income tax under Section 501(c)(3) of the Internal Revenue Code.

5) Facility Description

Landis Homes is located on a 114-acre campus, surrounded by farmland, 8 miles north of Lancaster, Pennsylvania.

Licensed nursing care and personal care is provided in households located in one and two-story buildings. Residential living includes single-level cottage homes, apartments in one, two and three-story buildings and hybrid-style homes. Hybrid-style homes combine the features of cottage homes (multiple outside walls, garages, no corridors) with those of apartment living (indoor access to common areas, a shared community room).

6) List of Services

Included in the basic contract for Residential Living

- Utilities, including cable TV (telephone and internet services not included)
- Real estate taxes
- Maintenance of building and appliances
- Grounds maintenance
- Scheduled shopping trips
- Pastoral care
- Social and recreational activities
- 24-hour emergency response
- Priority access to healthcare and personal care
- Social services
- Use of all indoor and outdoor common social and recreational facilities
- Security services 24 hours a day
- Three meals per day*
- Laundry*
- Housekeeping services*
- Medical/emergency call system*
- Upgraded Cable TV service
- Internet service

Available at extra cost for Residential Living

- Meals, guest meals, catering
- Personal laundry or dry cleaning
- Housekeeping services
- Beautician and barber services
- Repairs of personal property

Available at extra cost for all residents

- Telephone service

*Included in basic contract only for residents of Residential Suites, however, residents may opt out of laundry and housekeeping services and receive a discounted rate.

7) Fees:

See Attachment I for a listing of entrance and monthly fees.

Rate Changes:

Daily and monthly fees and fees for services not included in the basic agreement are reviewed and adjusted from time to time based on factors, which include but are not limited to: changes in the Consumer Price Index, operating experience, governmental regulations, property taxes, maintenance of reserve funds, and to insure the financial stability of Landis Homes. Under ordinary circumstances, these adjustments are announced annually by May 1 where required by regulation, and by June 1 otherwise, and are effective for July 1. Changes in rates may also occur due to single versus double occupancy.

Fee Increases:

For a single occupant in a one-bedroom apartment at Landis Homes, the most recent monthly fees and fee increases for a sample unit are:

Effective Date	Fee	Increase Amount	Increase Percent
July 1, 2024	$1,496	$90	4.9%
July 1, 2023	$1,426	$104	8.0%
July 1, 2022	$1,322	$74	5.9%
July 1, 2021	$1,248	$48	4.0%
July 1, 2020	$1,200	$46	4.0%
July 1, 2019	$1,154	$50	4.5%

8) Reserves

A reserve fund in the amount of $3,768,090 is established as required by Pennsylvania law (Section 9 of Act 1984-82). This amount is the greater of Landis Homes annual debt payments or 10% of budget operating expenditures, with the debt payments comprising the large of the two. The calculation of this reserve is shown on page 19 of the attached consolidated financial statements.

9) Income Statement – Budget to Actual for 2024 and Pro Forma for 2025

Landis Homes Income Statement	June 30, 2024			June 30, 2025
	Actual	Budgeted	Favorable (Unfavorable) Variance	Budgeted
Operating Revenue				
Net Resident Service Revenues	48,804,766	48,361,604	443,162	50,820,239
Other Revenues	3,077,158	2,982,048	95,110	3,096,952
Net Assets Released From Restriction	641,451	955,500	(314,049)	975,000
Unrestricted Contributions and Bequests	246,460	-	246,460	-
Interest and dividend income	1,794,601	803,000	991,601	970,000
Total Unrestricted Revenues	54,564,437	53,102,152	224,224	55,862,191
Operating Expenses				
Resident Services	17,452,773	17,195,730	(257,043)	18,060,555
Dining services	6,161,984	5,756,101	(405,883)	6,257,584
Campus services, housekeeping, and laundry	2,511,170	2,589,579	78,409	2,743,309
Outcome Mgmt, pastoral services, and life enrich	2,033,514	2,014,657	(18,856)	2,193,284
Plant operations	5,346,767	5,399,830	53,063	5,735,079
General and administrative	8,579,516	8,289,884	(289,632)	8,768,843
Depreciation	7,541,129	7,444,260	(96,869)	7,565,000
Interest	4,050,187	4,031,460	(18,727)	3,980,770
Total Expenses	53,677,039	52,721,501	(955,538)	55,304,424
OPERATING INCOME (LOSS)	**887,398**	**380,651**	**(731,315)**	**557,767**
Other Income (Loss):				
Net Realized Gain (Loss) on Sales of Investment	2,141,038	547,500	1,593,538	600,000
Net Unrealized Gain (Loss) on Investments	2,476,906	1,070,004	1,406,902	1,200,000
Loss on Extinguishment of Debt	-	-	-	-
Loss on Disposal of Property & Equipment	(479)	-	(479)	-
Total other income (loss), net	4,617,465	1,617,504	2,999,961	1,800,000
Revenues in Excess of (Less Than) Expenses	**5,504,862**	**1,998,155**	**2,268,646**	**2,357,767**
Donor-Restricted Contributions Used for Purchase of Property and Equipment	23,731	-	23,731	-
Transfers (To) From Affiliate	(308,000)	(308,000)	(0)	(308,000)
Increase (Decrease) In Unrestricted Net Assets	**5,220,593**	**1,690,155**	**2,292,376**	**2,049,767**

Notes to the actual to budget presentation for the 2023/2024 year and the 2024/2025 budget.

Landis Homes finished the year ahead of its budget for operating income and the overall budgeted increase in net assets. This was thanks primarily to a strong investment market, though resident operations were close to budget as well.

Operating revenue was above budget thanks to strong occupancy.

Expenses were above budget. The largest of these variances was caused by the use of agency nursing staff in resident services, raw food inflation in dining services, and additional fees for changing billing and medical records systems during the second half of the fiscal year.

The budget for FY25 shows strong operations for Landis Homes. Adjustments were made for the variances from the FY24 year in the budget for FY25.

Current Year Audit Presentation

The audited financial statements are included in this disclosure statement as attachment II. Pages 29 through 34 include the balance sheet and income statement for Landis Homes, along with the affiliates.

Resident Agreement Attachment III

The applicable statement(s) below should be checked:

__X__ A Landis Homes Resident Agreement is attached.

_____ No Resident Agreement is attached because:

_____ This disclosure statement is being provided to a person who is already a resident of Landis Homes.

This disclosure statement is being provided to a person who has already received a copy of a previous disclosure statement with a copy of the Resident Agreement attached, and the Agreement has not been changed since.

This disclosure statement is being provided to a person who is not currently making application to Landis Homes and is not making a deposit or payment to Landis Homes with such on application.

Attachment I

Landis Homes Rate Schedules

Landis Homes

Enriching Lives, Together

Resident Rates
Effective July 1, 2024

All Listed Rates Are Daily And Per Person

Residential Suites:	Rate No Advance Fee
Standard	$ 118.00
Large, occupied by two persons	106.00
Large, occupied by single person	171.00
Apartment, occupied by two persons	118.00
Apartment, occupied by single person	191.00

Personal Care Suites:	Base	Intermediate	Enhanced
Standard	$ 302.00	Base + $40 (Rate $342)	Base + $80 (Rate $382)
Large, occupied by two persons	290.00	Base + $40 (Rate $330)	Base + $80 (Rate $370)
Large, occupied by single person	410.00	Base + $40 (Rate $450)	Base + $80 (Rate $490)
Apartment, occupied by two persons	302.00	Base + $40 (Rate $342)	Base + $80 (Rate $382)
Apartment, occupied by single person	429.00	Base + $40 (Rate $469)	Base + $80 (Rate $509)

Personal Care Suites, Memory Support:	Base	Enhanced
Standard	$ 444.00	$ 453.00

Respite Rates - Additional $20

Health Care:	Regular	Memory Support
Private Room	$ 642.00	$ 662.00
Private Room With Shared Bath	617.00	637.00

Landis Homes
Enriching Lives, Together

Residential Living Rate Ranges -Effective – July 1, 2024

*Add $247 for second person/double occupancy

West Cottages (571-1294 sq. ft.)	Entrance Fees	Single Occupancy*
1 Bedroom	$99,000-$132,000	$1,215-$1,374
2 Bedroom	$142,000-$ 227,000	$1,436-$1,922
2 Bedroom w/Family Room	$199,000-$254,000	$1,772-$2,118

South Campus Cottages (1212-1556 sq. ft.)	Entrance Fees	Single Occupancy*
2 Bedroom	$287,000-$313,000	$2,019-$2,054
2 Bedroom/Sunroom	$348,000-$404,000	$2,283-$2,611

Hybrid Homes (862-1636 sq. ft.)	Entrance Fees	Single Occupancy*
1 Bedroom	$196,000-$206,000	$1741
1 Bedroom/Den	$290,000	$2,341
2 Bedroom	$314,000	$2,402
2 Bedroom/Den	$368,000	$2,718

Crossings Apartments (1115- 1550 sq.ft.)	Entrance Fees	Single Occupancy*
1 Bedroom w/Den	$279,000-$295,000	$2,222
2 Bedrooms	$320,000-$347,000	$2,393-$2541
2 Bedrooms/Den	$387,000	$2,734

West Apartments (357- 981 sq. ft.)	Entrance Fees	Single Occupancy*
Studios	$58,000-$121,000	$1,050-$1,453
1 Bedroom	$98,000-$151,000	$1,253-$1,496
1 Bedroom/Den	$171,000	$1,693
2 Bedroom	$132,000-$220,000	$1,396-$2,006

Residential Suites: *No Entrance Fee*	Daily Rate Per Person
Standard	$118.00
Large, occupied by two persons	$106.00
Large, occupied by single person	$171.00
Apartment, occupied by two persons	$118.00
Apartment, occupied by single person	$191.00

Attachment II

Audited Financial Statements

Ms. Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Strawberry Square
Harrisburg, Pennsylvania, 17120

Dear Commissioner Humphreys:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Landis Communities and Affiliates (collectively, the Corporation) for the year ended June 30, 2024, and have issued our report thereon dated October 8, 2024. These statements include Landis Communities, Landis Homes Retirement Communities (the Community), Landis HCBS, LLC, Landis Quality Living, Quality Living Choices, Welsh Mountain Home, and WMH, Inc. In connection therewith, we advise you as follows:

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

b. The engagement Partner, who is a certified public accountant, has over 18 years of experience in public accounting and is experienced in auditing continuing care retirement communities. Members of the engagement team, most of whom have had experience in auditing continuing care retirement communities and some of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

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

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

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

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

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

d. We will retain the audit documentation prepared in the conduct of our audit until the Insurance Department has filed a Report of Examination covering 2024, but no longer than seven years. After notification to the Community, we will make the audit documentation available for review by the Insurance Department at the offices of the Community, at our offices, at the Insurance Department or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit documentation may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.

e. The engagement Partner has served in that capacity with respect to the Community since 2024, is licensed by the Pennsylvania Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

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

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
October 8, 2024

Landis Communities and Affiliates

Consolidated Financial Statements and
Supplementary Information

June 30, 2024 and 2023

Landis Communities and Affiliates

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June 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors of
Landis Communities and Affiliates

Opinion

We have audited the consolidated financial statements of Landis Communities and Affiliates (the Corporation), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of June 30, 2024 and 2023, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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



Philadelphia, Pennsylvania
October 8, 2024

Landis Communities and Affiliates

Consolidated Balance Sheets
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 4,564,554	$ 11,304,956
Assets whose use is limited, debt service funds	3,671,705	3,643,595
Accounts receivable:		
Residents, net	3,909,817	2,983,993
Entrance fees	219,600	216,000
Other	496,793	244,531
Prepaid expenses and other current assets	592,029	440,573
Total current assets	13,454,498	18,833,648
Assets Whose Use is Limited		
Board-designated investments	4,547,919	3,944,964
Statutory minimum liquid reserve	3,768,090	3,768,090
Donor-restricted investments	4,461,153	3,873,684
Debt service reserve fund	7,216,291	7,239,941
Resident deposits	1,642,475	145,069
Total assets whose use is limited	21,635,928	18,971,748
Investments	44,833,601	36,483,989
Investment in Limited Partnerships	629,929	1,392,436
Property and Equipment, Net	137,349,676	137,193,877
Operating Lease, Right-of-Use Assets	1,739,821	2,159,648
Pledges Receivable, Net	85,659	187,746
Split-Interest Agreements	189,829	206,156
Other Assets	1,444,186	1,028,490
Total assets	$ 221,363,127	$ 216,457,738

See notes to consolidated financial statements

Landis Communities and Affiliates

Consolidated Balance Sheets
June 30, 2024 and 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Current portion of:		
Long-term debt	$ 1,894,918	$ 1,260,000
Operating lease obligations	450,732	434,540
Accounts payable:		
Trade	1,268,408	1,107,008
Capital related	888,505	2,134,301
Accrued expenses:		
Salaries and wages	962,811	763,513
Paid time off	845,268	806,814
Interest	2,163,214	2,146,520
Other	721,845	650,517
Total current liabilities	9,195,701	9,303,213
Long-Term Debt	123,029,389	123,742,307
Operating Lease Obligations	1,431,293	1,882,025
Priority Fees and Reservation Deposits	1,944,100	105,000
Refundable Entrance Fees and Deposits	464,087	443,034
Deferred Revenues From Nonrefundable Entrance Fees	39,315,830	41,001,047
Refundable Advance, Employee Retention Credit (Note 8)	7,394,180	7,394,180
Total liabilities	182,774,580	183,870,806
Net Assets		
Without donor restrictions	33,482,607	27,958,508
With donor restrictions	5,105,940	4,628,424
Total net assets	38,588,547	32,586,932
Total liabilities and net assets	$ 221,363,127	$ 216,457,738

See notes to consolidated financial statements

Landis Communities and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues Without Donor Restrictions		
Net resident service revenues	$ 53,823,769	$ 49,310,126
Other revenues	1,173,472	1,409,077
Contributions and bequests	542,232	559,045
Donor-restricted contributions used primarily for benevolent care	895,694	716,966
Interest and dividend income	1,938,801	1,277,889
Total revenues without donor restrictions	58,373,968	53,273,103
Expenses		
Resident services	17,935,938	17,346,811
General and administrative	10,328,488	9,379,055
Depreciation	8,546,285	7,652,620
Plant operations	5,555,308	5,401,530
Dining services	6,488,218	6,007,680
Housekeeping, laundry and campus services	2,638,403	2,607,860
Admissions, social services, pastoral services and life enrichment	2,034,865	2,041,402
Interest	4,758,808	4,180,560
Total expenses	58,286,313	54,617,518
Operating income (loss)	87,655	(1,344,415)
Other Income (Loss)		
Net realized gain on sales of investments	2,147,951	2,257,956
Change in net unrealized gains and losses on investments	2,482,294	1,017,536
Loss on disposal or abandonment of property and equipment	(95,585)	(337,146)
Total other income, net	4,534,660	2,938,346
Revenues in excess of expenses	4,622,315	1,593,931
Donor-Restricted Contributions Used for Purchase of Property and Equipment	901,784	498,285
Change in net assets without donor restrictions	$ 5,524,099	$ 2,092,216

See notes to consolidated financial statements

Landis Communities and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024	2023
Net Assets Without Donor Restrictions		
Change in net assets without donor restrictions	$ 5,524,099	$ 2,092,216
Net Assets With Donor Restrictions		
Contributions	1,969,762	1,698,783
Interest and dividend income	43,255	34,528
Net realized gain on sales of investments	51,532	109,874
Change in net unrealized gains on investments	185,286	75,998
Change in value, split-interest agreements	25,159	(32,899)
Donor-restricted contributions used for:		
Resident assistance program	(736,915)	(551,182)
Adult day care program	(48,726)	(59,685)
Other	(110,053)	(106,099)
Purchase of property and equipment	(901,784)	(498,285)
Change in net assets with donor restrictions	477,516	671,033
Change in net assets	6,001,615	2,763,249
Net Assets, Beginning	32,586,932	29,823,683
Net Assets, Ending	$ 38,588,547	$ 32,586,932

See notes to consolidated financial statements

Landis Communities and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 6,001,615	$ 2,763,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,546,285	7,652,620
Amortization of deferred financing costs	81,774	84,778
Amortization of bond premium	(163,504)	(163,504)
Change in operating lease right-of-use assets and obligations	456,764	456,758
Payments on operating lease obligations	(471,477)	(463,217)
Net realized and unrealized gains and losses on investments and assets whose use is limited	(4,867,063)	(3,461,364)
Loss on disposal or abandonment of property and equipment	95,585	337,146
Forgiveness of LPK home loan	(52,100)	-
Proceeds from entrance fees and deposits, existing units	6,480,400	6,575,200
Amortization of nonrefundable entrance fees	(7,033,191)	(6,675,050)
Contributions restricted for long-term purposes	(1,282,238)	(992,893)
Contributions, pledges receivable	(33,457)	(129,757)
Change in value, pledges receivable	(4,982)	573
Change in split-interest agreements	16,327	35,054
Change in assets and liabilities:		
Accounts receivable	(1,178,086)	(343,527)
Prepaid expenses and other assets	(567,152)	1,809,101
Accounts payable, trade	161,400	551,757
Accrued expenses and other liabilities	325,774	47,026
Refundable advance, employee retention credit	-	7,394,180
Net cash provided by operating activities	6,512,674	15,478,130
Cash Flows From Investing Activities		
Net purchases of investments and assets whose use is limited	(11,608,657)	(2,150,969)
Change in value of investment in limited partnerships	762,507	(151,658)
Purchase of property and equipment	(10,043,465)	(22,622,595)
Net cash used in investing activities	(20,889,615)	(24,925,222)
Cash Flows From Financing Activities		
Repayment of long-term debt	(1,546,468)	(1,045,000)
Proceeds from long-term debt	1,610,015	15,770,169
Payment of financing costs	(7,717)	(65,000)
Proceeds from entrance fees and deposits, new units	1,452,400	89,261
Proceeds from refundable fees and deposits	46,940	-
Refunds of entrance fees	(775,213)	(1,150,615)
Collections, pledges receivable	140,526	68,153
Contributions restricted for long-term purposes	1,282,238	992,893
Net cash provided by financing activities	2,202,721	14,659,861
Net change in cash, cash equivalents and restricted cash and cash equivalents	(12,174,220)	5,212,769
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	24,212,568	18,999,799
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 12,038,348	$ 24,212,568
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	$ 4,823,844	$ 4,232,582
Noncash Investing and Financing Activities		
Accounts payable, capital related	$ 888,505	$ 2,134,301
Forgiveness of LPK home loan	$ 52,100	$ -
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 4,564,554	$ 11,304,956
Cash and cash equivalents included in assets whose use is limited and investments	7,473,794	12,907,612
Total cash, cash equivalents and restricted cash and cash equivalents	$ 12,038,348	$ 24,212,568

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Landis Communities (LC) is a not-for-profit corporation organized to operate exclusively for the support and benefit of Landis Homes Retirement Community (LHRC), Landis Place on King (LPK), Quality Living Choices (QLC), Welsh Mountain Home (WMH), Landis Quality Living (LQL) and Landis HCBS, LLC (HCBS); to support the mission, operations and residents of LHRC, LPK, QLC, WMH, LQL and HCBS, serving older adults, including the provision of housing, the provision of affordable housing, the promotion of community among the residents and the provision of access to home and community based services, including, but not limited to, home care, home health, continuing care at home, adult day services, respite care, care navigation and concierge services to not only residents but the general public and other retirement community services as elected by the residents and to develop and administer an array of services consistent with Landis Communities' Mennonite/Anabaptist heritage and designed to serve the physical and spiritual needs of aging adults.

LC is the controlling entity and sole member of the following entities, unless otherwise noted below:

- LHRC is a not-for-profit corporation that operates a continuing care retirement community in Lititz, Pennsylvania providing housing, health care and other related services to elderly residents through the operation of a nursing facility and personal care and residential living units.

- HCBS is a not-for-profit limited liability company organized to provide an array of home and community based services including home care, home health, continuing care at home, adult day services, respite care and other programs.

- LQL is a not-for-profit corporation organized to provide affordable low-income and other affordable housing options, including rental units, to meet the needs for senior adults, to promote community among the residents and to provide access to home health services and other retirement community services as elected by the residents. LQL owns and operates QLC and LPK, rental properties in Lancaster, Pennsylvania. QLC opened in 2013 and LPK opened in 2023.

- WMH (whose sole member is LQL) is a not-for-profit corporation that operates a personal care facility in a Christian environment in New Holland, Pennsylvania.

- WMH Inc., (whose sole member is WMH) is a not-for-profit corporation organized to act as a co-general partner in Mountain View Terrace, LP (an affordable housing apartment complex for seniors). WMH, Inc. does not control Mountain View Terrance, LP, therefore the financial statements of Mountainview Terrace, LP are not consolidated in the consolidated financial statements of Landis Communities and Affiliates.

LHRC and LPK comprise the Corporation's Obligated Group (the Obligated Group).

Principles of Consolidation

The consolidated financial statements include the accounts of LC, LHRC, LPK, QLC, WMH, WMH, Inc., LQL and HCBS (collectively, the Corporation). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements of the Corporation.

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents includes investments in highly liquid debt instruments purchased with an original maturity of three months or less.

Accounts Receivable

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management during periodic review of individual accounts and based on factors such as aging of the accounts receivable and anticipated collection of the consideration. Accounts are written off through credit loss expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired. The allowance for credit losses is estimated based upon a periodic review of individual accounts. The allowance for credit losses was approximately $50,000 at June 30, 2024. There was no allowance for credit losses at June 30, 2023.

Investments and Investment Risk

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

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

Assets Whose Use is Limited

Assets whose use is limited includes investments set aside by the Board of Directors which are available for the general use and purposes of the Corporation, assets whose use has been limited by donors to specific purposes, assets to be held in perpetuity, assets designated to meet the statutory minimum liquid reserve requirements of Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), resident escrow deposits and assets held by trustees under trust indentures. Amounts available to meet current liabilities of the Corporation have been classified as current assets in the consolidated balance sheets.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Lease Obligations and Right-of-Use Assets

The Corporation evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use asset for all leases with a term greater than 12 months. Leases are classified as either finance or operating. All lease liabilities are measured at the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the right-of-use asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. Right-of-use assets are subject to long-lived impairment testing.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within general and administrative in the consolidated statements of operations and changes in net assets. The lease term is determined based on the date the Corporation acquires control of the leased premises through the end of the lease term.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been capitalized and are being amortized over the terms of the related debt using the straight-line method, which approximates the effective interest method. Amortization expense related to these costs is included as a component of interest expense.

Split-Interest Agreements

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

Investment in Limited Partnerships

WMH, Inc. is a co-general partner (.0051% interest) along with Housing Development Corporation MidAtlantic (HDC) (.0049% interest) in Mountain View Terrace, LP (an affordable housing apartment complex for seniors). WMH, Inc. purchased land for $1 from WMH, which was then contributed at a fair value of $630,000 to Mountain View Terrace, LP. HDC is the managing general partner of Mountain View Terrace, LP and has provided certain guarantees. The investment is recorded using the equity method of accounting as an investment in limited partnership on the consolidated balance sheets. The investment is $629,929 and $629,936 at June 30, 2024 and 2023, respectively, including a change in value of $(7) and ($8) which is recorded as a component of net realized gains and losses in the consolidated statements of operations and changes in net assets during the fiscal years ended June 30, 2024 and 2023, respectively.

In FY2023, LQL was a co-general partner (50% interest) along with an unrelated organization (50% interest) in 149 LB Development LLC. Each partner contributed an equal share in the purchase of land to be held for development. The investment was recorded using the equity method of accounting as an investment in limited partnership on the consolidated balance sheets. LQL entered into an agreement to sell its ownership interest to the unrelated organization who holds the other 50% interest. This transaction closed in October 2023 with net proceeds of $762,500. A three year promissory note was entered into with the buyer with a fixed interest rate of 3% payable quarterly. LQL recorded a loss in the amount of $249,897 during 2023 to reduce its investment down to the net realizable value of $762,500 as of June 30, 2023; this loss was recorded as a component of loss on disposal or abandonment of property and equipment in the consolidated statement of operations during 2023. As of June 30, 2024, a receivable is on the books for $577,194 for the remaining proceeds due from the sale of the ownership interest.

Entrance Fees

Under certain entrance fee plans for residential living units, LHRC receives payments in advance. Residential living apartment and cottage residents had two entrance plan options, a "refundable" option and a "nonrefundable" option. The refundable option has a guaranteed refund component, which is 90%, 50% or 25% of the entrance fee paid, with the balance generally refundable on a decreasing basis over 80 months for contracts entered into prior to June 30, 2022. The nonrefundable option had no guaranteed refund component and is generally refundable on a decreasing basis for 80 months for contracts entered into prior to June 30, 2022. Effective July 1, 2022, all new entrance fee contracts (refundable 90%, 50%, 25% and nonrefundable option) are refundable on a decreasing basis of 2% per month. The contracts are fully amortized after 5, 25, 37.5 and 50 months, respectively. All refunds to residents are generally paid upon termination of the resident agreement or transfer to another level of care. At June 30, 2024 and 2023, the gross amount of contractual refund obligations under existing resident agreements approximated $21,000,000 and $20,800,000, respectively.

The guaranteed refund component of entrance fees received is not amortized to income and is classified as refundable entrance fees and deposits in the consolidated balance sheets. The balance of entrance fees received is amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents and is classified as deferred revenues from nonrefundable entrance fees in the consolidated balance sheets.

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

Net Assets

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

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

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

Net Resident Service Revenues

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

Net resident service revenues are primarily comprised of skilled nursing, personal care and independent living revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer.

Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues are recognized on a daily or month-to-month basis as services are rendered.

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

Revenue from nonrefundable entrance fees received is recognized through amortization of the nonrefundable entrance fees using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees included in independent living revenues was $7,033,191 in 2024 and $6,675,050 in 2023.

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

Donor-Restricted Gifts

The Corporation 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, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Contributed Services

Volunteers provide various services that are not recognized as contributions in the consolidated financial statements since the recognition criteria under the authoritative guidance were not met. Approximately 26,800 and 25,500 hours in 2024 and 2023, respectively, were contributed to the Corporation for these services.

Benevolent Care

The Corporation provides services to residents who meet certain criteria at amounts less than its cost of providing care. The Corporation maintains records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided to residents include both direct costs and estimated indirect costs, as reported by management on the Corporation's internal financial statements. The level of benevolent care provided by the Corporation, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately $1,738,000 and $1,602,000 in 2024 and 2023, respectively. The Corporation received contributions restricted for benevolent care of $629,855 and $531,398 in 2024 and 2023, respectively. These amounts include contributions of charitable gift annuities.

LHRC provides nursing care to Medical Assistance program beneficiaries that are reimbursed at amounts less than its cost of providing care. LHRC maintains records to identify and monitor the difference between the cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered. The costs associated with the services provided to Medical Assistance program beneficiaries include both direct costs and estimated indirect costs, as reported by management on LHRC's internal financial statements. The difference between the estimated cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered was approximately $2,710,000 in 2024 and $2,760,000 in 2023.

Income Taxes

LC, LHRC, LPK, HCBS, LQL, WMH and WMH, Inc. are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC). LHRC, HCBS, LQL, WMH and WMH, Inc. are exempt from federal income taxes on their exempt income under Section 509(a)(2) of the IRC and LC is exempt under Section 509(a)(3) of the IRC. QLC is a taxable corporation subject to federal income taxes.

Measure of Operations

The Corporation's operating income (loss) includes all operating revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be more unusual and nonrecurring in nature.

Performance Indicator

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

Use of Estimates

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

Reclassifications

Certain 2023 amounts have been reclassified to conform to the 2024 financial statement presentation.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through October 8, 2024, the date the consolidated financial statements were issued.

On August 29, 2024, the Lancaster County Hospital Authority issued, on behalf of the obligated group, Series A and B of 2024 Revenue Bonds (2024 Bonds), debt in the maximum principal amount of $14,000,000 and $10,000,000, respectively, to fund an expansion project (the Project). The Series A of 2024 Bonds (2024A Series) are tax-exempt direct placement bonds with interest only payable during the 36-month construction period, at which time the outstanding principal is due. Beginning September 2024, interest is payable at a rate of 80% of the SOFR plus 160 basis points. The Series B of 2024 Bonds (2024B Series) are tax-exempt direct placement bonds with interest only payable monthly during the 36-month construction period. Beginning September 2027, payments of principal and interest are due monthly. Interest is payable at a rate of 80% of the SOFR plus 170 basis points.

Concurrently with the issuance of the 2024 Bonds, a line of credit in the amount of $5,000,000 was established. The line of credit will be used by the obligated group for working capital purposes and to collateralize letters of credit. The line of credit bears interest at a rate of SOFR plus 160 basis points. There are outstanding letters of credit of $3,597,597 as of October 8, 2024.

On August 9, 2024, LHRC entered into a construction contract of approximately $17,796,000 for the Project.

2. Liquidity and Availability of Resources

The following table reflects the Corporation's financial assets available for general expenditures within one year of the consolidated balance sheets date June 30:

	2024	2023
Cash and cash equivalents	$ 4,564,554	$ 11,304,956
Accounts receivable:		
Residents, net	3,909,817	2,983,993
Entrance fees	219,600	216,000
Other	496,793	244,531
Investments	44,464,302	36,123,151
Total	$ 53,655,066	$ 50,872,631

Investments included in the table above exclude net assets with donor restrictions in excess of assets whose use is limited donor-restricted investments of $369,299 and $360,838 as of June 30, 2024 and 2023, respectively.

The Corporation has Board-designated assets whose use is limited of $4,547,919 and $3,944,964 at June 30, 2024 and 2023, respectively, which are excluded from the table above. Although the Corporation does not intend to utilize these funds for general expenditures as part of its annual budget and approval process, amounts designated could be made available as necessary.

The Corporation designated a portion of its investments "reserved" to comply with the requirements of Act 82 and thus they are not included in the schedule above. Although the Corporation does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as Act 82 reserves could be made available as necessary. The reserves are separately classified in the consolidated balance sheets and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

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

3. Net Resident Service Revenues

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

Medical Assistance - The Pennsylvania Department of Human Services has a mandatory Medical Assistance managed care program, Community HealthChoices (CHC). The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible did not change under CHC.

Each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). Effective January 1, 2023, nursing services provided to Medical Assistance program beneficiaries are paid by the MCOs at prospectively determined rates per day. These rates are adjusted quarterly based on a resident classification system that is based on clinical, diagnostic, and other factors.

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. LHRC is reimbursed for therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges. As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on LHRC's clinical assessment of its residents. LHRC is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare program.

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Other resident service revenues are primarily comprised of therapy and other ancillary services. Net resident service revenues consist of the following for the years ended June 30:

	2024				
	Skilled Nursing	Personal Care	Independent Living	Home & Community Based Services	Total
Self-pay	$ 12,812,938	$ 11,400,906	$ 13,312,686	$ 1,982,204	$ 39,508,734
Medicare and other	3,704,724	-	-	125,725	3,830,449
Medicaid	1,503,905	-	-	-	1,503,905
Amortization of nonrefundable entrance fees	-	-	7,033,191	-	7,033,191
Subtotal	$ 18,021,567	$ 11,400,906	$ 20,345,877	$ 2,107,929	51,876,279
Ancillary service revenues					892,737
Other resident service revenues					1,054,753
Net resident service revenues					$ 53,823,769

	2023				
	Skilled Nursing	Personal Care	Independent Living	Home & Community Based Services	Total
Self-pay	$ 12,254,667	$ 10,811,151	$ 11,399,020	$ 1,752,279	$ 36,217,117
Medicare and other	3,113,844	-	-	72,493	3,186,337
Medicaid	1,532,705	-	-	-	1,532,705
Amortization of nonrefundable entrance fees	-	-	6,675,050	-	6,675,050
Subtotal	$ 16,901,216	$ 10,811,151	$ 18,074,070	$ 1,824,772	47,611,209
Ancillary service revenues					885,343
Other resident service revenues					813,574
Net resident service revenues					$ 49,310,126

4. Fair Value Measures, Investments, Assets Whose Use is Limited and Other Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs.

The following tables present financial instruments measured at fair value by caption on the consolidated balance sheets as of June 30:

	2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Reported at Fair Value					
Assets:					
Investments and assets whose use is limited:					
Mutual funds, equity:					
International	$ 10,983,830	$ 10,983,830	$ 10,983,830	$ -	$ -
Large cap	26,392	26,392	26,392	-	-
Small cap	3,048,362	3,048,362	3,048,362	-	-
Tactical	1,262,770	1,262,770	1,262,770	-	-
Mid cap	2,855,683	2,855,683	2,855,683	-	-
Real estate	3,359,070	3,359,070	3,359,070	-	-
Mutual funds, fixed income:					
Intermediate term	9,082,870	9,082,870	9,082,870	-	-
Short-term	2,400,967	2,400,967	2,400,967	-	-
Marketable equity securities:					
Information technology	8,470,128	8,470,128	8,470,128	-	-
Consumer	3,143,958	3,143,958	3,143,958	-	-
Financial	2,049,450	2,049,450	2,049,450	-	-
Healthcare	1,701,321	1,701,321	1,701,321	-	-
Other	3,387,252	3,387,252	3,387,252	-	-
Guaranteed investment contracts	7,054,344	7,054,344	-	-	7,054,344
	58,826,397	$ 58,826,397	$ 51,772,053	$ -	$ 7,054,344
Cash and cash equivalents	11,314,837				
Total investments and assets whose use is limited	$ 70,141,234				
Split-interest agreements	$ 189,829	$ 189,829	$ -	$ -	$ 189,829

	2023				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Reported at Fair Value					
Assets:					
Investments and assets whose use is limited:					
Mutual funds, equity:					
International	$ 9,731,505	$ 9,731,505	$ 9,731,505	$ -	$ -
Large cap	9,093,199	9,093,199	9,093,199	-	-
Small cap	1,507,067	1,507,067	1,507,067	-	-
Tactical	2,218,927	2,218,927	2,218,927	-	-
Mid cap	2,663,785	2,663,785	2,663,785	-	-
Real estate	2,253,786	2,253,786	2,253,786	-	-
Mutual funds, fixed income:					
Intermediate term	7,049,186	7,049,186	7,049,186	-	-
Short-term	2,067,348	2,067,348	2,067,348	-	-
Marketable equity securities:					
Information technology	3,447,706	3,447,706	3,447,706	-	-
Consumer	1,715,297	1,715,297	1,715,297	-	-
Financial	980,262	980,262	980,262	-	-
Healthcare	969,298	969,298	969,298	-	-
Other	1,775,858	1,775,858	1,775,858	-	-
	45,473,224	$ 45,473,224	$ 45,473,224	$ -	$ -
Cash and cash equivalents	13,626,108				
Total investments and assets whose use is limited	$ 59,099,332				
Split-interest agreements	$ 206,156	$ 206,156	$ -	$ -	$ 206,156

Investments and assets whose use is limited are presented together in the tables above as there are various investment and cash accounts that are allocated between the investments and assets whose use is limited lines on the consolidated balance sheets.

Investments and assets whose use is limited are combined on the above tables and are presented on the consolidated balance sheets as follows:

	2024	2023
Investments	$ 44,833,601	$ 36,483,989
Assets whose use is limited:		
Board-designated investments	4,547,919	3,944,964
Statutory minimum liquid reserve	3,768,090	3,768,090
Donor-restricted investments	4,461,153	3,873,684
Debt service funds, current	3,671,705	3,643,595
Debt service reserve fund	7,216,291	7,239,941
Resident deposits	1,642,475	145,069
Total	$ 70,141,234	$ 59,099,332

Pennsylvania Act 82 Reserve

In compliance with Act 82, LHRC "reserved" a portion of assets whose use is limited to meet the requirements of Act 82. The "reserved" funds amounted to $3,768,090 at June 30, 2024 and June 30, 2023. The reserve at June 30, 2024 was calculated as follows:

Budgeted resident living operating expenses for the year ending June 30, 2025	$ 17,366,572
Less budgeted resident living depreciation and amortization expense	(6,132,509)
Expenses subject to minimum liquidation reserve requirement	11,234,063
Statutory requirement	10%
Statutory minimum liquid reserve requirement	$ 1,123,406
Budgeted debt service requirements for the year ending June 30, 2025	
Principal	$ 1,310,000
Interest	4,151,000
Total budgeted debt service requirements	5,461,000
Percentage of units subject to entrance fee agreements	69%
Statutory minimum liquid reserve requirement	$ 3,768,090
Greater of (a) or (b) above	$ 3,768,090

Valuation Methodologies

Investments and assets whose use is limited are valued at fair value based on quoted market prices in active markets for mutual funds and marketable equity securities or estimated using the present value of expected future cash flows for split-interest agreements.

The guaranteed investment contracts are reported at contract value, which approximates fair value, based on the ability of the counterparties to pay the guaranteed claims in accordance with the terms of the contracts. The credit ratings of the counterparties as of the measurement date uphold the guaranteed investment contracts ability to meet obligations set forth in the contracts. Contract value is the aggregation of contributions, plus interest, less withdrawals. Contract value approximates a discounted cash flow value calculated using an appropriate risk-adjusted market discount rate which correlates closely with the counterparties historical credit rates. The guaranteed investment contracts have redemption restrictions based on the terms of the underlying contracts. The redemption restrictions do not have a material impact on the contract value of the guaranteed investment contracts.

5. Property and Equipment

Property and equipment is as follows as of June 30:

	2024	2023
Land	$ 1,985,424	$ 1,985,424
Land improvements	10,829,316	10,895,026
Buildings and building improvements	167,459,456	164,605,014
Major moveable equipment	36,561,857	34,476,406
Furniture and equipment	12,363,741	11,607,840
Total	229,199,794	223,569,710
Less accumulated depreciation	95,190,489	88,256,241
Total	134,009,305	135,313,469
Construction-in-progress	3,340,371	1,880,408
Property and equipment, net	$ 137,349,676	$ 137,193,877

Construction-in-progress at June 30, 2024 and 2023 includes expenditures related to various ongoing capital projects.

6. Lines of Credit

LHRC has an $800,000 unsecured, revolving demand line of credit with a bank which expires on December 31, 2024. The line of credit bears interest at the SOFR index plus 2.25% per annum (7.70% at June 30, 2024). There were no borrowings at June 30, 2024 or 2023.

WMH has a $25,000 unsecured, revolving demand line of credit with a bank which bears a variable interest rate based on the U.S. Prime Rate (8.50% at June 30, 2024). There were no borrowings outstanding at June 30, 2024 or 2023.

LQL entered has a $4,000,000 secured demand line of credit with a bank to support property acquisition, project development, working capital and letter of credit needs. The line of credit bears interest at the SOFR index plus 1.95% per annum (7.40% at June 30, 2024). The line of credit is secured by a lien on substantially all assets of LQL. LHRC is a guarantor of this line of credit. There were no borrowings outstanding on this line of credit at June 30, 2024 or 2023.

7. Long-Term Debt

Series 2015A Bonds

On October 1, 2015, the Corporation formed a new Obligated Group including LHRC and LAH as co-obligors and the Lancaster County Hospital Authority issued $49,765,000 Series A of 2015 Health Center Revenue Refunding Bonds (the 2015A Bonds) on behalf of the Obligated Group. The 2015A Bonds are tax-exempt and consist of $4,605,000 Serial Bonds maturing July 1, 2016 to July 1, 2020 at 2.00 to 3.00%, $5,450,000 10 year term bonds maturing July 1, 2021 to July 1, 2025 at 3.80%, $6,665,000 15 year term bonds maturing July 1, 2026 to July 1, 2030 at 4.25%, $8,400,000 20 year term bonds maturing July 1, 2031 to 2035 at 5.00% and $24,645,000 30 year term bonds maturing July 1, 2036 to July 1, 2045 at 5.00%. As of July 1, 2018, LAH was withdrawn from the Obligated Group leaving LHRC as the sole Obligor. On August 18, 2021, LPK was added to the Obligated Group as part of the bond refinancing.

Series 2021 Bonds

On August 18, 2021, the Lancaster Industrial Development Authority issued, on behalf of the Obligated Group, Series of 2021 Revenue Bonds (2021 Revenue Bonds), debt in the maximum principal amount of $25,000,000 to fund construction of LPK. The 2021 Revenue Bonds are tax-exempt direct placement bonds with interest only payable monthly during the 24-month construction period. Beginning September 2023, payments of principal and interest are due monthly. Interest is payable at a rate of 2.35% through August 2031 at which time the interest rate will be equal to 79% of the SOFR rate plus 158 basis points or a minimum of 2.13%.

On September 1, 2021, the Lancaster Industrial Development Authority issued, on behalf of the Obligated Group, Series of 2021 Refunding Bonds (the 2021 Refunding Bonds) in the principal amount of $53,385,000 to fund various capital projects, refinance the 2015B Bonds, 2015C Bonds and 2017B Bonds and pay the costs of issuance. The 2021 Refunding Bonds are tax-exempt and consist of $1,760,000 10 year term bonds maturing July 1, 2023 to July 1, 2031 at 4.00%, $1,440,000 16 year term bonds maturing July 1, 2032 to July 1, 2037 at 4.00%, $5,905,000 25 year term bonds maturing July 1, 2038 to July 1, 2046 at 4.00%, $19,980,000 30 year term bonds maturing July 1, 2047 to July 1, 2051 at 4.00%, $24,300,000 35 year term bonds maturing July 1, 2052 to July 1, 2056 at 4.00%.

LPK Loan

On August 18, 2021, LPK received a loan (the LPK Loan) in the maximum principal amount of $1,550,000 to fund construction of LPK. Payments of interest only are due semi-annually at a rate of 5.00% until maturity in August 2031 at which time the outstanding principal and any outstanding interest are due.

HOME Loan

On September 19, 2023, LPK entered into a loan agreement with the City of Lancaster for $1,042,000 in HOME Investment Partner Program funds for the construction of LPK. 5% of the loan amount, $52,100, will be forgiven annually. This loan matures in August 2043.

Interest

Interest expense on all debt totaled $4,758,808 and $4,180,560 (including amortization of deferred financing costs) during 2024 and 2023, respectively, net of $457,289 capitalized during 2023. There was no interest capitalized during 2024.

Security and Covenants

The Bonds are primarily secured by a mortgage lien on and security interest in, the Obligated Group's property and equipment and revenues, as defined in the applicable agreements. The Bonds require the Obligated Group to meet certain financial ratios.

The LPK Loan is secured by a mortgage lien on and security interest in LPK's property and equipment.

Long-Term Debt Summary

Long-term debt is as follows as of June 30:

	2024	2023
2015A Bonds	$ 42,015,000	$ 43,105,000
2021 Revenue Bonds	24,713,532	24,055,985
2021 Refunding Bonds	53,215,000	53,385,000
LPK Loan	1,550,000	1,550,000
HOME Loan	989,900	376,000
Total	122,483,432	122,471,985
Less current maturities	(1,894,918)	(1,260,000)
Plus bond premium	4,128,899	4,292,403
Less unamortized deferred financing costs	(1,688,024)	(1,762,081)
Long-term debt	$ 123,029,389	$ 123,742,307

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

Years ending June 30:	
2025	$ 1,894,918
2026	1,959,008
2027	2,023,437
2028	2,096,736
2029	2,173,310
Thereafter	112,336,023
Total	$ 122,483,432

8. Employee Retention Credit

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

The Corporation's operations were partially suspended during the time period of March 6, 2020 to November 12, 2021 due to Government orders from the Centers of Medicare and Medicaid Services (CMS) and the Commonwealth of Pennsylvania through the Governor's office or Pennsylvania Department of Health Nursing Division Office of Long-Term Living limiting certain of its activities due to COVID-19. As such, the Corporation claimed credits of $7,875,909 during the year ended June 30, 2022 on amended timely filed Forms 941 for the first, second and third calendar quarters of 2021. The Corporation received $8,181,650, which includes interest of $305,741 during the fiscal year ended June 30, 2023.

Authoritative guidance requires nonprofit organizations follow FASB ASC 958-605 for revenue recognition related to the ERC. This guidance requires the conditions of the grant to be substantially met for recognition. It also requires ERC payments received before the conditions have been substantially met to be recorded as a refundable advance (liability). While management believes that it qualifies for the ERC under the credit's partial suspension provisions, current uncertainty exists around the Internal Revenue Service interpretation of the ERC eligibility barriers, so the Corporation has not recorded the ERC credits received during 2023 as COVID-19 grant income; instead, it has recorded it as a refundable advance, Employee Retention Credit in the consolidated balance sheets.

The Corporation will record the ERC funds received as COVID-19 grant income when it is able to determine that the ERC eligibility barriers have been substantially met, in accordance with authoritative guidance, or the statute of limitations has expired.

9. Retirement Plan

Landis Communities sponsors a defined contribution retirement plan. Contributions to the plan were $747,358 in 2024 and $715,931 in 2023.

10. Net Assets

Net asset presentation in the accompanying consolidated balance sheets with expanded disclosure for the amount and purpose of restrictions or designations is as follows:

	2024	2023
Net Assets		
Without donor restrictions:		
Operating reserve	$ 29,578,372	$ 24,392,379
Board-designated, endowment funds	3,904,235	3,566,129
Total net assets without donor restrictions	33,482,607	27,958,508
With donor restrictions:		
Purpose restricted:		
Resident assistance program	112,392	152,274
Endowment funds appreciation	895,138	657,975
Capital projects	2,384,420	2,107,794
Other	267,313	268,054
Restricted in perpetuity:		
Endowment funds	1,446,677	1,442,327
Total net assets with donor restrictions	5,105,940	4,628,424
Total net assets	$ 38,588,547	$ 32,586,932

11. Endowment Funds

LHRC's endowment funds consist of two funds established for a variety of purposes. The endowment includes both Board-designated and donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence of or absence of donor-imposed restrictions.

LHRC interprets relevant Pennsylvania state law governing the net asset classification of donor-restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, LHRC classifies as net assets with donor restrictions (a) the original value of all gifts donated as permanent endowments; (b) the original value of subsequent gifts to the permanent endowments; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not classified in net assets with donor restrictions is classified as either net assets with or without restrictions, depending upon the donor designation.

LHRC has adopted investment and spending policies for its endowment assets that attempt to preserve the capital and achieve sufficient total return to fund the annual expenditures of the endowments in accordance with donor restrictions. To achieve LHRC's overall goals, the primary objectives of the investment policy are to (a) preserve and increase the real value of LHRC's assets, (b) provide a stable source of income for LHRC's programs in accordance with LHRC's spending policy, (c) assure that LHRC's bond covenants are satisfied and (d) invest LHRC's investment funds in a manner consistent with the values formed by LHRC's Anabaptist beliefs and heritage.

To satisfy its long-term rate of return objectives, LHRC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). LHRC targets a diversified asset allocation in order to achieve its long-term return objectives with prudent risk constraints.

LHRC has a policy of appropriating for distribution each year such amounts as are stipulated by the donors upon establishment of the endowment funds. In accordance with the original gifts, each of the endowment funds allows LHRC to appropriate the current yield for distribution each year. LHRC excludes realized capital gains related to the endowment funds from this calculation. LHRC expects the current spending policy to allow its endowment funds to preserve the fair value of the original gifts, which is consistent with LHRC's objective to preserve the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. LHRC's spending policy does not require a minimum payout from its endowment income on an annual basis.

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are composed of the following:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,566,129	$ 2,100,302	$ 5,666,431
Investment gain (including interest and dividends and realized and unrealized gains and losses)	495,646	280,070	775,716
Contributions	246,460	4,445	250,905
Change in value, split-interest agreements	-	(2,599)	(2,599)
Appropriated for expenditure	(404,000)	(40,403)	(444,403)
Endowment net assets, end of year	$ 3,904,235	$ 2,341,815	$ 6,246,050

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,170,027	$ 1,879,273	$ 5,049,300
Investment gain (including interest and dividends and realized and unrealized gains and losses)	387,775	220,397	608,172
Contributions	214,327	41,724	256,051
Change in value, split- interest agreements	-	(7,701)	(7,701)
Appropriated for expenditure	(206,000)	(33,391)	(239,391)
Endowment net assets, end of year	$ 3,566,129	$ 2,100,302	$ 5,666,431

12. Insurance

Professional and General Liability Insurance

The Corporation maintains professional and general liability insurance coverage on a claims-made basis through Peace Church Risk Retention Group (PCRRG), a reciprocal insurance company. Other than for premiums paid under these policies, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the insurance coverage of the Corporation or will have a material adverse effect on the consolidated financial statements.

Employee Health Insurance

Landis Communities self-insures certain of its health insurance benefits. Landis Communities holds a stop-loss policy of $235,000 per eligible employee that limits the maximum liability for benefits payable under such claims. Self-insurance costs incurred under this program were $3,932,087 and $4,156,472 in 2024 and 2023, respectively. On the consolidated balance sheets, accrued expenses, other includes $408,587 and $295,666 at June 30, 2024 and 2023, respectively, for reserves for anticipated health insurance costs. Management believes no instances occurred or will be asserted that will exceed the insurance coverage stated in the policies.

13. Contingencies

Real Estate Taxes

As not-for-profit Corporations in the Commonwealth of Pennsylvania, LHRC and WMH are organizations which qualify for exemption from real property taxes relating to portions of their properties. However, a number of cities, municipalities and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge not-for-profit corporations' exemption from real estate taxes. The possible future financial effects of this matter on LHRC and WMH, if any, are not determinable.

Senior Living Services Industry

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

14. Leases

The Corporation leases office space and equipment used in operations. These leases have initial terms of 10 years and include two options to renew for additional an additional five years with each option. For leases where the Corporation is reasonably certain to exercise its renewal option, the option periods are included within the lease term, and therefore, measurement of the right-of-use assets and lease obligations. The payment structure for the leases include annual escalation clauses that are fixed. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense.

Certain leases include an option to purchase the leased assets. The Corporation assesses the likelihood of exercising the purchase option using a "reasonably certain" threshold, which is understood to be a high threshold, and therefore, purchase options are generally accounted for when a compelling economic reason to exercise the option exists. Certain leases include an option to terminate the lease, the terms and conditions of which vary by contract. These options allow the parties to the contract to terminate their obligations typically in return for an agreed-upon financial consideration amount. The Corporation's lease agreements do not contain material residual value guarantees.

The Corporation makes certain assumptions and judgments in determining the discount rate, as most leases do not provide an implicit rate. The Corporation has elected, under its classification of not being considered a public business entity, to use a risk-free discount rate in determining the present value of lease payments for the leases which was determined using a period comparable with that of the remaining lease term.

Subsequent to the lease commencement date, the Corporation reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

Future minimum lease payments under the operating leases obligations as of June 30, 2024 were as follows:

Years ending June 30:		
2025	$	479,528
2026		488,081
2027		496,787
2028		483,176
Total		1,947,572
Less:		
Amounts representing present value		65,547
Current portion		450,732
Long-term obligation	$	1,431,293

Operating lease costs were $456,764 and $456,758 in 2024 and 2023, respectively, and are included in general and administrative expenses in the accompanying consolidated statements of operations and changes in net assets.

Other supplemental information as of and for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Weighted-average remaining lease term:		
Operating lease obligations	3.96 years	4.96 years
Weighted-average discount rate:		
Operating lease obligations	1.76%	1.76%

15. Concentrations of Credit Risk

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

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

16. Functional Expenses

The Corporation's primary program service relates to providing housing, health care and other related services to residents within its geographic location. Expenses by functional classification consist of the following in 2024 and 2023:

	2024			
	Resident Services	General and Administrative	Fundraising	Consolidated Total
Salaries and wages	$ 18,822,990	$ 4,541,389	$ 276,787	$ 23,641,166
Employee benefits and payroll taxes	5,994,130	1,134,726	76,257	7,205,113
Professional fees and purchased services	2,501,711	686,004	17,783	3,205,498
Nursing home assessment	-	318,225	-	318,225
Depreciation	8,409,216	137,069	-	8,546,285
Interest	4,717,305	41,503	-	4,758,808
Supplies and other expenses	7,383,901	3,149,470	77,847	10,611,218
Total expenses	$ 47,829,253	$ 10,008,386	$ 448,674	$ 58,286,313

	2023			
	Resident Services	General and Administrative	Fundraising	Consolidated Total
Salaries and wages	$ 18,027,945	$ 4,160,668	$ 214,186	$ 22,402,799
Employee benefits and payroll taxes	6,260,018	1,100,873	63,580	7,424,471
Professional fees and purchased services	2,149,223	622,289	11,213	2,782,725
Nursing home assessment	-	275,080	-	275,080
Depreciation	7,529,884	122,736	-	7,652,620
Interest	4,144,100	36,460	-	4,180,560
Supplies and other expenses	6,968,097	2,855,792	75,374	9,899,263
Total expenses	$ 45,079,267	$ 9,173,898	$ 364,353	$ 54,617,518

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

Landis Communities and Affiliates

Consolidating Schedule, Balance Sheet
June 30, 2024

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2024
Assets											
Current Assets											
Cash and cash equivalents	$ 1,640,243	$ 297,427	$ -	$ 1,937,670	$ 199,346	$ 2,140,456	$ 68,339	$ 20,786	$ 197,957	$ -	$ 4,564,554
Assets whose use is limited, debt service funds	3,671,705	-	-	3,671,705	-	-	-	-	-	-	3,671,705
Accounts receivable:											
Residents, net	3,679,046	1,791	-	3,680,837	223,452	1,676	-	2,049	1,803	-	3,909,817
Advance fees	219,600	-	-	219,600	-	-	-	-	-	-	219,600
Other	215,265	13,399	-	228,664	1,469	1,325	251,733	-	13,602	-	496,793
Due from affiliates	2,473,491	-	(664,508)	1,808,983	7,250	3,370,758	229,313	-	39,453	(5,455,757)	-
Prepaid expenses and other current assets	335,171	3,928	-	339,099	-	165,262	-	40,721	46,947	-	592,029
Total current assets	12,234,521	316,545	(664,508)	11,886,558	431,517	5,679,477	549,385	63,556	299,762	(5,455,757)	13,454,498
Assets Whose Use is Limited											
Board-designated investments	4,308,236	49,375	-	4,357,611	-	-	-	-	190,308	-	4,547,919
Statutory minimum liquid reserve	3,768,090	-	-	3,768,090	-	-	-	-	-	-	3,768,090
Donor-restricted investments	2,359,903	-	-	2,359,903	-	902,591	-	-	1,198,659	-	4,461,153
Debt service reserve fund	7,216,291	-	-	7,216,291	-	-	-	-	-	-	7,216,291
Resident deposits	1,452,400	137,635	-	1,590,035	-	-	-	52,440	-		1,642,475
Total assets whose use is limited	19,104,920	187,010	-	19,291,930	-	902,591	-	52,440	1,388,967	-	21,635,928
Investments	44,833,601	-	-	44,833,601	-	-	-	-	-	-	44,833,601
Investment in Limited Partnerships	-	26,855	-	26,855	-	-	103,325	-	629,929	(130,180)	629,929
Property and Equipment, Net	106,848,089	26,884,694	-	133,732,783	14,081	155,461	24,232	88,438	3,334,681	-	137,349,676
Operating Lease, Right-of-Use Assets	-	-	-	-	-	-	-	1,739,821	-	-	1,739,821
Pledges Receivable, Net	33,457	-	-	33,457	-	6,290	-	-	45,912	-	85,659
Split-Interest Agreements	184,792	-	-	184,792	-	5,037	-	-	-	-	189,829
Other Assets	1,067,922	-	-	1,067,922	-	50,805	325,459	-	-	-	1,444,186
Total assets	$ 184,307,302	$ 27,415,104	$ (664,508)	$ 211,057,898	$ 445,598	$ 6,799,661	$ 1,002,401	$ 1,944,255	$ 5,699,251	$ (5,585,937)	$ 221,363,127

Landis Communities and Affiliates

Consolidating Schedule, Balance Sheet
June 30, 2024

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2024
Liabilities and Net Assets (Deficit)											
Current Liabilities											
Current portion of:											
Long-term debt	$ 1,310,000	$ 584,918	$ -	$ 1,894,918	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,894,918
Operating lease obligations	-	-	-	-	-	-	-	450,732	-	-	450,732
Accounts payable:											
Trade	228,850	-	-	228,850	2,077	996,406	-	-	41,075	-	1,268,408
Due to affiliate	1,600,399	996,296	(664,508)	1,932,187	296,703	1,161,809	1,532,768	291,990	126,124	(5,341,581)	-
Capital related	-	-	-	-	-	847,010	-	-	41,495	-	888,505
Accrued expenses:											
Salaries and wages	751,612	-	-	751,612	63,551	194,838	-	-	16,361	(63,551)	962,811
Paid time off	584,332	-	-	584,332	42,511	245,797	-	-	15,139	(42,511)	845,268
Interest	2,075,851	87,363	-	2,163,214	-	-	-	-	-	-	2,163,214
Other	677,586	745	-	678,331	8,531	25,018	-	4,689	13,390	(8,114)	721,845
Total current liabilities	7,228,630	1,669,322	(664,508)	8,233,444	413,373	3,470,878	1,532,768	747,411	253,584	(5,455,757)	9,195,701
Long-Term Debt	96,610,634	26,418,755	-	123,029,389	-	-	-	-	-	-	123,029,389
Operating Lease Obligations	-	-	-	-	-	-	-	1,431,293	-	-	1,431,293
Priority Fees and Reservation Deposits	1,944,100	-	-	1,944,100	-	-	-	-	-	-	1,944,100
Refundable Entrance Fees and Deposits	272,258	136,095	-	408,353	-	-	-	55,734	-	-	464,087
Deferred Revenues From Nonrefundable Entrance Fees	39,315,830	-	-	39,315,830	-	-	-	-	-	-	39,315,830
Refundable Advance, Employee Retention Credit (Note 8)	6,373,251	-	-	6,373,251	-	803,615	-	-	217,314	-	7,394,180
Total liabilities	151,744,703	28,224,172	(664,508)	179,304,367	413,373	4,274,493	1,532,768	2,234,438	470,898	(5,455,757)	182,774,580
Net Assets (Deficit)											
Without donor restrictions	29,933,458	(850,201)	-	29,083,257	(38,608)	1,502,415	(633,692)	(290,183)	3,859,418	-	33,482,607
With donor restrictions	2,629,141	41,133	-	2,670,274	70,833	1,022,753	103,325	-	1,368,935	(130,180)	5,105,940
Total net assets (deficit)	32,562,599	(809,068)	-	31,753,531	32,225	2,525,168	(530,367)	(290,183)	5,228,353	(130,180)	38,588,547
Total liabilities and net assets (deficit)	$ 184,307,302	$ 27,415,104	$ (664,508)	$ 211,057,898	$ 445,598	$ 6,799,661	$ 1,002,401	$ 1,944,255	$ 5,699,251	$ (5,585,937)	$ 221,363,127

Landis Communities and Affiliates

Consolidating Schedule, Operations and Changes in Net Assets (Deficit)
Year Ended June 30, 2024

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2024
Revenues Without Donor Restrictions											
Resident service revenues:											
Nursing	$ 18,021,567	$ -	$ -	$ 18,021,567	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,021,567
Personal care	10,513,518	-	-	10,513,518	-	-	-	-	887,388	-	11,400,906
Residential living:											
Monthly fees	11,380,303	1,252,567	-	12,632,870	-	-	-	679,816	-	-	13,312,686
Amortization of entrance fees	7,033,191	-	-	7,033,191	-	-	-	-	-	-	7,033,191
Ancillary service revenues	892,737	-	-	892,737	-	-	-	-	-	-	892,737
Home and community based services	-	-	-	-	2,107,929	-	-	-	-	-	2,107,929
Other resident service revenues	963,449	63,887	-	1,027,336	75,653	-	-	22,833	30	(71,099)	1,054,753
Net resident service revenues	48,804,765	1,316,454	-	50,121,219	2,183,582	-	-	702,649	887,418	(71,099)	53,823,769
Other revenues	3,077,158	200,565	(12,896)	3,264,827	249,597	6,438,385	494,071	2,702	126,719	(9,402,829)	1,173,472
Contributions and bequests	246,460	-	-	246,460	10,600	91,678	-	-	193,494	-	542,232
Donor-restricted contributions used primarily for benevolent care	641,451	13,722	-	655,173	67,535	8,401	-	-	164,585	-	895,694
Interest and dividend income, net	1,794,601	299	-	1,794,900	-	85,683	14,397	-	67,398	(23,577)	1,938,801
Total revenues without donor restrictions	54,564,435	1,531,040	(12,896)	56,082,579	2,511,314	6,624,147	508,468	705,351	1,439,614	(9,497,505)	58,373,968
Expenses											
Resident services	17,452,773	-	-	17,452,773	2,328,726	-	-	-	541,847	(2,387,408)	17,935,938
General and administrative	8,579,771	911,228	(12,896)	9,478,103	101,745	6,487,206	406,119	632,075	309,760	(7,086,520)	10,328,488
Depreciation	7,541,129	762,459	-	8,303,588	3,910	52,552	-	14,349	171,886	-	8,546,285
Plant operations	5,346,767	14,128	-	5,360,895	-	-	-	-	194,413	-	5,555,308
Dining services	6,161,984	-	-	6,161,984	-	-	-	-	326,234	-	6,488,218
Housekeeping, laundry and campus services	2,511,170	-	-	2,511,170	-	-	-	-	127,233	-	2,638,403
Admissions, social services, pastoral services and life enrichment	2,033,259	-	-	2,033,259	-	-	-	-	1,606	-	2,034,865
Interest	4,050,187	708,621	-	4,758,808	-	-	-	23,577	-	(23,577)	4,758,808
Total expenses	53,677,040	2,396,436	(12,896)	56,060,580	2,434,381	6,539,758	406,119	670,001	1,672,979	(9,497,505)	58,286,313
Operating income (loss)	887,395	(865,396)	-	21,999	76,933	84,389	102,349	35,350	(233,365)	-	87,655

Landis Communities and Affiliates

Consolidating Schedule, Operations and Changes in Net Assets (Deficit)
Year Ended June 30, 2024

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2024
Other Income (Loss)											
Net realized gain on sales of investments	$ 2,141,038	$ -	$ -	$ 2,141,038	$ -	$ -	$ -	$ -	$ 6,913	$ -	$ 2,147,951
Change in net unrealized gains and losses on investments	2,476,906	-	-	2,476,906	-	-	-	-	5,388	-	2,482,294
Loss on disposal or abandonment of property and equipment	(479)	(5,214)	-	(5,693)	-	(89,892)	-	-	-	-	(95,585)
Total other income (loss), net	4,617,465	(5,214)	-	4,612,251	-	(89,892)	-	-	12,301	-	4,534,660
Revenues in excess of (less than) expenses	5,504,860	(870,610)	-	4,634,250	76,933	(5,503)	102,349	35,350	(221,064)	-	4,622,315
Donor-Restricted Contributions Used for Purchase of Property and Equipment	23,731	54,000	-	77,731	-	-	-	-	824,053	-	901,784
Transfer (to) From Affiliate	(308,000)	-	-	(308,000)	-	308,000	-	-	-	-	-
Change in net assets (deficit) without donor restrictions	5,220,591	(816,610)	-	4,403,981	76,933	302,497	102,349	35,350	602,989	-	5,524,099
Net Assets With Donor Restrictions											
Contributions	690,239	36,978	-	727,217	67,968	(35,002)	-	-	1,216,557	(6,978)	1,969,762
Interest and dividend income	43,255	-	-	43,255	-	-	-	-	-	-	43,255
Net realized gain on sales of investments	51,532	-	-	51,532	-	-	-	-	-	-	51,532
Change in net unrealized gains and losses on investments	185,286	-	-	185,286	-	-	-	-	-	-	185,286
Change in value, split-interest agreements	24,837	-	-	24,837	-	322	-	-	-	-	25,159
Transfers	-			-		(52,000)			-	52,000	-
Donor-restricted contributions used for:											
Resident assistance program	(603,065)	-	-	(603,065)	(13,259)	-	-	-	(120,591)	-	(736,915)
Adult day care program	-	-	-	-	(48,726)	-	-	-	-	-	(48,726)
Other	(38,386)	(13,722)	-	(52,108)	(5,550)	(8,401)	-	-	(43,994)	-	(110,053)
Purchase of property and equipment	(23,731)	(54,000)	-	(77,731)	-	-	-	-	(824,053)	-	(901,784)
Change in net assets with donor restrictions	329,967	(30,744)	-	299,223	433	(95,081)	-	-	227,919	45,022	477,516
Change in net assets (deficit)	5,550,558	(847,354)	-	4,703,204	77,366	207,416	102,349	35,350	830,908	45,022	6,001,615
Net Assets (Deficit), Beginning	27,012,041	38,286	-	27,050,327	(45,141)	2,317,752	(632,716)	(325,533)	4,397,445	(175,202)	32,586,932
Net Assets (Deficit), Ending	$ 32,562,599	$ (809,068)	$ -	$ 31,753,531	$ 32,225	$ 2,525,168	$ (530,367)	$ (290,183)	$ 5,228,353	$ (130,180)	$ 38,588,547

Landis Communities and Affiliates

Consolidating Schedule, Cash Flows
Year Ended June 30, 2024

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2024
Cash Flows From Operating Activities											
Change in net assets (deficit)	$ 5,550,558	$ (847,354)	$ -	$ 4,703,204	$ 77,366	$ 207,416	$ 102,349	$ 35,350	$ 830,908	$ 45,022	$ 6,001,615
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:											
Depreciation	7,541,129	762,459	-	8,303,588	3,910	52,552	-	14,349	171,886	-	8,546,285
Amortization of deferred financing costs	61,585	20,189	-	81,774	-	-	-	-	-	-	81,774
Amortization of bond premium	(163,504)	-	-	(163,504)	-	-	-	-	-	-	(163,504)
Change in operating lease right-of-use assets and obligations	-	-	-	-	-	-	-	456,764	-	-	456,764
Payments on operating lease obligations	-	-	-	-	-	-	-	(471,477)	-	-	(471,477)
Net realized and unrealized gains and losses on investments and assets whose use is limited	(4,854,762)	-	-	(4,854,762)	-	-	-	-	(12,301)	-	(4,867,063)
Loss on disposal or abandonment of property and equipment	479	5,214	-	5,693	-	89,892	-	-	-	-	95,585
Forgiveness of LPK home loan	-	(52,100)	-	(52,100)	-	-	-	-	-	-	(52,100)
Proceeds from entrance fees and deposits, existing units	6,480,400	-	-	6,480,400	-	-	-	-	-	-	6,480,400
Amortization of entrance fees	(7,033,191)	-	-	(7,033,191)	-	-	-	-	-	-	(7,033,191)
Contributions restricted for long-term purposes	(86,745)	(67,753)	-	(154,498)	-	(65,753)	-	-	(1,127,740)	65,753	(1,282,238)
Contributions, pledges receivable	(33,457)	-	-	(33,457)	-	-	-	-	-	-	(33,457)
Change in value, pledges receivable	-	-	-	-	-	(1,913)	-	-	(3,069)	-	(4,982)
Change in split-interest agreements	16,649	-	-	16,649	-	(322)	-	-	-	-	16,327
Change in assets and liabilities:											
Accounts receivable	(1,146,895)	(6,204)	-	(1,153,099)	(517)	1,496	(9,221)	(1,345)	(15,400)	-	(1,178,086)
Due from/to affiliates	(1,041,226)	331,553	-	(709,673)	(71,384)	1,157,154	(438,050)	4,569	34,307	23,077	-
Prepaid expenses and other current assets	(70,203)	(2,892)	-	(73,095)	-	(137,822)	(325,459)	(646)	(30,130)	-	(567,152)
Accounts payable, trade	(17,335)	-	-	(17,335)	2,077	135,904	-	-	40,754	-	161,400
Accrued expenses and other liabilities	311,582	28,968	-	340,550	23,223	(2,801)	-	(2,501)	(9,620)	(23,077)	325,774
Refundable advance, Employee Retention Credit	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	5,515,064	172,080	-	5,687,144	34,675	1,435,803	(670,381)	35,063	(120,405)	110,775	6,512,674
Cash Flows From Investing Activities											
Net purchases of investments and assets whose use is limited	(11,606,277)	-	-	(11,606,277)	-	2,791	-	1	(5,172)	-	(11,608,657)
Change in value of investment in limited partnerships	-	45,022	-	45,022	-	-	762,500	-	7	(45,022)	762,507
Purchase of property and equipment	(6,989,560)	(1,856,632)	-	(8,846,192)	-	(17,050)	(24,232)	(38,385)	(1,117,606)	-	(10,043,465)
Net cash (used in) provided by investing activities	(18,595,837)	(1,811,610)	-	(20,407,447)	-	(14,259)	738,268	(38,384)	(1,122,771)	(45,022)	(20,889,615)
Cash Flows From Financing Activities											
Repayment of long-term debt	(1,260,000)	(286,468)	-	(1,546,468)	-	-	-	-	-	-	(1,546,468)
Proceeds from long-term debt	-	1,610,015	-	1,610,015	-	-	-	-	-	-	1,610,015
Payment of financing costs	-	(7,717)	-	(7,717)	-	-	-	-	-	-	(7,717)
Proceeds from entrance fees and deposits, new units	1,452,400	-	-	1,452,400	-	-	-	-	-	-	1,452,400
Proceeds from refundable fees and deposits	6,960	40,854	-	47,814	-	-	-	(874)	-	-	46,940
Refunds of entrance fees	(775,213)	-	-	(775,213)	-	-	-	-	-	-	(775,213)
Collections, pledges receivable	1,000	-	-	1,000	-	60,688	-	-	78,838	-	140,526
Contributions restricted for long-term purposes	86,745	67,753	-	154,498	-	65,753	-	-	1,127,740	(65,753)	1,282,238
Net cash (used in) provided by financing activities	(488,108)	1,424,437	-	936,329	-	126,441	-	(874)	1,206,578	(65,753)	2,202,721
Net change in cash, cash equivalents and restricted cash and cash equivalents	(13,568,881)	(215,093)	-	(13,783,974)	34,675	1,547,985	67,887	(4,195)	(36,598)	-	(12,174,220)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	20,342,217	699,530	-	21,041,747	164,671	1,495,062	452	77,422	1,433,214	-	24,212,568
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 6,773,336	$ 484,437	$ -	$ 7,257,773	$ 199,346	$ 3,043,047	$ 68,339	$ 73,227	$ 1,396,616	$ -	$ 12,038,348

Landis Communities and Affiliates

Consolidating Schedule, Cash Flows
Year Ended June 30, 2024

	Landis Homes Retirement Community	Landis Place on King	Eliminations	Obligated Group	Landis HCBS	Landis Communities	Landis Quality Living	Quality Living Choices	Welsh Mountain Home and WMH, Inc.	Eliminations	Consolidated 2024
Supplemental Disclosure of Cash Flow Information											
Interest paid, net of amounts capitalized	$ 4,176,216	$ 647,629	$ -	$ 4,823,845	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,823,845
Noncash Investing and Financing Activities											
Accounts payable, capital related	$ -	$ -	$ -	$ -	$ -	$ 847,010	$ -	$ -	$ 41,495	$ -	$ 888,505
Forgiveness of LPK home loan	$ -	$ 52,100	$ -	$ 52,100	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,100
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents											
Cash and cash equivalents	$ 1,640,243	$ 297,427	$ -	$ 1,937,670	$ 199,346	$ 2,140,456	$ 68,339	$ 20,786	$ 197,957	$ -	$ 4,564,554
Cash and cash equivalents included in assets whose use is limited and investments	5,133,093	187,010	-	5,320,103	-	902,591	-	52,441	1,198,659	-	7,473,794
Total cash, cash equivalents and restricted cash and cash equivalents	$ 6,773,336	$ 484,437	$ -	$ 7,257,773	$ 199,346	$ 3,043,047	$ 68,339	$ 73,227	$ 1,396,616	$ -	$ 12,038,348

Attachment III

Resident Contract

(If Not Previously Provided)

RESIDENCY AGREEMENT

FOR

LANDIS HOMES RETIREMENT COMMUNITY

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DEFINITIONS OF WORDS AND PHRASES

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

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

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

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

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

DAILY FEE: The charge per day for Occupancy of a residential suite.

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

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

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

DOUBLE OCCUPANCY FEE: The fee for an Additional Occupant of an apartment, cottage or hybrid home. This charge is added to the Monthly Service Fee.

ENTRANCE FEE: The initial charge for admission to the Community. The amount of the Entrance Fee is based on the model of the apartment, cottage or hybrid home.

HEALTHCARE CENTER: The licensed nursing care facility of Community.

MONTHLY SERVICE FEE: The charge per month for Occupancy of an apartment, cottage or hybrid home.

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

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

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

RESIDENCE: The apartment, cottage, hybrid home or residential suite designated under this Agreement for Occupancy by you.

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

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

SINGLE OCCUPANCY: One individual initially residing in a residence.

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

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RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT (called "Agreement"), made this _____ day of _____, 20___, between Landis Homes Retirement Community, a Pennsylvania non-profit corporation, (called "Community," and referred to by the words "we," "us" and "our"), and _____ (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community for Occupancy of _____ (called "Residence").

RECITALS:

We operate a continuing care retirement community;

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

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

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

SECTION 1: RESIDENCE AND FACILITIES

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

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

1.3 Optional Furnishings or Fixtures. At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee, Daily Fee or Monthly Service Fee and are provided at an additional cost. If requested

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prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the termination of this Agreement. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us and attached as Exhibit "C."

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

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

1.6 Priority Access. You will receive priority access to Routine Nursing Care Services, Personal Care Services, adult day, and home care services on a fee-for-service basis. Priority access is conditioned on you satisfying the financial and all other requirements for admission.

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

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SECTION 2: SERVICES

2.1 Utilities. We shall provide water, heat, air conditioning, electricity, sewer, and refuse collection. These services are included in the Daily Fee or Monthly Service Fee. We reserve the right to establish maximum usage levels on utilities and to charge you for any unreasonably excessive usage due to waste or abuse.

2.2 Telephone. We shall provide your Residence with access to telephone service. All telephone service charges, including connection charges, are not included in the Daily Fee or Monthly Service Fee and shall be paid by you.

2.3 Television Service. We shall provide your Residence with access to television service and at least one cable connection. TV service, as explained in the Resident Handbook, is included in the Daily Fee or Monthly Service Fee. Expanded pay channel service charges are not included in the Daily Fee or Monthly Service Fee and shall be paid by you.

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

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

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

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

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

2.9 Meals. Meals are served in the Community's dining room and are available in accordance with the posted meal prices which are subject to change.

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

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

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

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

SECTION 3: NURSING, PERSONAL CARE, ADULT DAY AND HOME CARE SERVICES

3.1 Healthcare Center and Personal Care Center. We operate a Healthcare Center and a Personal Care Center for the provision of licensed Routine Nursing Care Services and Personal Care Services which shall be available to you on a priority access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Daily Fee or Monthly Service Fee. We will exercise our best efforts to accommodate your level of care needs; however, there is no guarantee that space will be immediately available in the Healthcare Center or the Personal Care Center at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are permanently transferred to the Healthcare Center or Personal Care Center, this Agreement shall terminate and you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services.

3.2 Adult Day Services. Adult day services are available to you on a priority access basis and at an additional charge. The charges for adult day services are not included in the Daily Fee or Monthly Service Fee.

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3.3 **Home Care Services.** Homes care services are available to you on a priority access basis and at an additional charge. The charges for home care services are not included in the Daily Fee or Monthly Service Fee.

3.4 **Health Care Services and Liability for Health Care Costs.** Subject to Section 3.5 below, you remain responsible for your own Routine Nursing Care Services, Personal Care Services and health care services while residing in the Residence. All Routine Nursing Care Services, Personal Care Services and health care services of any kind provided to you under this Agreement are at an additional charge.

3.5 **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 Community agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. No future health care services are covered by your payment of the Entrance Fee, Daily Fee or Monthly Service Fee.

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

3.7 **Response Call System.** We may equip your Residence with a twenty-four (24) hour response call system for an additional charge. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, you are required to contact 911 to obtain medical assistance. While the response call system may be used to inform us of a medical emergency, we disclaim any and all responsibility for providing emergency medical care services in your Residence. If you utilize the response call system in such an emergency, we will call 911 on your behalf.

SECTION 4: FEES

4.1 **Entrance Fee.** In accordance with the Entrance Fee refund option selected on Exhibit "B", you shall pay the sum of $_____ [_____ *initials*] as an

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Entrance Fee on the Designated Occupancy Date or the date of actual Occupancy, whichever is earlier.

4.2 Use of Entrance Fee. If applicable, the entire Entrance Fee shall be used for the purpose of sustaining and extending our mission.

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

4.4 Limitations on Increases in the Entrance Fee. After the signing of this Agreement by you, there will be no increase in the Entrance Fee for the Residence. Charges for care paid in one lump sum shall not be increased or decreased during the duration of the agreed upon care, except for changes required by State or Federal assistance programs. In accordance with Section 3.5 above, the Entrance Fee, Daily Fee and Monthly Service Fee do not include future health care services.

4.5 Daily Fee or Monthly Service Fee.

(a) Amount.

(i) Daily Fee for Residential Suite. You shall pay to us a Daily Fee of $_____ [_____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, each Co-Resident shall pay to us a Daily Fee of $_____ [_____ *initials*].

(ii) Monthly Service Fee for Apartment, Cottage or Hybrid Home. You shall pay to us a Monthly Service Fee of $_____ [_____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Double Occupancy Fee in the amount of $_____ [_____ *initials*], which is based on the number of occupants, is added to and included in the Monthly Service Fee.

(b) Payment and Due Date. Your responsibility to pay the Daily Fee or Monthly Service Fee begins on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Payment is due upon receipt of the monthly statement. We reserve the right to change our billing cycle. The Monthly Service Fee shall be pro-rated if you assume Occupancy after the first of the month. If any Daily Fee or Monthly Service Fee or other charges for miscellaneous or ancillary services are not paid within fifteen (15) calendar days of the due date, we may elect to exercise our available rights and remedies under this Agreement including termination.

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

4.6 Other Charges. In addition to the Daily Fee or Monthly Service Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. Payment for all such other charges is also due upon receipt.

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

4.8 Late Charges and Cost of Collection. Any charges which are unpaid after twenty-five (25) days of the date of the statement, shall be subject to a late charge of one and one-half percent (1.5%) per month (or annual rate of eighteen percent (18%)), and you are obligated to pay any late charges. In the event we initiate any legal actions or proceedings to collect payments past due in excess of sixty (60) days, you shall be responsible to pay all attorneys' fees and costs incurred by us in pursuing the enforcement of your financial obligations under this Agreement.

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

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other actions that would disqualify you from benefits under the MA Program, then you shall not be considered for financial assistance and this Agreement may be terminated.

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

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

SECTION 5: FINANCIAL DISCLOSURE

You agree to provide updated financial information every three (3) years and prior to transfer to the Healthcare Center or Personal Care Center.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 **Non-Resident.** In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then, if applicable, the Additional Occupant shall pay an Entrance Fee equivalent to the then current lowest Entrance Fee for a studio residence. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Daily Fee or Monthly Service Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement as

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described in Section 4.7 of this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

6.2 Other Resident. In the event that you desire to marry or cohabit with another resident admitted under a separate Residency Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Residency Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident and each Co-Resident shall become jointly and severally liable for each other's financial obligations and for all payments due under this Agreement and any applicable addenda, and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for Double Occupancy of the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized by us. Upon transfer, the Daily Fee or Monthly Service Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Daily Fee or Monthly Service Fee, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

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

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with the Community shall be necessary to determine the amount of resources needed for future care. The departing Co-Resident shall remain jointly and severally liable for the remaining Co-Resident's financial obligations under this Agreement.

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

SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

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

7.2 Costs of Election to Move. The costs and charges related to exercising the option to move are reflected in the Internal Move Policy.

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

SECTION 8: TERMINATION OF AGREEMENT

8.1 Termination by You.

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

(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

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earlier, you may terminate this Agreement by delivering written notice to us prior to Occupancy. In the event of your death, illness, injury or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Residence, then, such Co-Resident shall pay the applicable Daily Fee or Monthly Service Fee for Single Occupancy.

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

8.2 Termination by Us.

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

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

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following an opportunity to cure. If you fail to cure or correct the non-compliance within a period as determined by us and to our satisfaction, then we may terminate this Agreement for just cause upon thirty (30) days written notice to you or your representative. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

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

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

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

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

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

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

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

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

9.3 Charges Related to Transfer.

(a) Single Occupancy.

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

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

(b) Double Occupancy.

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

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

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9.4 Release of or Return to Residence After Transfer.

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

(b) Permanent Transfer. If you are permanently transferred to the Healthcare Center, Personal Care Center or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a Residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a Residence with a floor plan comparable to the one relinquished. You shall execute a new Residency Agreement with us and pay, if applicable, the then current Entrance Fee and the then current Daily Fee or Monthly Service Fee.

SECTION 10: REFUND OF ENTRANCE FEE

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

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

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

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

10.5 Conditions and Due Date for Refund Payments. Prior to Occupancy, any applicable refund will be made within thirty (30) days of the termination of this Agreement. After Occupancy, any applicable refund will be made upon the earlier of: (a) receipt of the replacement Entrance Fee in full for the Residence most recently occupied by you; or (b) six (6) months after the termination of this Agreement and the Surrender of the Residence. Any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

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

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to the nomination. All costs of such legal proceedings, including legal fees, shall be paid by you or the legally appointed guardian of your estate.

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

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

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

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

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

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

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

12.6 Vehicle Registration and Insurance. You may operate a vehicle on our campus only if you have a valid driver's license and a valid state registration. You must register the vehicle with us, and comply with our rules and policies governing the safe operation of motor vehicles. We reserve the right to revoke your operating privileges and remove

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your vehicle from our property if you do not abide by our policy as reflected in the Resident Handbook, which is subject to change from time to time.

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

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

12.9 Responsibility for Property Damage to Community.

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

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

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your death, your estate shall be liable for any loss or damage to our property caused by you.

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

12.11 Responsibility For Your Personal Property.

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

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

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

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

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

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12.15 Pets. Under limited circumstances as approved by us, you may have a pet so long as it meets the requirements of our pet policy. You shall assume financial responsibility and any obligations for any damage caused by the pet and shall pay an additional fee as set by us in accordance with our policy, which is subject to change from time to time. We reserve the right to rescind approval of the pet if we determine that the pet constitutes a nuisance or danger to Community, or threatens the quiet enjoyment of other residents.

12.16 Tobacco and Vaping. We are a smoke-free, tobacco-free community. We do not permit smoking, vaping or tobacco anywhere on our campus, including your Residence, in accordance with our tobacco policy described in the Resident Handbook, which is subject to change from time to time.

SECTION 13: CASUALTY LOSS

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

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SECTION 14: RENOVATION OF RESIDENCE

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

SECTION 15: SEVERABILITY

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

SECTION 16: ACTS OF FORBEARANCE

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

SECTION 17: ENTIRE AGREEMENT

This Agreement along with applicable addendum(s), constitute the entire Agreement between you and us. We shall not be responsible or liable for any statements, representations, or promises made by any person representing or purporting to represent

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us, unless such statements, representations, or promises are set forth in this Agreement. Any brochures or advertisements describing us are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. This Agreement may not be amended except by a subsequent written addendum approved by us and executed by the parties.

SECTION 18: INDEMNIFICATION

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

SECTION 19: GRIEVANCE PROCEDURE

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

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

19.3 Mandatory, Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party

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

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) eviction proceedings initiated by us; (3) collection actions initiated by us for non-payment of stay which results in a financial loss to us; and (4) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 19.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community. Subject to Section 19.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with

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the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

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

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

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

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 19.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness

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or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

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

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

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

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

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

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

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

SECTION 20: NOTICE

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

To Community:

Director of Residency Planning
Landis Homes Retirement Community
1001 East Oregon Road
Lititz, PA 17543

To Resident (Before Occupancy): _____

_____

_____

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

SECTION 21: AVERAGE ANNUAL COST OF PROVIDING SERVICES

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

SECTION 22: MISCELLANEOUS PROVISIONS

22.1 Your Continuing Disclosure Obligation. The information regarding your age and financial affairs and your ability to meet the Conditions of Occupancy submitted by you in our admissions forms and related application documents is a material part of this

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Agreement, and this information is incorporated as a part of this Agreement. You acknowledge that the submission of false information may, in our judgment, constitute grounds for the termination of this Agreement. You must disclose any material changes in your financial situation or your ability to meet the Conditions of Occupancy before and after Occupancy. We may from time to time request verified financial statements and copies of tax returns from you. The failure to make such disclosure may, in our judgment, constitute grounds to terminate this Agreement.

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

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

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

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

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

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

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

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

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AGREEMENT AUTHORIZATIONS AND SIGNATURES

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

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

Landis Homes Retirement Community

By: _____
Authorized Representative
Date: _____

Witness:

_____ _____
Resident/Co-Resident
Date: _____ Date: _____

Witness:

_____ _____
Co-Resident
Date: _____ Date: _____

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NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20___. 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 Residency 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:

Landis Homes Retirement Community
1001 East Oregon Road
Lititz, PA 17543

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

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

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

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EXHIBIT "A"

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

- ☐ Kitchen stove
- ☐ Refrigerator
- ☐ Garbage disposal
- ☐ Washer and dryer
- ☐ Microwave

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EXHIBIT "B"

SELECTION OF ENTRANCE FEE REFUND OPTION

THIS ADDENDUM, effective this _____ day of _____, 20____, amends the Residency Agreement (called "Agreement"), and any other addenda or amendments to the Agreement entered into between Landis Homes Retirement Community, a Pennsylvania non-profit corporation, (called "Community," and referred to by the words "we," "us" and "our") and _____ (called "Resident," and referred to by the words "you" and "your" and where two individuals sign the Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident").

RECITALS:

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

We offer three Entrance Fee refund options: (a) a fifty percent (50%) refundable option; (b) a twenty-five percent (25%) refundable option; and (c) an option whereby the Entrance Fee amortizes down to zero;

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

We and you desire to enter into this Addendum to specify the Entrance Fee refund option selected by you.

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

1. **Selection of Entrance Fee Refund Option.** You may select one of the following Entrance Fee refund options, and your initials next to the description of a particular option shall indicate the option selected by you:

[___ *initials*] **(a)** **Fifty Percent (50%) Refundable Option.** Under this option, you or your estate, subject to the conditions of Section 10 of the Agreement, will be entitled to a refund of fifty percent (50%) of the Entrance Fee.

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[_____ *initials*] **(b)** **Twenty-five Percent (25%) Refundable Option.** Under this option, you or your estate, subject to the conditions of Section 10 of the Agreement, will be entitled to a refund of twenty-five percent (25%) of the Entrance Fee.

[_____ *initials*] **(c)** **Non-refundable Option.** Under this option, you or your estate generally will not be entitled to a refund of the Entrance Fee following the termination of the Agreement. If, however, you withdraw from the Community and terminate the Agreement before your Entrance Fee is fully amortized, then subject to the conditions of Section 10 of the Agreement, you will be entitled to a refund of the unamortized portion of the Entrance Fee.

2. **Amortization of Entrance Fee.**

(a) **Fifty Percent (50%) Refundable Option.** The Entrance Fee shall be amortized at the rate of two percent (2%) per month over a period of twenty-five (25) consecutive months beginning in the month of the Designated Occupancy Date or of Occupancy, whichever is earlier. At the conclusion of the amortization period, fifty percent (50%) of the Entrance Fee shall be earned in full by us, and you will not be entitled to a refund of fifty percent (50%) of the Entrance Fee. The other fifty percent (50%) of the Entrance Fee shall not be subject to amortization.

(b) **Twenty-five Percent (25%) Refundable Option.** The Entrance Fee shall be amortized at the rate of two percent (2%) per month over a period of thirty-seven and one-half (37.5) consecutive months beginning in the month of the Designated Occupancy Date or of Occupancy, whichever is earlier. At the conclusion of the amortization period, seventy-five percent (75%) of the Entrance Fee shall be earned in full by us, and you will not be entitled to a refund of seventy-five percent (75%) of the Entrance Fee. The other twenty-five percent (25%) of the Entrance Fee shall not be subject to amortization.

(c) **Non-refundable Option.** The Entrance Fee shall be amortized at the rate of two percent (2%) per month over a period of fifty (50) consecutive months beginning in the month of the Designated Occupancy Date or of Occupancy, whichever is earlier. At the conclusion of the amortization period, the Entrance Fee shall be earned in full by us, and you will not be entitled to a refund of any portion of the Entrance Fee.

3. **Termination After Occupancy.** In the event of termination after Occupancy for any reason, the following refund provisions shall apply depending on the Entrance Fee option selected by you:

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(a) Fifty Percent (50%) Refundable Option. In the event of termination during the amortization period, you will be entitled to a refund of fifty percent (50%) of the Entrance Fee plus the unamortized portion. After the lapse of the amortization period, you will be eligible for a refund of fifty percent (50%) of the Entrance Fee. All refunds are subject to deductions for the amount of any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of the Agreement.

(b) Twenty-five Percent (25%) Refundable Option. In the event of termination during the amortization period, you will be entitled to a refund of twenty-five percent (25%) of the Entrance Fee plus the unamortized portion. After the lapse of the amortization period, you will be eligible for a refund of twenty-five percent (25%) of the Entrance Fee. All refunds are subject to deductions for the amount of any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of the Agreement.

(d) Non-refundable Option. In the event of termination during the amortization period, you will be entitled to a refund of the unamortized portion of the Entrance Fee less deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of the Agreement. After the lapse of the amortization period, you will not be entitled to a refund of any portion of the Entrance Fee.

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

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SIGNATURES ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have signed this Addendum on this _____ day of _____, 20____.

Witness:

Landis Homes Retirement Community

_____ By: _____

_____
Title

Witness:

_____ _____
Resident/Co-Resident

_____ _____
Co-Resident

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EXHIBIT "C"

ADDENDUM REGARDING OPTIONS

The following optional products, services, or charges have been requested by you. You will be responsible for all costs.

Product, Service, Change	Costs (including installation)	Included in Entrance Fee:

_____ _____

Resident/Co-Resident Date

_____ _____

Co-Resident Date

Landis Homes Retirement Community

_____ _____

Name: Date

_____

Title:

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LANDIS HOMES RETIREMENT COMMUNITY

AMENDMENT TO DISCLOSURE STATEMENT

February 5, 2024

The Disclosure Statement is hereby amended to include the following:

In early August of 2024, Landis Homes Retirement Community will begin an expansion project which will add 35 new residential living units to its campus. Specifically, these 35 units will include 14 units in duplexes, 1 standalone home and 3 small over/under buildings with 6 units in each building. All of these buildings will include garages and outside entrances for residents. All required governmental approvals and licenses will be obtained prior to the start of construction, and the financing for the project is in place.

There will be six floor plans ranging from 1,094 to 1,613 square feet. The applicable entry fees for the apartments range from $323,000 to $484,000. The monthly fees for the apartments range from $2,133 to $3,226 for single occupancy. Double occupancy will receive an additional fee of $245 based on today's rate.

Reference should be made to the attached pricing reflected in Exhibit "A" for further information. Similar to prospective residents of the existing residential living units, prospective residents of the new apartments and cottages may choose from four refund plans: 2% Declining Balance Plan; 25% Refundable Plan; 50% Refundable Plan and 90% Refundable Plan. Reference should be made to the Residency Agreement for further information. Landis Homes only offers Type C, Fee for Service Contracts.

For this expansion project, prospective residents pay a refundable $1,000 deposit at the time of placement on the Priority List. When offered a unit, a prospective resident will make a deposit equal to 10% of the applicable entry fee. The remaining balance is due at the time of occupancy or three months after the unit is available for occupancy, whichever is earlier. The 10% deposit is refundable upon cancelation minus a $2,500 fee.

An Entrance Fee Escrow Account is maintained as required by the Continuing Care Provider Registration and Disclosure Act (Act 82). Any money placed in escrow will be invested in accordance with the provisions of Act 82. A copy of the executed Entrance Fee Escrow Agreement is attached as Exhibit "B."

Pursuant to 40 P.S. § 3207(a)(10), as of the date of this Amendment to Disclosure Statement, Landis Homes Retirement Community has yet to commence operations of the on-campus expansion project, and thus is providing the following information.

(i) An estimate of the cost of purchasing or constructing and equipping the facility including such related costs as financing expense, legal expense, land costs, occupancy development costs and all other similar costs which the provider

expects to incur or become obligated for prior to the commencement of operations.

Gardens	**Uses**			**Sources**
Construction	18,644,207		Entrance Fees	14,662,467
Barn	1,500,000		Owner Equity	2,665,713
Contigency 5%	1,410,094		Debt	9,328,948
Total Construction	21,554,301			
Soft Costs	2,947,396			
Contigency (8% DD,10% SD)	2,155,430			
Total Costs	**26,657,128**		**Total Sources**	**26,657,128**

As reflected above, the total construction cost is $22,902,000. Soft costs for items such as capitalized interest, architect and engineering fees, insurances, and township fees are estimated at $3,000,000. We anticipate dropping the construction contingency to 3% and owner contingency to 5% on receipt of final bids.

Such costs will be funded through a short-term construction loan of up to $24,000,000 and a $4,000,000 equity contribution from Landis Homes Retirement Community. The construction loan is anticipated to be a non-taxable bank loan. Landis Homes Retirement Community anticipates paying down the loan to a permanent loan amount of around $9,000,000 after the receipt and release of the entrance fees.

Currently the final construction set of drawings is being completed by our architectural firm, RLPS. We anticipate placing the project to bid with several contractors from Lancaster County in May of 2024. A request for proposals on the financing arrangements will take place at that same time. Landis Homes will be using HJ Sims as the investment banker with Pearl Creek Advisors acting as the financial advisor.

(iii) An estimate of the total entrance fees to be received from or on behalf of residents at or prior to commencement of operation of the facility.

Total estimated entry fees expected to be collected at or before time of commencement of operations are $1.400,000.

(iv) An estimate of the funds, if any, which are anticipated to be necessary to fund start-up losses and provide reserve funds to assure full performance of the obligations of the provider under contracts for the provision of continuing care.

Landis Homes Retirement Community does not anticipate any start-up losses related to the expansion project.

(v) A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged and including a description of the assumptions used for calculating the estimated occupancy rate of the facility and the effect on the income of the facility of government subsidies for health care services, if any, to be provided pursuant to the contracts for continuing care.

Reference should be made to the 5-year Pro Forma specific to the expansion project attached as Exhibit "C."

(vi) A projection of estimated operating expenses of the facility, including a description of the assumptions used in calculating the expenses and separate allowances, if any, for the replacement of equipment and furnishings and anticipated major structural repairs or additions.

Reference should be made to Exhibit "C."

(vii) Identification of any assets pledged as collateral for any purpose.

Collateral pledge will be a first mortgage on the campus based on the Master Trust Indenture approved and executed with 2015 Landis Homes Bond Issue.

(viii) An estimate of annual payments of principal and interest required by any mortgage loan or other long-term financing.

The construction loan is interest only payments for the estimated 12-month time frame to complete the expansion project. Landis Homes Retirement Community anticipates paying off the construction loan by the end of the 12-month period utilizing the equity contribution and entry fee funds referenced in subsection (ii) above.

All construction plans are contingent on acceptable market demands and financing requirements, and all designated occupancy dates are approximate and may vary according to changes in approvals, weather conditions, market demands, and other factors which are beyond

Landis Homes Retirement Community's control. There are no assurances or guarantees that the entire project will be completed or that the scope of the project will not change. All future dates are approximate and assumes Residency Agreements were entered into for all of the proposed apartments and cottages.

EXHIBIT “A”

ENTRY FEES AND MONTHLY FEES

PRICING SUMMARY

Reflects 2025-2026 pricing

	COUNT	TOTAL SQUARE FEET	GARAGE SQUARE FEET	ENTRANCE FEE	MONTHLY FEE
WILDFLOWER HOMES					
Poppy: 2 BR	7	1,333	361	$400,000	$2,665
Primrose: 2BR, Sunroom	2	1,478	491	$451,000	$2,956
CREEKSIDE VILLAS					
Bumblebee: 1 BR, Den	6	1,094	280	$323,000	$2,133
Butterfly: 2 BR	6	1,261	346	$372,000	$2,459
Firefly: 2 BR, Den	6	1,613	460	$484,000	$3,226
SUNRISE COTTAGES					
Sunrise: 2 BR	8	1,562	440	$469,000	$3,124

Standard Finishes and Features

INCLUDED IN YOUR NEW HOME

- Luxury vinyl plank floors in living, dining and kitchen spaces
- Choice of painted or stained wood cabinets with soft-close doors and drawers
- Tall pantry cabinets with roll-out shelves
- Quartz kitchen counters with tile backsplash
- Kitchen island or peninsula with seating space
- Electric stainless steel kitchen appliance package including bottom-freezer refrigerator
- Tile walls in all showers
- Luxury vinyl tile bathroom floors
- Ample closets and storage space
- High energy efficiency design

EXHIBIT “B”

ENTRANCE FEE ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement") dated as of 10/17, 2024, is made by and between LANDIS HOMES RETIREMENT COMMUNITY, a Pennsylvania nonprofit corporation (the "Company"), and FULTON BANK, N.A., a national banking association (the "Escrow Agent").

The Company has entered into agreements ("Agreements") with prospective residents ("Residents") for its independent living units in continuing care retirement communities ("CCRC"), the terms of which require Entrance Fee payments ("Entrance Fees") prior to the date the resident is permitted to occupy the living unit in the CCRCs.

As a condition of receiving a certificate of authority from the Pennsylvania Department of Insurance for its CCRCs, the Company is required to establish an interest-bearing escrow account with a bank, trust company or other escrow agent for any Entrance Fees or payments that are in excess of 5% of the then existing Entrance Fee for the independent living unit.

The Company desires the Escrow Agent to hold in escrow the Entrance Fees until such time as the Company satisfies the conditions to the release of the Escrow as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein, after good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and intending to be legally bound, the parties hereby agree as follows:

1. Appointment of Escrow Agent. The Company hereby appoints and designates the Escrow Agent to hold all Escrowed Assets (hereinafter defined) with the Escrow Agent, and the Escrow Agent hereby accepts such appointment and designation, to serve as such in accordance with the terms and conditions hereinafter set forth.

2. Creation of Escrow Account. Promptly following the receipt by the Company of any Entrance Fees, the Company shall deposit such payments with the Escrow Agent. An escrow account (the "Escrow Account") for these funds, together with the earnings thereon (the "Escrowed Assets"), shall be established by the Escrow Agent and designated as "[Name of Retirement Community] - Escrow Account." Within the Escrow Account, the Escrow Agent shall establish separate accounts for each Resident. The Escrow Agent shall receive all Entrance Fees and hold such funds in the Escrow Account, to be released or distributed in accordance with the terms hereof. No funds deposited into or held in the Escrow Account shall be disbursed to either the Company or any Resident, except as provided herein. The Escrowed Assets shall be invested by the Escrow Agent, pursuant to investment instructions by the Company to the Escrow Agent, in federally-insured, interest-bearing deposit accounts, or obligations of the United States Government or its agencies, or investments guaranteed by the United States Government or its agencies, or mutual funds investing in any of the foregoing. In the absence of written instructions from the Company, the Escrow Agent shall invest any portion of the Escrowed Assets in the Goldman Sachs Financial Square Treasury Obligations Fund Administrative Shares or a comparable fund available from the Escrow Agent.

3. Disbursement of Funds.

(a) Satisfaction of the Release Conditions Upon satisfaction of the conditions described in this Section 3(a) ("Release Conditions"), prior to the Escrow End Date (defined below), the Company may give notice to the Escrow Agent ("Release Notice") and direct the Escrow Agent to disburse Escrowed Assets to the Company. The Escrow Agent shall disburse Escrowed Assets to the Company at any time, and from time to time, in accordance with a Release Notice received from the Company prior to the Escrow End Date. A Release Notice shall state that the Release Conditions are satisfied for the Entrance Fees paid by one or more specified Residents. Any such notice shall, in addition, contain wiring instructions or an address to which a check shall be sent.

(i) If the Entrance Fee applies to a living unit which has been previously occupied, the Release Condition is satisfied at such time as the living unit becomes available for occupancy by the new resident.

(ii) If the Entrance Fee applies to a living unit which has not been previously occupied, the Release Condition is satisfied at such time as:

(A) Aggregate Entrance Fees received or receivable by the Company pursuant to executed continuing-care agreements equal not less than 50% of the sum of the Entrance Fees due at full occupancy of the portion of the facility under construction. For purposes of this paragraph 3(a)(ii)(A), Entrance Fees receivable pursuant to an agreement shall be counted only if the Company has received a deposit of 35% or more of the total Entrance Fee under the Agreement; and

(B) The amount of Entrance Fees received or receivable pursuant to the preceding paragraph, plus anticipated proceeds of any first mortgage loan or other long-term financing commitment, plus funds from other sources in the actual possession of the Company is not less than the sum of: (A) 50% of the aggregate cost of constructing or purchasing, equipping and furnishing the facility, and (B) 50% of the funds, estimated in the statement of anticipated source and application of funds submitted by the Company, as part of its application for a certificate of authority to be necessary to fund start-up losses of the facility; and

(C) A commitment has been received by the Company for any permanent mortgage loan or other long-term financing described in the statement of anticipated source and application of funds submitted by the Company as part of its application for certificate of authority, and any conditions of the commitment prior to disbursement of funds thereunder, other than completion of the construction or closing of the purchase of the facility, have been substantially satisfied.

(iii) All Entrance Fees and interest earned thereon shall thereupon be the property of the Company and the Escrow Agent shall promptly disburse all such funds upon the written instructions of the Company. In such case, the Company shall be liable for all taxes due in respect of interest earned on such funds. No Release Notice shall be effective hereunder unless the Company shall have delivered such notice to the Escrow Agent on or before the date

which is 36 months after the date on which Escrowed Assets are deposited or such later date as the Company may have specified, with consent of the Pennsylvania Insurance Commissioner, in a notice to the Escrow Agent ("Escrow End Date").

(b) Failure to Satisfy the Release Conditions. If the Company fails to provide to Escrow Agent, by the Escrow End Date, a Release Notice for any Entrance Fee, then Escrow Agent shall return such Entrance Fee, and shall disburse the amount of earnings attributable thereto, to the Residents on whose account the Entrance Fee had been paid. Promptly following the Escrow End Date, the Company shall provide to Escrow Agent the names, addresses, social security numbers, Entrance Fee and such other information as Escrow Agent may require in order to make such disbursements to Residents and for purposes of Section 8(d) hereof.

(c) Earnings on Escrow Investments.

(i) The Escrow Agent shall compute the amount of earnings attributable to the investment of each Resident's funds held in the Escrow Account, such computation to be made on a monthly basis.

(ii) Except as otherwise provided in Section 3(b), all earnings on the investment of Escrowed Assets shall be credited to the Company and reported for tax purposes as income of the Company in the year when earned. If the Escrow Agent returns to any Resident an Entrance Fee, and disburses the amount of earnings attributable thereto, in accordance with Section 3(b), then the amount of earnings so disbursed to such Resident shall be reported for tax purposes as income of such Resident in the year when disbursed.

4. Fees and Expenses. The Company shall compensate Escrow Agent for its services hereunder in accordance with Schedule A attached hereto and, in addition, shall reimburse Escrow Agent for all of its reasonable out-of-pocket expenses, including attorneys' fees, travel expenses, telephone and facsimile transmission costs, postage (including express mail and overnight delivery charges), copying charges and the like. The additional provisions and information set forth on Schedule A are hereby incorporated by this reference, and form a part of this Escrow Agreement. All of the compensation and reimbursement obligations set forth in this Section 4 shall be payable by Company upon demand by Escrow Agent. The obligations of Company under this Section 4 shall survive any termination of this Escrow Agreement and the resignation or removal of Escrow Agent.

5. Liabilities and Duties.

(a) Liability of Escrow Agent. The parties to this Agreement understand and agree that the Escrow Agent is not a principal, participant, or beneficiary of the underlying transaction which necessitates this Agreement. The Escrow Agent shall be obligated only for the performance of such duties as are specifically set forth herein and may rely on and shall be protected in acting or refraining from acting on any instrument believed by it to be genuine and to have been signed or presented by the proper party or parties, their officers, representatives or agents. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized hereby. The Escrow Agent may consult with its counsel or other counsel satisfactory to it concerning any questions relating to its duties or responsibilities

hereunder or otherwise in connection herewith and shall not be liable for any action taken, suffered or omitted by it in good faith upon the advice of such counsel.

(b) Standard of Care. The Escrow Agent shall have no liability under, or duty to inquire beyond, the terms and provisions of the Agreement, and it is agreed that its duties are purely ministerial in nature, and that the Escrow Agent shall incur no liability whatsoever except for willful misconduct or gross negligence so long as it has acted in good faith. Notwithstanding any contrary provision of this Agreement, the Escrow Agent shall have no responsibility to investigate or to verify any notice or other statement given by the Company in compliance with the terms of this Agreement.

(c) Indemnification. The Escrow Agent shall have no liability whatsoever under this Agreement except for its gross negligence or willful misconduct in the performance of Escrow Agent's duties hereunder. The Company hereby agrees to indemnify, defend and hold harmless the Escrow Agent and its past and present employees and agents from and against any and all costs, damages, claims, liabilities, suits, proceedings, judgments and expenses (including reasonable attorneys' fees and costs) suffered or incurred by them in connection with or arising out of the performance of Escrow Agent's obligations under this Agreement, or the enforcement of this Agreement, or any default under this Agreement, except in the event of Escrow Agent's gross negligence or willful misconduct in the performance of Escrow Agent's duties hereunder. The obligations of the Company under this Section 5(c) shall survive any termination of this Agreement and the resignation or removal of Escrow Agent.

6. Resignation. The Escrow Agent may at any time resign hereunder by giving written notice of its resignation to the Company at least ninety (90) days prior to the date specified for such resignation to take effect. Upon the effective date of such resignation, the Escrowed Assets hereunder shall be delivered to such person as may be designated in writing by the Company. If the Company fails to designate a substitute Escrow Agent within ninety (90) days after the giving of such notice, the Escrow Agent may institute a bill of interpleader as contemplated by this Agreement. The Escrow Agent's sole responsibility during the notice period shall be to keep safely all Escrowed Assets and to deliver the same to a person designated by the Company or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time Escrow Agent's obligations hereunder shall cease and terminate.

7. Termination. Upon disbursement of all of the Escrowed Assets, this Agreement shall terminate. In addition, this Agreement may be terminated at any time on at least fifteen (15) days written notice to the Escrow Agent by the Company for cause (as hereinafter defined), or on at least thirty (30) days written notice to the Escrow Agent for any reason whatsoever. "Cause," as used herein, shall mean the willful misconduct or gross negligence of the Escrow Agent or its agents.

8. Miscellaneous

(a) Entire Escrow Agreement. This Escrow Agreement constitutes the complete agreement of the Company and the Escrow Agent with respect to the subject matter

hereof, and may not be modified or amended except by written instrument executed by all parties.

(b) Severability. If one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect under applicable law, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision has never been contained herein.

(c) Successors. This Escrow Agreement shall be binding upon the Company and the Escrow Agent, their respective successors and assigns, and shall inure to the benefit of the Company and the Escrow Agent, their respective heirs, legal representatives, successors and assigns.

(d) Tax and Regulatory Compliance. The Escrow Agent may require, as a condition to making any disbursement of earnings on funds held in the Escrow Account, that the intended recipient provide a correct taxpayer identification number on IRS Form W-9 (or successor or substitute form) and indicate thereon that he or she is not subject to backup withholding. The Escrow Agent is authorized to withhold tax from any such disbursement to a recipient who has failed to satisfy such requirement. The Company agrees to furnish to the Escrow Agent any information reasonably requested by the Escrow Agent for compliance with tax laws, the USA Patriot Act, Pub.L.107-56, or any other law or regulation to which the Escrow Agent is or may become subject.

(e) Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania.

(f) Notices. Any notice, statement, direction or other communication which is required hereunder, including Release Notices, shall be in writing and shall be sufficient in all respects if delivered to a party personally, by courier service, or by certified United States mail, postage prepaid, return receipt requested, to the addresses listed in Schedule A, or to such other address as such party may have established by giving notice to the other party in accordance herewith.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and shall be effective when counterparts which, when taken together, bear the signature of all parties hereto and have been delivered to all such parties. Delivery of executed signature pages by facsimile or other electronic transmission will constitute effective and binding execution and delivery of this Agreement.

IN WITNESS WHEREOF, the Company and the Escrow Agent have executed this Escrow Agreement as of the date first above written.

LANDIS HOMES RETIREMENT COMMUNITY

By: Corey Hamilton

Name: Corey Hamilton
Title: CFO

FULTON BANK, N.A.

By: _____ 10.23.2024

Name: MICHAEL S. SAMUEL
Title: EVP

SCHEDULE A

1. Escrow Funds.

Escrow Funds wiring instructions:	Fulton Bank, National Association One Penn Square, Lancaster PA 17602 ABA# 031301422 Account # 013-196-864 ATTN: LANDISHOMESENTFEE Re: Landis Home Entrance Fee Escrow

2. Escrow Agent Fees.

Acceptance Fee:	$2,000.00
Annual Escrow Fee:	$2,000.00
Out-of-Pocket Expenses:	As incurred
Investment and Custody Fees:	Per current schedule in effect
Other Fees/Attorney, etc. :	As incurred

The Acceptance Fee and the Annual Escrow Fee are payable upon execution of the escrow documents. In the event the Escrow Account is not funded, the Acceptance Fee and all related expenses, including attorneys' fees, remain due and payable, and if paid, will not be refunded. Annual fees cover a full year in advance, or any part thereof, and thus are not pro-rated in the year of termination.

The fees quoted in this schedule apply to services ordinarily rendered in the administration of an Escrow Account and are subject to reasonable adjustment based on final review of documents, or when the Escrow Agent is called upon to undertake unusual duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand. Services in addition to and not contemplated in this Agreement, including, but not limited to, document amendments and revisions, non-standard cash and/or investment transactions, calculations, notices and reports, and legal fees, will be billed as extraordinary expenses.

Unless otherwise indicated, the above fees relate to the establishment of one escrow account. Additional sub-accounts governed by the same Escrow Agreement may incur an additional charge. Transaction costs include charges for wire transfers, checks, internal transfers and securities transactions.

Pursuant to the Agreement the Provider hereby directs the Escrow Agent to invest all uninvested balances in a Commercial IntraFi Network Deposits – Money Market Option account with Fulton Bank, N.A.

3. Taxpayer Identification Numbers.

Company: **-***4364

4. Notice Addresses.

If to Company at:

LANDIS HOMES RETIREMENT COMMUNITY
1001 East Oregon Road
Lititz, PA 17543
ATTENTION: Corey Hamilton, VP of Finance and CFO
Facsimile: (___) ___-____
Phone (717)381-3532

If to the Escrow Agent at:

Fulton Bank, National Association, as Escrow Agent
Corporate Trust Services
One Penn Square
Lancaster, PA 17602
Attention: Stuart Juppenlatz
Fax (717) 393-9786
Phone (717) 291-2562

EXHIBIT "C"

PRO FORMA

Gardens Expansion	2025	2026	2027	2028	2029
Monthly Fees	1,137,327	1,171,447	1,206,590	1,242,788	1,280,071
Expense	539,062	555,234	571,891	589,047	606,719
Debt Payments	613,125	613,125	613,125	613,125	613,125
Operating Cashflow	**(14,860)**	**3,088**	**21,574**	**40,615**	**60,227**
Add: Entrance Fees (Turnovers)	-	74,819	154,128	238,127	327,028
Less: Capital Turns Additions		8,750	18,025	27,849	38,245
Less: Replacement Reserve		27,853	57,376	88,646	121,741
Final Cashflow	**(14,860)**	**41,304**	**100,300**	**162,247**	**227,269**

Landis Homes currently has an operating budget of nearly $50,000,000 and a balance sheet approaching $180,000,000. The current resident population fluctuates between 850 and 900. This project will add approximately 50 residents to campus, $2,000,000 in revenue, along with $28,000,000 in assets and liabilities. The project is large enough to be accretive to the organization but not large enough to substantially impact the overall financial picture.

From: AP Approved
Sent: Monday, October 28, 2024 3:26 PM
To: Charlene Mummau; Ken Gipe
Subject: FW: One Time Payment Notification

Thank you,
Tracy L Spidel, Accounting Manager
717.381.3582

From: donotreply@snappayglobal.com <donotreply@snappayglobal.com>
Sent: Monday, October 28, 2024 3:25 PM
To: AP Approved <apapproved@landis.org>
Subject: One Time Payment Notification

CAUTION: This email did not originate from Landis Communities' network. Do not click links or open attachments unless you've verified the content is safe.

COMMONWEALTH of PENNSYLVANIA

Invoice Payment Notification

Account	:	1000886781 - Commonwealth of Pennsylvania – Office of Budget - Comptroller Operations
Customer	:	909971 - LANDIS HOMES RETIREMENT COMMUNITY
Company	:	COPA - COPA
Currency	:	USD
Transaction Amount	:	750.00
Paid On	:	10/28/2024 3:24:21 PM
Total Invoice	:	1

Payment Summary

Type	Last 4	PG Transaction ID	Transaction Amount	Return Description
Checking Account	6030	1400310000038053213619	750.00	Transaction successful.

Invoice Summary

Invoice	Invoice Type	Pay Item	Original Invoice Amount	Current Open Amount	Paid Amount	Discount Taken	Remaining Amount	Reason Code	R
1803118379	DX	001	750.00	750.00	750.00	0.00	0.00		

Click here to Sign In to SnapPay

Contact Information

Customer Service: 717-425-6724 For further assistance, please email Email: Customer Service