# LONDONDERRY VILLAGE

## DISCLOSURE STATEMENT

**April 2026**

This Disclosure Statement is prepared pursuant to the Continuing Care Provider Registration and Disclosure Act of June 18, 1984 (P.L. 391, No. 82).

The issuance of a Certificate of Authority does not constitute approval, recommendation or endorsement of Londonderry Village by the Pennsylvania Department of Insurance, nor is it evidence of, nor does it attest to the accuracy or completeness of the information set out in the Disclosure Statement.

Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

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**PROGRAM SUMMARY**

Below is a summary of some relevant facts concerning Londonderry Village. You should consult the remainder of this Disclosure Statement for additional details.

1. **The Facility:** Londonderry Village (LV), 1200 Grubb Road, Palmyra, PA 17078

2. **The Provider:** Lebanon Valley Brethren Home (LVBH), a Pennsylvania corporation, 1200 Grubb Road, Palmyra, PA 17078. Lebanon Valley Brethren Home is a tax-exempt charitable organization as defined in Section 501 (c)(3) of the Internal Revenue Code.

3. **Admissions:** Londonderry Village Sales & Marketing Office: Telephone (717) 838-5406, Ext. 3063. Our website address is www.Londonderryvillage.org.

4. **The Description of the Facility:** Londonderry Village is located at 1200 Grubb Road, Palmyra, PA 17078. Londonderry Village provides housing, health care, and other related services to qualified individuals on a single campus. The levels of care offered at the community include residential living comprised of apartments, cottages and duplexes (397 residences), licensed personal care (58 beds) and licensed skilled nursing care (88 beds). The campus is located in Lebanon County in a suburban area surrounded by residential housing developments and agricultural farmland. The campus is approximately 146 acres with 33 acres that are undeveloped and leased for agricultural use.

5. **Age Requirements:** Londonderry Village requires new residents to be at least 62 years of age or, in the case of joint occupancy, at least one resident to be at least 62 years of age and the co-resident to be at least 55 years of age. There is no age requirement for Londonderry Village's Personal Care or Skilled Nursing facilities.

6. **Religious Affiliation:** Londonderry Village is supported by Church of the Brethren congregations in the Greater Harrisburg-Lebanon Section of the Atlantic Northeast District, but is not owned or operated by the churches. The supporting churches have no legal responsibility for the financial and contractual obligations of Londonderry Village.

7. **Current Resident Population:** Current LV resident population as of April 1, 2026:

| | |
|---|---|
| Independent Living | 517 |
| Personal Care | 46 |
| Skilled Nursing Services | 52 |
| *Total* | 615 |

8. **Fees:** The following is representative of the entrance and monthly fees at Londonderry Village. Specific fees for individual dwellings will vary from this sample based on style and location. Fees are the same for single or double occupancy.

| | 1 Bedroom Apartment | 2 Bedroom Apartment | Duplex |
|---|---|---|---|
| Entrance Fee (25% Refundable) | $168,240 | $225,200 | $325,300 |
| Monthly Fee | $1,591 | $1,828 | $2,173 |

I. **Background**

Londonderry Village is a Life Plan Community located at 1200 Grubb Road, Palmyra, Lebanon County, Pennsylvania. Lebanon Valley Brethren Home (LVBH) has owned and operated a retirement community/health care facility at this location since 1979. Effective March 1, 2017, LVBH began to operate under the name "Londonderry Village."

The individuals selected as directors and officers serve on a volunteer basis and receive no remuneration for their activities related to Londonderry Village. Except for their experience on the LVBH Board, they generally do not have experience in the operation of a continuing care retirement community but possess varied and outstanding business and administrative experience. The LVBH Board of Directors sets the policies and reviews the operation of Londonderry Village. Exhibit A lists the current directors and officers and their professional backgrounds.

The President of LV is responsible for the day-to-day operation of Londonderry Village. The President is appointed by the LVBH Board of Directors to administer the policies as set forth by the Board of Directors. Alicia B. Titus serves as President and CEO. Other executive staff include Henry A. Brubaker, Chief Financial Officer and Jennifer Ginder, Chief Operating Officer. Biographical information for the Executive Staff is included in Exhibit B.

Lebanon Valley Brethren Home is a tax-exempt charitable organization as defined in Section 501 (c)(3) of the Internal Revenue Code. (See letter attached - Exhibit C)

LV is supported by Church of the Brethren congregations in the Greater Harrisburg-Lebanon Section of the Atlantic Northeast District, but is not owned or operated by the churches. The supporting churches have no legal responsibility for the financial and contractual obligations of LV.

Neither LVBH, nor its board members (a) have been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; and neither are they (b) subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including, without limitation, actions affecting a license to operate a foster care

facility, nursing home, retirement home, home for the aged or facility registered under the Pennsylvania Continuing Care Provider Registration and Disclosure Act or a similar act in another state.

## II. **Facilities**

A. Description: Londonderry Village is located at 1200 Grubb Road, Palmyra, PA 17078. Located at the Southeast edge of Palmyra in North Londonderry Township, Lebanon County, the site consists of approximately 146 acres of land. This community is in a suburban area located approximately 4 miles east of Hershey, Pennsylvania and 8 miles west of Lebanon, Pennsylvania.

The Independent Living community consists of the following:

| | Efficiency/ Studio | One Bedroom | One Bedroom w/ Den | Two Bedroom | Total Units |
|---|---|---|---|---|---|
| **Apartments** | 3 | 54 | 14 | 91 | 162 |
| **Cottages** | 3 | 15 | | 19 | 37 |
| **Duplexes** | | | | 175 | 175 |
| **Carriage/Town Homes** | | | | 11 | 11 |
| **Villa Apartments** | | | 4 | 8 | 12 |
| **Total Units** | **6** | **69** | **18** | **304** | **397** |

The Snell Community Center offers services and activity spaces for residents.

### Resident Services

- Dining Café and Seasons Restaurant
- Pharmacy and gift shop
- Convenience store
- Independent living nurse services and medical exam rooms
- Hair and nail salon
- Thrift shop
- Massage therapy and reflexology
- Business center with copier and computers

### Resident Activity Areas

- Worship Center and Fellowship Hall
- Theater room
- Arts and crafts room
- Exercise studio for group wellness classes
- Prayer and meditation room
- Wellness center (exercise room, therapeutic pool, and whirlpool)
- Game room

Other facilities for resident use on the campus include garden plots for residents, a woodshop, an intergenerational play park with pavilion and grilling station as well as other outdoor recreational activities such as shuffleboard and pickle ball courts and walking paths. For additional fees, the Stoneback Pavilion (indoor meeting space) can be rented for parties or family gatherings. Guest rental accommodations are also available.

Londonderry Village's Personal Care Facility has 58 licensed beds, of which 17 are licensed for operation as a secured dementia unit. The Personal Care Facility includes an existing personal care unit comprising 38 rooms, including 20 that may be configured as either semi-private or large private rooms, and 18 private rooms. Each room is equipped with a private bathroom and a kitchenette with a refrigerator and microwave. Barteit Haven, a secured unit providing memory support services, includes 15 studio units and one 1-bedroom apartment. Barteit Haven's design and programming are intended to support individuals with cognitive impairment in a safe and secure environment.

The Nursing Care Facility has 88 licensed nursing beds, all of which are dually certified for Medicare and Medicaid. Current operating capacity is 60 residents, accommodated within six small-house nursing homes and 15 beds in Leffler Transitional Care.

Evolving from the Green House® model of care, Londonderry Village provides nursing services in a homelike setting through six small house nursing facilities. These homes offer care in a personalized space, empowering nursing residents to make choices in their daily activities while maintaining a homelike atmosphere for socialization and care. All nursing staff across all care settings receive training in the Teepa Snow Positive Approach to Care® to prepare them to meet the needs of residents.

Leffler Transitional Care, a component of the Nursing Care Facility, has recently undergone renovations, including upgrades to lighting, flooring, furniture, and painting. A licensing inspection has been completed, and the unit has been authorized to resume providing nursing services, with 15 private rooms designed to serve short-term rehabilitation patients. The inpatient therapy center will be relocated to this area.

**Proposed IL Expansion Building Project**

**Fox Run Phase II**

With construction planned to begin in summer 2026, Fox Run Phase II will add twelve additional independent living units. These homes, consisting of six single-family homes and six townhomes will be continuation of development of the independent living community, Fox Run at Londonderry Village. The homes in this project will range from 1,700 to 1,865 square feet and offer open floor plans with two bedrooms. Each home is designed with a fireplace and a year-round sunroom.

It is expected that residences in Fox Run Phase II will be ready for occupancy in late 2027 or early 2028. Available units and prices for Phase II are:

| | Size | Entrance Fee | Monthly Fee |
|---|---|---|---|
| Carriage Homes | | | |
| Hawthorn | 1,825 sq. ft. | $490,400 | $3,173 |
| Thornhill | 1,703 sq. ft. | $478,900 | $3,133 |
| Townhomes | | | |
| Sussex | 1,864 sq. ft. | $487,600 | $3,241 |

All residents who will move into the newly constructed dwellings are required to sign the Continuing Care Agreement and pay an entrance fee for admission. Prospective residents will pay a $200 nonrefundable application fee and a 10% deposit with the signing of the Continuing Care Agreement. Entrance fee deposits will be held in escrow as required by the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act 82).

The project will be financed by the issuance of public municipal bonds issued by the West Cornwall Township Municipal Authority. The bonds will be issued as the 2026 Series A and Series B bonds to fund the construction of the Fox Run Phase II expansion as well as to refund and retire the Authority's Healthcare Facilities Revenue Bonds, Series B of 2021 (Lebanon Valley Brethren Home Project) and other outstanding construction loans as well as funding the costs of bond issuance.

**Fox Run Villa Building – Carington Building**

The construction of three-story Hybrid Apartment Villa building, the Carington Building, is complete with occupancy scheduled to begin in May 2026. The building has twelve apartments as either a two-bedroom apartment (1,205 to 1,318 square feet) or one bedroom with den (1,091 square feet). Each villa apartment offers multiple exposures of outside light, and a large balcony. There are two apartments on the ground level, seven apartments on the second level and three apartments on the third level. The first level also offers a shared lounge space for social activities. Each apartment has a 1-car garage on the ground level along with designated storage space.

Residents moving into the newly constructed villa apartments were required to sign the Continuing Care Agreement and pay an entrance fee for admission. Prospective residents have paid a $200 nonrefundable application fee and a 10% deposit with the signing of the Continuing Care Agreement. Entrance fee deposits will continue to be held in escrow as required by the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act 82) until such time that they are approved for release by the Pennsylvania Department of Insurance.

B. Fees: Entrants to any level of care at LV are required to complete an admission application. Prospective residents for Residential Living are required to complete the Waitlist Application, which requires a $200 non-refundable application fee required with the completed application.

Upon admission to Residential Living, new residents sign the Continuing Care Agreement (Exhibit E). When the Continuing Care Agreement is executed, the resident(s) is provided the Notice of Right to Rescind. (Exhibit D). An entrance fee and monthly fees are charged according to the entrance fee option selected (Exhibit F). A monthly second person fee is also charged for joint residents. The Agreement provides for a 25% refund of the entrance fee upon relinquishment of the residence; however, if a resident permanently transfers to Personal Care or Skilled Nursing, no refund of the Entrance Fee will be due or paid at that time. Instead, an amount equal to the sum of the refundable portion and, if applicable, the unamortized portion of the Entrance Fee will be established as the Health Care Reserve. The Health Care Reserve is applied against charges incurred in the Health Care Center or Personal Care Center until the termination of this Agreement, or until the Health Care Reserve is exhausted. For jointly occupied residences, the Health Care Reserve is established when the last remaining co-resident transfers from the residence.

Londonderry Village also offers a monthly fee-only occupancy arrangement (without an entrance fee) for most Independent Living residences. Individuals who select this option execute a separate occupancy agreement with LV, which agreement is not subject to review and approval by the Pennsylvania Insurance Department.

In Residential Living, Entrance Fee deposits are deposited and held in escrow as established by the Escrow Agreement, required under Section 12 of the Continuing Care Provider Registration and Disclosure Act, No. 1984-82 ("Act 82"). Entrance fees deposited in the Escrow Account shall be released according to the provisions of Section 12 of Act 82.

The current entrance fees, monthly maintenance fees and other fees are provided in Exhibits F and G. Residents are notified of changes to fees with at least 30 days written notice prior to the effective date.

Individuals admitted to Personal Care and Skilled Nursing Care pay the daily rate with no Entrance Fee. Daily rates for these services are presented in Exhibit G.

C. Services: The general services and amenities included under the Continuing Care Agreement are listed below.

- General upkeep of the grounds and residences, including yearly housekeeping, lawn maintenance, snow removal, trash removal, and recycling services
- 24-hour emergency maintenance services
- 24-hour emergency response system by in-house security team

- Property and school taxes
- Property insurance for Londonderry Village-owned property
- Access to the Snell Community Center for chapel services or other presentations or performances, pharmacy services, health clinic, activities, etc.
- Access to the Community's fitness rooms, pool, and group exercise classes
- Upkeep of the appliances supplied in each home
- Priority access to personal care and nursing services, if needed

D. Right of Occupancy: Residents have the right to continue to occupy their residence as long as the Conditions of Occupancy are satisfied, as listed in the Continuing Care Agreement (Exhibit E). The Continuing Care Agreement is not a Life Care contract, and Section 4.9 of the Continuing Care Agreement addresses a resident's inability to pay the monthly fee.

E. Reserve Funds: Londonderry Village will maintain such liquid reserves as are required by the Continuing Care Provider Registration and Disclosure Act. The reserve is held by JBT Bank and Everence Financial with special consideration given to safety of principal, a fair rate of return and liquidity. In addition, Londonderry Village will place all Entrance Fees received before the resident is entitled to occupy the premises, into an escrow account subject to the terms of the Act.

F. Financial Condition: Attached as Exhibit H are the audited financial statements for Londonderry Village for the years ending December 31, 2025 and 2024. Exhibit I presents the Budgeted Revenue and Expenses for 2026 and 2025 and the Statement of Material Differences between Actual and Budgeted Results for 2025.

Financing for Proposed IL Expansion Project – Fox Run Phase II

The project will be financed by the issuance of public municipal bonds issued by the West Cornwall Township Municipal Authority. The bonds will be issued as the 2026 Series A and Series B bonds to fund the construction of the Fox Run Phase II expansion as well as to refund and retire the Authority's Healthcare Facilities Revenue Bonds, Series B of 2021 (Lebanon Valley Brethren Home Project) and other outstanding construction loans as well as funding the costs of bond issuance.

It is anticipated that $33,025,000 in bonds will be issued in two series: 2026 Series A Bonds with a 30-year maturity and temporary bonds 2026 Series B Bonds to be repaid with entrance fees from the Fox Run Phase II project.

The estimated sources and uses of funds of the 2026 Bonds are set forth below[1]:

| | ***2026A Bonds*** | ***2026B Bonds*** | ***Total*** |
|---|---|---|---|
| ***Sources of Funds*** | | | |
| *Principal amount* | $27,515,000 | $5,510,000 | $33,025,000 |
| *Original Issue Discount* | (602,668) | | (602,668) |
| *Equity Contribution* | 312,053 | | 312,053 |
| ***Total Sources of Funds*** | 27,224,385 | 5,510,000 | 38,244,385 |
| ***Estimated Application of Funds*** | | | |
| *Project Fund* | 4,437,762 | 5,268,978 | 9,706,740 |
| *Deposit to Retire Refunded Obligations* | 22,051,700 | | 22,051,700 |
| *Capitalized Interest* | 184,446 | 130,822 | 315,268 |
| *Costs of Issuance* | 550,477 | 110,200 | 660,677 |
| ***Total Application of Funds*** | 27,224,385 | 5,510,000 | 32,734,385 |

[1] Preliminary; subject to change.

The 2026 B Series Bonds are anticipated to be issued by the end of May 2026. The projected debt service for 2026 will be determined by the pricing at issuance of the new bonds.

Additionally, a bank construction term loan for the construction of the Carington Villa Building will remain outstanding outside of the proposed bond issue and refinancing. and allows for borrowings of up to $4,300,000. Approximately $1,500,000 remains available for draw in connection with construction of Carington Villa within the Fox Run community through its May 1, 2027 maturity date, with 100% of the outstanding principal balance expected to be repaid with related entrance fees by the end of the third quarter of 2026.

LV's debt is secured by a mortgage on the property and a security interest in all of the organization's assets and revenue.

Exhibit J provides the budgeted costs and of IL Expansion Project – Fox Run Phase II and a cash flow projection of the IL expansion on a stand-alone basis through 2031.

## III. Miscellaneous

A. Related Party Transactions - None of the LVBH Board of Directors or officers holds any financial investment in Londonderry Village. There were no retail purchases or services acquired from any Board member-owned business during 2025. It is the organization's practice and policy that any such transaction would be completed at or below regular market prices. A member of the Board of Directors is an employee of LV's lending bank.

B. Average Annual Cost of Providing Services
The average annual cost of providing services at December 31, 2025 is $19,410.

# LVBH BOARD OF DIRECTORS - 2026

Steven Tilley, Chair
[redacted]
Retired HR Executive, The Hershey Company

Dr. Dennis Gingrich, Vice Chair
[redacted]
Retired Physician

Thomas Shenk, Treasurer
[redacted]
Commercial Banking, Fulton Bank

Bonnie R. Wampler, Secretary
[redacted]
Retired Customer Service, The Hershey Company

Wendie DiMatteo-Holsinger
[redacted]
CEO, ASK Foods

Raymond Flagg
[redacted]
Retired IT Manager & Community College Instructor

Robert A. Fortna
[redacted]
Retired Executive, The Hershey Company

Richard Hann
[redacted]
Resident, Retired Administrator, Milton Hershey School

Thomas J. Kettering
[redacted]
Retired HR Executive, The Hershey Company

Craig F. Moyer
[redacted]
Retired Executive, The Hershey Company

Sandra Pintarch
[redacted]
Retired Fiscal Director, Social Service Agency

George Porter
[redacted]
Attorney

Chester Rose
[redacted]
Resident, Retired Accountant

Michael Swank
[redacted]
Engineer

Keith Wagner
[redacted]
Attorney

**Officers:**

Alicia B. Titus, MBA
President and CEO
Ex-Officio

Henry Brubaker, CPA, MBA
Chief Financial Officer
Ex-Officio

Jennifer Ginder, MHA, RN, NHA
Chief Operating Officer
Ex-Officio

A

## BIOGRAPHICAL INFORMATION – EXECUTIVE STAFF

### ALICIA B. TITUS, MBA - PRESIDENT AND CEO

Alicia B. Titus joined Londonderry Village in January 2025 as President and Chief Executive Officer. Alicia has over 20 years of experience in the senior living industry, having served as Chief Experience Officer at a life plan community, where she was instrumental in optimizing resident, client, and team member experiences. Ms. Titus also previously served as Senior Vice President of Education and Research at LeadingAge PA, a trade association that represents not-for-profit senior service providers across the Commonwealth where she supported members through the development of member education and resources to help them navigate current and anticipated consumer trends and shifts. Her professional experience includes conducting market research and demographic trend analysis, competitor profiles, penetration analysis and market strategies for the development of new senior housing products and/or programs. Alicia holds two undergraduate degrees, a Bachelor of Science in Marketing and a Bachelor of Science in Information Systems, both from The Pennsylvania State University, and a Master of Business Administration with a concentration in Healthcare Management from Lebanon Valley College.

### HENRY A. BRUBAKER, CPA - CHIEF FINANCIAL OFFICER

Henry A. Brubaker joined Londonderry Village in 2014 and has served as Chief Financial Officer since June 2017. His primary responsibilities include managing the overall financial operations of the organization including financial reporting, regulatory filings, and the annual operating and capital budgets, as well as management of IT systems. He also provides managerial oversight to Development at Londonderry Village. A licensed Certified Public Accountant in the Commonwealth, Henry holds a Bachelor of Science in Accounting from Messiah University and a Master of Business Administration from Shippensburg University. Prior to joining Londonderry Village, he served for 11 years as Vice President for Finance & Administration of a nonprofit international education organization and, previously, for 10 years as a manager in the audit and accounting department of a local CPA firm. He has extensive experience conducting audits of not-for-profit organizations and providing accounting and tax advisory services to small businesses across a variety of industries.

### JENNIFER GINDER, MHA, RN, NHA - CHIEF OPERATING OFFICER

Jennifer Ginder joined Londonderry Village as Vice President of Health Services in 2016 and was promoted to Chief Operating Officer in 2025. She oversees all levels of care on the Londonderry Village campus, as well as enrichment services, including pastoral care, dining services, and salon and wellness services. Jennifer began her career as a nursing assistant and subsequently obtained licensure as a Licensed Practical Nurse and Registered Nurse before obtaining her license as a Nursing Home Administrator (NHA). She served as a Nursing Home Administrator for 18 years, but does not currently serve as the NHA of record for Londonderry Village. Jennifer holds a Bachelor of Science in Healthcare Administration with a specialization in Leadership, and a Master of Healthcare Administration.

# IRS Letter Ruling

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077383720
Nov. 13, 2017 LTR 4168C 0
23-7404857 000000 00
00022969
BODC: TE

LEBANON VALLEY BRETHREN HOME
LONDONDERRY VILLAGE
1200 GRUBB RD
PALMYRA PA 17078-3514

011696

Employer ID Number: 23-7404857
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Oct. 12, 2017, regarding your tax-exempt status.

We issued you a determination letter in February 1978, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

C

4077383720
Nov. 13, 2017 LTR 4168C 0
23-7404857 000000 00
00022970

LEBANON VALLEY BRETHREN HOME
LONDONDERRY VILLAGE
1200 GRUBB RD
PALMYRA PA 17078-3514

Sincerely yours,

Stephen A. Martin
Director, EO Rulings & Agreements

C

# NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20___. You may rescind and terminate your Continuing Care Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Continuing Care Agreement within this seven (7) day period.

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

Londonderry Village
1200 Grubb Road
Palmyra, PA 17078

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

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

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

D

# CONTINUING CARE AGREEMENT

# FOR

# LEBANON VALLEY BRETHREN HOME
# D/B/A LONDONDERRY VILLAGE

E

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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.

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

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

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

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

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

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

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

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

**HEALTH CARE RESERVE:** An amount equal to the sum of the refundable portion and, if applicable, the unamortized portion of the Entrance Fee, which is established by the Community in the event you transfer permanently to the Health Care Center or Personal Care Center. The Health Care Reserve shall be available and applied to cover the charges in the Health Care Center or Personal Care Center.

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

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



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

**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, carriage home, cottage, duplex, hybrid villa apartment or townhome 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.

**RESIDENTIAL LIVING APPLICATION:** The application submitted to Community by those individuals seeking admission to Community.

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

**SECOND PERSON FEE:** The fee for an Additional Occupant of the Residence. This charge is added to the Monthly 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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# CONTINUING CARE AGREEMENT

THIS CONTINUING CARE AGREEMENT (called "Agreement"), made this ___ day of _____, 20___, between Lebanon Valley Brethren Home d/b/a Londonderry Village, 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 _____, Palmyra, PA 17078 (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 Residential Living Application subject to the execution of this Agreement, and you have designated the above Residence for Occupancy.

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

## SECTION 1: RESIDENCE AND FACILITIES

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

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

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



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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.

**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, and exercise equipment. 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 and Personal Care Services on a fee-for-service basis. Priority access is conditioned on you satisfying the requirements for admission.

**1.7 Designated Occupancy Date.** We anticipate that the Residence will be ready for Occupancy on _____ (the "Designated Occupancy Date"). We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on the Designated Occupancy Date or upon actual Occupancy, whichever is earlier.

## SECTION 2: SERVICES

**2.1 Utilities.** We shall provide water, sewer, and refuse collection. These services are included in the Monthly Fee. Electricity and natural gas service, including heat and



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air conditioning, are available in accordance with the terms and conditions of Exhibit "A." 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 Monthly Fee and shall be paid by you.

**2.3 Internet.** We shall provide your Residence with access to internet service. All internet charges, including connection charges, are not included in the Monthly Fee and shall be paid by you.

**2.4 Cable Television.** We shall provide your Residence with access to cable television service and at least one cable connection. Basic cable service and expanded pay channel service charges are not included in the Monthly Fee and shall be paid by you.

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

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

**2.7 Property Insurance.** We shall provide insurance on our property only. You are strongly encouraged to insure against personal property and general liability losses as reflected in Section 13.7. The cost of such insurance is your responsibility.

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

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

**2.10 Meals.** Meals are served in the Community's dining venues. Meals are available at an additional charge.



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**2.11 Annual Cleaning/Monthly Housekeeping.** We shall provide an annual cleaning of your Residence as described in the Resident Handbook and one (1) hour of housekeeping services per month. Both of these services are included in the Monthly Fee.

**2.12 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 Monthly Fee. Other transportation services such as to medical appointments, airports, and other destinations may be available on a fee-for-service basis.

**2.13 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.

**2.14 Fitness Center.** Access to the fitness center is included in the Monthly Fee, subject to physician approval.

**2.15 Safety and Security.** We shall provide safety and security personnel to monitor the overall safety and access to the campus as well as responding to individual residents' needs or concerns. We shall provide security features that include a twenty-four (24) hour response notification system as part of the Monthly Fee. Safety officers will investigate and respond to the activation of the response notification system to determine a resident's need and aid the resident in getting the assistance needed for the situation.

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 notification 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.

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

**2.17 Other Services.** Other services, such as barber/beauty services, are available at an additional charge and are not included in the Monthly Fee. The charges for these services are reflected on the Schedule of Additional Fees, which is subject to change from time to time.



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## SECTION 3: NURSING AND PERSONAL CARE SERVICES

**3.1 Health Care Center and Personal Care Center.** We operate a Health Care Center and a Personal Care Center for the provision of licensed Routine Nursing Care Services and Personal Care Services which shall be available to you on a priority access basis so long as you meet the criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly 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 Health Care Center or the Personal Care Center at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are temporarily or permanently transferred to the Health Care Center or Personal Care Center, you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services, which agreement shall supplement the terms of this Agreement. In the event any provision of the admission agreement is in conflict with or inconsistent with any of the terms or provisions of this Agreement, then this Agreement shall govern and control the relationship between you and us.

**3.2 Private Duty Nursing or Companion Services in the Residence.** You may utilize the services of private duty nurses or companions providing personal or nursing care services in the Residence so long as you are able to satisfy the Conditions of Occupancy. You shall provide us with notice of such services. We reserve the right to review credentials of all nurses and companions, to approve or prohibit the use of or to require the discontinuation of such services. You are responsible to pay for all such services. An Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference, may be required if in our opinion you no longer meet the Conditions of Occupancy for the Residence but desire certain accommodations to remain in the Residence. We reserve the right to terminate your authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that you do not comply with the requirements of this Section or the Aging-in-Place Addendum, or require transfer to another level of care. If transfer to another level of care is required, then we reserve the right to transfer you to another level of care within the Community or to such other external care facility as we deem appropriate.

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



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

## SECTION 4: FEES

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

**(a) Deposit of Ten Percent (10%).** You shall pay to us a deposit equal to ten percent (10%) of the Entrance Fee, $_____ [____ *initials*], upon execution of this Agreement.

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

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

**4.3 Amortization of Entrance Fee.** Beginning in the month of the Designated Occupancy Date or of Occupancy, whichever is earlier, the Entrance Fee shall be amortized in accordance with the schedule reflected on Exhibit "B."

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

**4.5 Monthly Fee.**

**(a) Amount.** You shall pay to us a Monthly Fee of $_____ [____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Second Person Fee in the amount of $_____ [____ *initials*], which is based on the number of occupants, is added to and included in the Monthly Fee.



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**(b) Payment and Due Date.** Your responsibility to pay the Monthly 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 Fee shall be pro-rated if you assume Occupancy after the first of the month. If any Monthly 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.

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

**4.6 Other Charges.** In addition to the Monthly 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 Health Care Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits.

**4.8 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 Monthly Fee and other charges, so long as you qualify for and we are capable of providing financial assistance. The financial information provided in your Residential Living Application, 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



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assistance such as 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 Residential Living Application for less than fair market value unless the transfer does not impair your ability to fulfill your financial obligations to us for future Personal Care Services or Routine Nursing Care Services. If you impair your ability to pay your financial obligations by transferring assets for less than fair market value, or take such other actions that would disqualify you from benefits under the MA Program, then you shall not be considered 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 Monthly 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 at the request of the Community.

## SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

**6.1 Non-Resident.** In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file a Residential Living Application and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay fifty percent (50%) of the then current Entrance Fee for the Residence. The amount paid by



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the Additional Occupant as an Entrance Fee will be amortized in accordance with the schedule reflected on Exhibit "B." 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. The obligation to pay the Monthly Fee for Double Occupancy shall begin as of the date of admission of the Additional Occupant as a Co-Resident. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement as described in Section 4.7 of this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

**6.2 Other Resident.** In the event that you desire to marry or cohabit with another resident admitted under a separate Continuing Care Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. No refund shall be due at the time of the move to the resident surrendering his/her Residence. 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 Monthly Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly 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 9.6 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 fees and policies, which are subject to change from time to time. In the event you desire to exercise the option to move to another Residence, you must notify us in writing of the Residence desired. We reserve the right to refuse your request to move to another Residence.

**7.2 Costs of Election to Move.**

**(a) To Residence With Lesser Entrance Fee.** If you elect to move to a Residence, for which the then current Entrance Fee is less than the then current Entrance Fee for the Residence initially designated under this Agreement, then no additional payment or refund shall be due. You shall be obligated to pay the applicable Monthly Fee for the selected Residence.

**(b) To Residence With Greater Entrance Fee.** If you elect to move to a Residence, for which the then current Entrance Fee is greater than the then current Entrance Fee for the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected Residence, an additional amount equal to the difference between the then current Entrance Fee for the Residence initially designated under this Agreement and the then current Entrance Fee for the selected Residence at the time of the move. The additional amount shall be amortized separate and apart from the initial Entrance Fee paid by you and shall be subject to the schedule reflected on Exhibit "B" beginning on the date such amount is paid to us. You shall be obligated to pay the applicable Monthly Fee for the selected Residence.



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

## SECTION 8: HEALTH CARE RESERVE

### 8.1 Creation of Health Care Reserve.

**(a) Single Occupancy.** If you are permanently transferred to the Health Care Center or Personal Care Center, no refund of the Entrance Fee will be due or paid to you at that time. Instead, an amount equal to the sum of the refundable portion and, if applicable, the unamortized portion of the Entrance Fee will be established as the Health Care Reserve. The Health Care Reserve amount will be calculated at the time of Surrender as reflected in Section 9.5. The Health Care Reserve will be maintained by us until this Agreement is terminated due to your death, discharge or voluntary departure from the Community, or until it is exhausted. Any portion of the Health Care Reserve remaining upon the termination of this Agreement will become available as a refund in accordance with Section 11. The Health Care Reserve will only be established if you are permanently transferred to the Health Care Center or Personal Care Center. If established, the Health Care Reserve will be available as reflected in Section 8.2.

**(b) Double Occupancy.** If and at such time as the last remaining Co-Resident in the Residence is permanently transferred to the Health Care Center or Personal Care Center, no refund of the Entrance Fee will be due or paid to you at that time. Instead, an amount equal to the sum of the refundable portion and, if applicable, the unamortized portion of the Entrance Fee will be established as the Health Care Reserve. The Health Care Reserve amount will be calculated at the time of Surrender as reflected in Section 9.5. The Health Care Reserve will be maintained by us until this Agreement is terminated due to the death, discharge or voluntary departure from the Community of the last surviving Co-Resident, or until it is exhausted. Any portion of the Health Care Reserve remaining upon the termination of this Agreement will become available as a refund in accordance with Section 11. The Health Care Reserve will only be established at such time as the last remaining Co-Resident in the Residence is permanently transferred to the Health Care Center or Personal Care Center. If established, the Health Care Reserve will be available as reflected in Section 8.2.



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**8.2 Utilization of Health Care Reserve.**

**(a) Single Occupancy.** The Health Care Reserve shall not be available to you until the Health Care Reserve has been established. The Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center in accordance with the terms and conditions of Section 10.3. We shall continue to apply the Health Care Reserve to pay any outstanding charges incurred by you until the termination of this Agreement, or until the Health Care Reserve is exhausted.

**(b) Double Occupancy.** The Health Care Reserve shall not be available to you until the Health Care Reserve has been established. The Health Care Reserve shall be applied by us to the charges incurred by you in the Health Care Center or Personal Care Center in accordance with the terms and conditions of Section 10.3. We shall continue to apply the Health Care Reserve to pay any outstanding charges incurred by you until the termination of this Agreement, or until the Health Care Reserve is exhausted.

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

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

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

**8.4 Eligibility for Financial Assistance.** Upon exhaustion of the Health Care Reserve, you, or in situations of Double Occupancy, both Co-Residents, shall be required to look to all other available sources of financial assistance before requesting financial assistance from us, including an application for benefits from the MA Program administered by DHS, in accordance with Section 4.9.



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## SECTION 9: TERMINATION OF AGREEMENT

### 9.1 Termination by You.

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

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

**(c) After Occupancy.** After Occupancy, you may terminate this Agreement by Surrender of the Residence. Thirty (30) day advance written or verbal notice of your intention to Surrender the Residence is requested, but failure to provide notice will not adversely affect any applicable refund or final charges for the residence. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

### 9.2 Termination by Us.

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

**(b) After Occupancy.** We may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice to you or your representative or such written notice as is reasonable under the circumstances. Just cause shall include but not be limited to, a default in payment; the submission of any materially false information; the failure of you to abide by our rules, regulations, policies, and procedures; the breach of any of the other terms of this Agreement, including a change in the liquidity of your assets, such as the purchase of an annuity that impairs your ability



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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 Residential Living Application are no longer available in whole or in part to pay for your care and services; or a good faith determination in writing signed by our Medical Director and Administrator that your continued Occupancy in the Residence either creates a serious threat or danger to your life, health, or safety or creates a serious threat or danger to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. If you substantially impair your ability to fulfill timely your financial obligations to us due to a change in the liquidity of your assets or a transfer of assets to an irrevocable trust or any other transfer, then we may terminate this Agreement following an opportunity to cure. If you fail to cure or correct the non-compliance within a period as determined by us and to our satisfaction, then we may terminate this Agreement for just cause upon thirty (30) days written notice to you or your representative. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

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

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

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



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**9.6 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 19 survive the termination of this Agreement and shall remain in full force and effect.

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

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

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

**10.3 Charges Related to Transfer.**

**(a) Single Occupancy.**

**(i) Temporary Transfer.** During any temporary transfer to the Health Care Center, Personal Care Center or another facility, you shall continue to pay the



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Monthly Fee and additionally all costs and charges related to the transfer to and occupancy of the Health Care Center, Personal Care Center or other facility.

**(ii) Permanent Transfer.**

**1) Health Care Center or Personal Care Center.** Upon permanent transfer to the Health Care Center or Personal Care Center, and after Surrender of the Residence, the obligation to pay the Monthly Fee shall end. This Agreement shall remain in full force and effect upon your permanent transfer. In accordance with the terms and conditions of Section 8, the charges incurred by you in the Health Care Center or Personal Care Center shall be deducted from the Health Care Reserve until the termination of this Agreement, or until the Health Care Reserve is exhausted.

**2) Another Facility.** Upon permanent transfer to another facility, and after Surrender of the Residence, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. You shall pay all costs and charges related to the transfer to and occupancy of the other facility.

**(b) Double Occupancy.**

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

**(ii) Permanent Transfer.**

**1) Health Care Center or Personal Care Center.** During permanent transfer of one Co-Resident to the Health Care Center or Personal Care Center, the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be



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

**2) Another Facility.** During permanent transfer of one Co-Resident to another facility, the Monthly Fee shall be reduced to the Monthly 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 other facility. In the event both Co-Residents are permanently transferred to another facility, then, after the Surrender of the Residence, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the other facility.

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

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

**(b) Permanent Transfer.** If you are permanently transferred to the Health Care Center, Personal Care Center or another facility, you shall Surrender and vacate the Residence. You will continue to be charged the Monthly Fee for the residence until you Surrender 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. In the event you occupy a Residence after being permanently transferred to the Health Care Center or Personal Care Center, then this Agreement shall terminate and you shall execute a new Continuing Care Agreement with us and pay the then current Entrance Fee and the then current Monthly Fee. If you become eligible to occupy a Residence after being permanently transferred to another



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facility, then you shall execute a new Continuing Care Agreement with us and pay the then current Entrance Fee and the then current Monthly Fee.

## SECTION 11: REFUND OF ENTRANCE FEE

**11.1 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 we will retain five percent (5%) of the Entrance Fee. The balance of 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 and all other payments previously made to us.

**11.2 Termination After Occupancy.** Subject to the provisions of Section 8 of this Agreement, for terminations after Occupancy, you will be entitled to a refund of the unamortized portion of the Entrance Fee as shown in the Amortization and Refund Schedule (Exhibit "B"). 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, and/or the removal fee as specified in Section 13.9(a). All refunds shall be paid to you or your estate in accordance with Section 11.6.

**11.3 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 11.6 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



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transferred to the Health Care 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 11.6 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.

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

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

**11.6 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, and subject to the provisions of Section 8, any applicable refund will be made only after the following have been completed: (a) the Residence has been vacated and surrendered; (b) keys to the Residence and to buildings have been returned to us; (c) all personal furniture and belongings have been removed from the Residence; (d) the termination of this Agreement; (e) we have accepted and entered into a Continuing Care Agreement with a new resident for the Residence most recently occupied by you and the seven (7) day rescission period has expired; (f) the replacement Entrance Fee has been paid in full for the Residence most recently occupied by you; and (g) such new resident has taken Occupancy. Any applicable refund will be paid only after all of the above conditions have been completed. Upon completion of all of the aforementioned conditions, any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident.

## SECTION 12: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE



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

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

## SECTION 13: RIGHTS AND OBLIGATIONS OF RESIDENT

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

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

**13.3** **Inspection of Residence and Right of Entry.** You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property, to enter



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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 scheduled housekeeping, routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

**13.4 Housekeeping/Housecleaning Responsibilities.** You shall maintain your Residence in a clean, sanitary, 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.

**13.5 Health Insurance.** We expect that some of the cost of medicines, medical or nursing services or equipment provided for you under this Agreement will be paid by present or future federal, state, municipal, or private plans or programs of medical/surgical insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy approved in writing by us, and at least one Medicare supplemental health insurance policy (commonly known as Medigap insurance, which must include coverage for nursing care co-insurance) such as those offered by the Blue Cross and Blue Shield Plans, or an equivalent policy as approved in writing by us, which provides coverage for Medicare deductibles and co-insurance. The Community may require you to provide proof of health insurance from time to time after Occupancy.

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

**13.7 Insurance Requirements.** You are strongly encouraged to obtain at your expense, personal property and general liability insurance to insure against loss of personal property or claims for personal damages made against you.



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**13.8 Reduction of Income or Other Resources.** You shall make every reasonable effort to meet your financial obligations to us. You shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of the Residential Living Application, 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.

**13.9 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. You shall be responsible to pay the removal fee, as reflected on the Schedule of Additional Fees, if any personal property and/or trash is not removed from the Residence. The removal fee shall be deducted from any refund that may be due.

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

**13.10 Release Regarding Conduct of Other Residents or Guests.** We assume no 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



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for personal injury sustained by you from the actions or omissions of other residents directly against the residents and/or guests that are responsible for your injury.

**13.11 Responsibility For Your Personal Property.**

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

**(b) Removal of Personal Property.** Your personal property shall be removed from the Residence when you Surrender the residence. Any personal property remaining in the unit will become property of the Community and subject to removal fees as mentioned in Section 13.9(a).

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

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

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

**13.15 Pets.** 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.

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



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**13.17 Obligations Concerning Firearms.** You shall be allowed to store firearms in the Residence so long as the firearms are secured in a locked cabinet in accordance with our firearms policy. The firearms may only be used for hunting purposes in accordance with the laws and regulations of the Pennsylvania Game Commission. For the security of residents, staff and visitors, you shall register the number, makes and types of firearms stored in the Residence.

**13.18 Guests.** You shall have the right to entertain guests in the Residence, including overnight stays. Guests are limited to no more than two (2) extended visits per calendar year (defined as a stay of ten (10) or more days), and in no cases may any visit exceed twenty-one (21) days. Failure to abide by this policy shall be considered a violation of this Agreement and therefore, grounds for the termination of this Agreement by us. Guests shall pay menu prices for meals taken while at the Community.

## SECTION 14: CASUALTY LOSS

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



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reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

## SECTION 15: RENOVATION OF RESIDENCE

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

## SECTION 16: SEVERABILITY

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

## SECTION 17: ACTS OF FORBEARANCE



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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 18: ENTIRE AGREEMENT

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

## SECTION 19: INDEMNIFICATION

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

## SECTION 20: GRIEVANCE PROCEDURE

**20.1 Reporting Complaints.** If you believe that you are being mistreated in any way or your rights have been or are being violated by staff or another resident, you shall make your complaint known to our staff and follow our grievance procedure as described in the Resident Handbook.

**20.2 Community's Obligations.** We will review and investigate the complaint and provide a response to you.

## SECTION 21: NOTICE

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



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To Community: Vice President of Finance/CFO
Londonderry Village
1200 Grubb Road
Palmyra, PA 17078

To Resident (Before Occupancy): _____

_____

_____

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

## SECTION 22: AVERAGE ANNUAL COST OF PROVIDING SERVICES

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

## SECTION 23: MISCELLANEOUS PROVISIONS

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

**23.2 Receipt of Disclosure Statement and Resident Handbook.** You acknowledge receiving a copy of our annual Disclosure Statement and Resident Handbook prior to or at the time of 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.



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

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

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

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

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

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

**23.9 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.

**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.



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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.

Lebanon Valley Brethren Home
d/b/a Londonderry Village

By: _____
Authorized Representative
Date: _____

_____
Resident/Co-Resident
Date: _____

_____
Co-Resident
Date: _____



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# NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20___. You may rescind and terminate your Continuing Care Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the continuing care facility before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Continuing Care Agreement within this seven (7) day period.

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

Londonderry Village
1200 Grubb Road
Palmyra, PA 17078

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

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

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____



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# EXHIBIT "A"

***(Apartments)***

The following items and services will be provided by Community:

- Kitchen stove
- Refrigerator
- Microwave above the stove
- Dishwasher (not available in the Ardley [100 Cottage Drive] building, Crofton [200 Cottage Drive] building, nor in the Royer Garden building unless the Community chooses to replace the kitchen)
- Washer and dryer (not available in the residence in the Royer Garden building nor the Efficiency apartments in the Crofton [200 Cottage Drive] building)
- Floor coverings
- Storage unit for personal storage
- 24-hour response notification system (i.e., wireless pendant and pull cord in the residence)
- Electric service in Wayland Gardens and Wheaton Apartment buildings only
- One (1) hour of housekeeping services per month
- HVAC Systems



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# EXHIBIT "A"

***(Cottages)***

The following items will be provided by Community:

- Kitchen stove
- Refrigerator
- Microwave above the stove
- Garbage disposal
- Dishwasher
- Washer and dryer
- Floor coverings
- 24-hour response notification system (i.e., wireless pendant and pull cord in the residence)
- One (1) hour of housekeeping services per month
- HVAC Systems



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# EXHIBIT "A"

***(Duplexes)***

The following items will be provided by Community:

- Kitchen stove
- Refrigerator
- Microwave above the stove
- Garbage disposal
- Dishwasher
- Washer and dryer
- Floor coverings
- 24-hour response notification system (i.e., wireless pendant and pull cord in the residence)
- One (1) hour of housekeeping services per month
- HVAC Systems



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# EXHIBIT "A"

***(Carriage Homes)***

The following items and services will be provided by Community:

- Kitchen stove
- Refrigerator
- Microwave
- Dishwasher
- Washer and dryer
- Floor coverings
- 24-hour response notification system (i.e., wireless pendant and pull cord in the residence)
- One (1) hour of housekeeping services per month
- HVAC Systems



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# EXHIBIT "A"

***(Townhomes)***

The following items and services will be provided by Community:

- Kitchen stove
- Refrigerator
- Microwave
- Dishwasher
- Washer and dryer
- Floor coverings
- 24-hour response notification system (i.e., wireless pendant and pull cord in the residence)
- One (1) hour of housekeeping services per month
- HVAC Systems



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# EXHIBIT "A"

***(Hybrid Villa Apartments)***

The following items and services will be provided by Community:

- Kitchen stove
- Refrigerator
- Microwave
- Dishwasher
- Washer and dryer
- Floor coverings
- 24-hour response notification system (i.e., wireless pendant and pull cord in the residence)
- Natural gas and electric services
- One (1) hour of housekeeping services per month
- HVAC Systems



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**EXHIBIT "B"**

# Londonderry Village
# Amortization and Refund Schedule

| | |
|---|---|
| Amortization Basis: | 7 Year Amortization to 25% Refund; Amortizes 1.19% per month/14.3% per year |

| END OF YEAR | REFUNDABLE PERCENTAGE OF ENTRANCE FEE |
|---|---|
| 1 | 85.7% |
| 2 | 71.4% |
| 3 | 57.1% |
| 4 | 42.8% |
| 5 | 28.5% |
| 6 | 25.0% |
| 7 and all years thereafter | 25.0% |



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# EXHIBIT "C"

# CONDITIONS OF OCCUPANCY

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

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

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

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

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

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



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# Londonderry Village
## Entrance Fee Comparison
## for Independent Living Units

| Independent Living Unit | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| *Royer Garden* | | | | | |
| *100 Community Circle Apartments* | | | | | |
| One Bedroom | 106,400 | 110,700 | 115,100 | 120,900 | 126,900 |
| Two Bedroom | 138,500 | 144,000 | 149,800 | 157,300 | 165,200 |
| *Royer West* | | | | | |
| *200 Community Circle Apartments* | | | | | |
| One Bedroom | 128,600 | 133,700 | 139,000 | 146,000 | 165,200 |
| Two Bedroom | 174,100 | 181,100 | 188,300 | 197,700 | 207,600 |
| Two Bedroom Deluxe | | | | | 245,200 |
| *The Wayland* | | | | | |
| *300 Community Circle Apartments* | | | | | |
| One Bedroom | 154,900 | 161,100 | 167,500 | 175,900 | 184,700 |
| One Bedroom with Den | 171,600 | 178,500 | 178,500 | 194,900 | 204,600 |
| Two Bedroom | 181,600 | 188,900 | 196,500 | 206,300 | 216,600 |
| *The Crofton/ The Ardley* | | | | | |
| *100 and 200 Cottage Drive Apartments* | | | | | |
| Efficiency | 89,300 | 92,900 | 96,600 | 101,400 | 106,500 |
| One Bedroom Standard | 138,500 | 144,000 | 149,800 | 157,300 | 165,200 |
| One Bedroom Deluxe | 155,100 | 161,300 | 167,800 | 176,200 | 185,000 |
| Two Bedroom Standard | | | | | |
| Two Bedroom Deluxe | 189,900 | 197,500 | 205,400 | 215,700 | 226,500 |
| | 210,200 | 218,600 | 227,300 | 238,700 | 250,600 |
| *The Wheaton Apartments* | | | | | |
| One Bedroom | 176,900 | 184,000 | 191,400 | 201,000 | 211,100 |
| One Bedroom with Den | 199,200 | 207,200 | 215,500 | 226,300 | 237,600 |
| Two Bedroom | 260,000 | 270,400 | 281,200 | 295,300 | 310,100 |
| Two Bedroom Deluxe | 289,500 | 301,100 | 313,100 | 328,800 | 345,200 |
| *The Alcott (Kettering Court) Cottages** | | | | | |
| One Bedroom | | | | 95,000 | 99,800 |
| Two Bedroom | | | | 140,000 | 147,700 |
| *The Carlton Cottages* | | | | | |
| One Bedroom | 108,800 | 113,200 | 117,700 | 123,600 | 129,800 |
| Two Bedroom | 146,600 | 152,500 | 158,600 | 166,500 | 174,800 |

* Admissions to Kettering Court Cottages had been suspended for approximately 5 years and resumed in 2025.

# Londonderry Village
## Entrance Fee Comparison
## for Independent Living Units

| Independent Living Unit | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| *The Hamlin Duplex* | 230,010 | 239,200 | 248,800 | 270,200 | 292,700 |
| With Florida Room | 262,130 | 272,600 | 283,500 | 306,700 | 331,000 |
| *The Livingston Duplex (1,089 sq.ft.)* | 268,700 | 279,400 | 290,600 | 305,100 | 320,400 |
| With Florida Room | 299,500 | 311,500 | 324,000 | 340,200 | 357,200 |
| *Fox Run Hybrid Villa Apartments* | | | | | |
| Glennwood - Two Bedroom | | | 349,600 | 367,100 | 385,500 |
| Brookside - Two Bedroom | | | 334,000 | 350,700 | 368,200 |
| Abbey -1 Bedroom with Den | | | 317,100 | 333,000 | 349,700 |
| *Fox Run Townhomes* | | | | | |
| Sussex – TwoBedroom | | | 413,300 | 434,000 | 487,600 |
| Langhorn II – One Bedroom with Den & Loft | | | 447,700 | 469,400 | 527,400 |
| *Fox Run Carriage Homes* | | | | | |
| Thornhill – Two-Bedroom | | | 406,000 | 426,300 | 478,900 |
| Hawthorn I – Two Bedroom | | | 415,700 | 436,500 | 490,400 |
| Hawthorn II – Two Bedroom with Loft | | | 468,000 | 491,400 | 552,100 |

# Londonderry Village
## Monthly Maintenance Fee Comparison
## for Independent Living Units

| Independent Living Unit | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| *Royer Garden* | | | | | |
| *100 Community Circle Apartments* | | | | | |
| One Bedroom | 941 | 1,002 | 1,087 | 1,108 | 1,161 |
| Two Bedroom | 1,097 | 1,168 | 1,233 | 1,292 | 1,353 |
| *Royer West* | | | | | |
| *200 Community Circle Apartments* | | | | | |
| One Bedroom | 1,247 | 1,328 | 1,402 | 1,469 | 1,539 |
| Two Bedroom | 1,451 | 1,545 | 1,632 | 1,710 | 1,791 |
| Two Bedroom Deluxe | | | | 1,940 | 2,032 |
| *The Wayland* | | | | | |
| *300 Community Circle Apartments* | | | | | |
| One Bedroom | 1,385 | 1,475 | 1,558 | 1,632 | 1,710 |
| One Bedroom with Den | 1,610 | 1,715 | 1,811 | 1,897 | 1,987 |
| Two Bedroom | 1,584 | 1,687 | 1,781 | 1,866 | 1,955 |
| *The Crofton/ The Ardley* | | | | | |
| *100 and 200 Cottage Drive Apartments* | | | | | |
| Efficiency | 966 | 1,029 | 1,087 | 1,139 | 1,193 |
| One Bedroom Standard | 1,247 | 1,328 | 1,402 | 1,469 | 1,539 |
| One Bedroom Deluxe | 1,257 | 1,339 | 1,414 | 1,481 | 1,551 |
| Two Bedroom Standard | 1,451 | 1,545 | 1,632 | 1,710 | 1,791 |
| Two Bedroom Deluxe | 1,654 | 1,762 | 1,861 | 1,949 | 2,042 |
| *The Wheaton Apartments* | | | | | |
| One Bedroom | 1,625 | 1,731 | 1,828 | 1,915 | 2,006 |
| One Bedroom with Den | 1,765 | 1,880 | 1,985 | 2,079 | 2,178 |
| Two Bedroom | 1,824 | 1,943 | 2,052 | 2,149 | 2,251 |
| Two Bedroom Deluxe | 2,060 | 2,194 | 2,317 | 2,427 | 2,542 |
| *The Alcott (Kettering Court) Cottages* | | | | | |
| Studio | 738 | 786 | 830 | 869 | |
| One Bedroom | 972 | 1,035 | 1,093 | 1,145 | 1,199 |
| Two Bedroom | 1,115 | | | 1,340 | 1,404 |
| *The Carlton Cottages* | | | | | |
| One Bedroom | 1,133 | 1,207 | 1,207 | 1,336 | 1,399 |
| Two Bedroom | 1,290 | 1,374 | 1,374 | 1,520 | 1,592 |

# Londonderry Village
## Monthly Maintenance Fee Comparison
## for Independent Living Units

| Independent Living Unit | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| *The Hamlin Duplex (1,032 sq.ft.)* | 1,660 | 1,768 | 1,867 | 1,956 | 2,049 |
| With Florida Room | 1,715 | 1,826 | 1,928 | 2,020 | 2,116 |
| *The Livingston Duplex (1,089 sq.ft.)* | 1,805 | 1,922 | 2,030 | 2,126 | 2,227 |
| With Florida Room | 1,865 | 1,986 | 2,097 | 2,197 | 2,301 |
| | | | | | |
| *Fox Run Hybrid Villa Apartments* | | | | | |
| Glennwood - Two Bedroom | | | 2,238 | 2,344 | 2,455 |
| Brookside - Two Bedroom | | | 2,122 | 2,223 | 2,329 |
| Abbey -1 Bedroom with Den | | | 2,071 | 2,169 | 2,272 |
| *Fox Run Townhomes* | | | | | |
| Sussex – TwoBedroom | | | 2,813 | 2,947 | 3,087 |
| Langhorn II – One Bedroom with Den & Loft | | | 3,271 | 3,426 | 3,589 |
| *Fox Run Carriage Homes* | | | | | |
| Thornhill – Two-Bedroom | | | 2,720 | 2,849 | 2,984 |
| Hawthorn I – Two Bedroom | | | 2,754 | 2,885 | 3,022 |
| Hawthorn II – Two Bedrrom with Loft | | | 3,257 | 3,412 | 3,574 |
| | | | | | |
| *All Units* | | | | | |
| Second Person Fee for Joint Occupancy | 180 | 180 | 180 | 180 | 200 |

# 2026 Additional Services
# Independent Living

Londonderry Village
A COMMUNITY ROOTED IN BRETHREN VALUES

The services listed below are available from Londonderry Village for an additional fee.

**Therapy**

Outpatient Physical, Occupational and/or Speech Therapy are provided to Independent Living residents and billed to applicable insurance coverages with co-pays charged to responsible party. Therapy services are billed at the usual and customary rates determined by insurance carriers or the Medicare B plan. Non-covered services or services in excess of therapy caps will be billed to the responsible party.

Supplies for Physical, Occupational and/or Speech Therapy are provided through a Medicare approved vendor. A copayment may be charged based on insurance coverage.

**Meals – Northview Dining Room and Guest Meals in Nursing Care**

Reservations for meals to be eaten with elders in the Northview Dining Room should be made at least 24 hours in advance by calling Dining Services at extension 3605. Meals to be eaten with an elder in a Green House can be coordinated with the staff in each house.

| Breakfast | Lunch | Dinner | |
|---|---|---|---|
| $5.00 | $10.00 | $9.00 | Independent Living Residents |
| $7.00 | $12.00 | $11.00 | Guests |
| $4.00 | $8.00 | $7.00 | Children 6-12 |
| FREE | FREE | FREE | Children under 6 |

**Meals and Snacks**

Prepared meals are available in the Café and Seasons Restaurant; schedules and prices are posted. The Community Center Convenience Store features a variety of individually priced snack items.

Catering services are available for special occasions. Fees vary according to labor, food selections, and supplies, and are subject to 6.0% PA Sales Tax.

2026 Additional Services
Independent Living

## Salon Services

Haircare and other specialty services are provided in the Community's salons. Appointments may be scheduled by calling extension 3301.

### *Haircare Services*

| | | | |
|---|---|---|---|
| $12.00 | Shampoo Only | $22.00 | Cut |
| $28.00 | Shampoo & Blow Dry Style (w/iron) | $30.00 | Haircut & Shampoo |
| $36.00 | Cut, Shampoo & Blow Dry Style (w/ iron) | $10.00 | Beard & Mustache Trim |
| $50.00 | Foil Highlights – Full Head | $10.00 | Bedside Service |
| $40.00 | Foil Highlights – Partial Head | $15.00 | Conditioning Treatment |
| $45.00 | Permanent Wave | $45.00 | Hair Relaxer |
| $40.00 | Color | | |

### *Spa and Specialty Services (as available)*

| | | | |
|---|---|---|---|
| $22.00 | Manicure | $15.00 | Essential Nail Care |
| $18.00 | Nail Polish Change | $30.00 | Extended Wear Manicure |
| $25.00 | Warm Hand & Foot Treatment | $15.00 | Hand Treatment |
| $14.00 | Foot Treatment | $15.00 | Brow Shaping Wax |
| $10.00 | Lip or Chin Wax | | |

## Therapeutic Massage or Reflexology

| | |
|---|---|
| $18.00 | Chair Massage |
| $36.00 | 30-Minute Table massage or Reflexology |
| $72.00 | 1-Hour Table Massage or Reflexology |

## Transportation: Medical Trips

$21.00 off campus per trip up to a 5-mile round trip and $1.00 per additional mile over 5 miles up to a 20-mile radius. On-campus trips: $3.75 one-way.

## Transportation: Personal Trips**

Fees are per person, round trip, unless otherwise noted.

| | | | |
|---|---|---|---|
| $21.00 | Palmyra | $25.00 | Hershey |
| $25.00 | Annville | $27.00 | Lebanon/Hummelstown |
| $38.00 | Harrisburg/Colonial Park | $38.00 | Manheim/Mount Joy |
| $40.00 | Harrisburg Int. Airport drop-off/pickup between 9am-3pm* | | |
| $90.00 | Harrisburg Int. Airport drop-off/pickup after normal working hours* | | |

*Charge applies to each one-way trip to/from airport

**A fee of $25.00 per hour will be charged for the driver's waiting time while on personal trips.

**LV Supplied Utilities (monthly rates)**

| | |
|---|---|
| $42.00 | Cable Television |
| Internet: | |
| $42.00 | Standard (30 Mbps) |
| $50.00 | Premium (50 Mbps) |
| Telephone: | |
| $40.00 | Local & domestic U.S. Long Distance |

**Independent Living Special Housekeeping Services**

| | |
|---|---|
| $35.00 | Housekeeping services per hour |
| $46.00 | Carpet Cleaning per hour |

**Independent Living Groundskeeping Services**

Grounds maintenance for resident plantings or personalized landscaping maintenance - $25.00 per half hour, per man hour.

**Non-routine/Special Request Services**

There is a $30.00 charge per half hour, per man hour. Materials costs will be billed to the resident, if any. These services may include, but are not limited to:

| | |
|---|---|
| Assembly of personal items | Removal of standard fixtures to install personalized items |
| Moving personal belongings to another location on LV campus, including moving from Independent Living to Healthcare | Hanging curtains, drapes, pictures, mirrors, etc. |

**Other additional maintenance services with special flat rates include:**

| | |
|---|---|
| Move or install ceiling fan with existing box | $125.00 |
| Install ceiling fan (ceiling box + switches) | $300.00 |
| Hang TV on wall | $100.00 |

A list of charges for other home modifications and installation of fixtures is available in the Environmental Services Office.

**Technology Services**

Limited resources are available from Londonderry Village to assist with computers and technology devices. Rates for these services are $30 per half hour.

These services include:

| | |
|---|---|
| Computer assistance - setup and minor repair | Setup and connection support for Apple and Android devices |
| Setup or connection of voice activated devices (Alexa, Echo Dot, Google Nest, etc.) | TV or remote setup or programming or resets |
| Printer hookup | Streaming device or TV setup |

**Access Badge Replacement**

**$10.00** per additional or replaced badge.

**Pet Policy**

Upon approval of the pet, a one-time nonrefundable fee of **$250.00** is charged per pet.
See the Independent Living Pet Policy for further information and guidelines.

**Independent Living Lateral Move Fee**

For each approved lateral move, a **$5,000.00** lateral move fee will be charged.

**Guest Cottage/Pavilion**

Rental of the guest cottage and pavilion is on a first-come basis, and may be reserved by calling extension 3051. Special reservations may be required at holiday periods.

| Guest Cottage | Night | Week |
|---|---|---|
| 1 Bedroom | $75.00 | $420.00 |

| | |
|---|---|
| Pavilion Rental | $130 Daily Rental |

**Notary Services**

Contact the Business Office to schedule notary services. The notary is not an agent of Londonderry Village and cannot provide title or vehicle transactions. There is a fee for notary services based upon the current Commonwealth of PA Notary Public Fee Schedule.

# Continuing Care Services:

## Personal Care

Personal Care provides for those who need help with day-to-day activities such as medication administration, therapeutic diets, and other personal needs. Memory Care services in Barteit Haven will provide a secure environment focused on providing assistive services and activities for individuals with memory impairment.

**2026 Private Pay Daily Rates - Personal Care**

| | |
|---|---|
| $181 | Double Occupancy Room |
| $270 | Private Room |
| $319 | Large Private Room |
| $390 | Barteit Haven Studio |
| $410 | Barteit Haven 1 Bedroom Apartment- Single Occupancy |
| $330 | Barteit Haven 1 Bedroom Apartment - Shared Occupancy (per person) |

## Skilled Nursing Care

Londonderry Village Nursing Care provides 24-hour skilled nursing care in private rooms.

**2026 Private Pay Daily Rates – Skilled Nursing**

| | |
|---|---|
| $541 | Private Room – Green House Homes |
| $560 | Private Room – Leffler Transitional Care |

# Lebanon Valley Brethren Home
# d/b/a Londonderry Village

Financial Statements

December 31, 2025 and 2024

H

# Lebanon Valley Brethren Home d/b/a Londonderry Village

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December 31, 2025 and 2024


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# Independent Auditors' Report

To the Board of Directors of
Lebanon Valley Brethren Home d/b/a Londonderry Village

**Opinion**

We have audited the financial statements of Lebanon Valley Brethren Home d/b/a Londonderry Village (the Organization), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the results of operations, changes in net assets and 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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 10, 2026

## Lebanon Valley Brethren Home d/b/a Londonderry Village

Balance Sheets
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 9,438,377 | $ 10,720,940 |
| Resident accounts receivable, net | 1,357,375 | 1,528,197 |
| Pledges receivable | 302,074 | 545,009 |
| Prepaid expenses and other current assets | 904,357 | 632,118 |
| Total current assets | 12,002,183 | 13,426,264 |
| **Investments** | 20,707,303 | 15,387,922 |
| **Assets Whose Use is Limited** | | |
| Endowment fund | 3,075,027 | 2,759,125 |
| Independent living care fund | 3,052,790 | 2,765,506 |
| Act 82 statutory minimum liquid reserve | 2,093,100 | 1,823,550 |
| Escrow deposits | 323,991 | 359,800 |
| Charitable gift annuity fund | 6,086 | 6,964 |
| Total assets whose use is limited | 8,550,994 | 7,714,945 |
| **Property and Equipment, Net** | 69,819,045 | 65,607,133 |
| **Right-of-Use Assets** | 4,219,623 | 4,376,876 |
| **Beneficial Interest in Perpetual Trusts** | 3,009,650 | 2,829,617 |
| **Other Assets** | 530,386 | 901,917 |
| Total assets | $ 118,839,184 | $ 110,244,674 |

| | 2025 | 2024 |
|---|---|---|
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Current maturities of long-term debt | $ 799,600 | $ 738,200 |
| Accounts payable, trade | 521,954 | 365,842 |
| Accounts payable, construction | 995,399 | 1,220,534 |
| Accrued expenses | 1,501,270 | 1,092,851 |
| Current portion of lease liabilities | 65,902 | 60,787 |
| Resident security deposits | 412,590 | 408,400 |
| Total current liabilities | 4,296,715 | 3,886,614 |
| **Long-Term Debt** | 36,622,027 | 32,829,600 |
| **Financing Lease Liabilities** | 4,475,486 | 4,541,388 |
| **Refundable Entrance Fees and Deposits** | 16,744,014 | 15,310,784 |
| **Deferred Revenues From Entrance Fees** | 32,587,773 | 29,984,490 |
| **Charitable Gift Annuity Obligations** | 11,062 | 14,298 |
| **Refundable Advance** | 1,406,645 | 1,406,645 |
| Total liabilities | 96,143,722 | 87,973,819 |
| **Net Assets** | | |
| Without donor restrictions | 15,869,309 | 15,917,894 |
| With donor restrictions | 6,826,153 | 6,352,961 |
| Total net assets | 22,695,462 | 22,270,855 |
| Total liabilities and net assets | $ 118,839,184 | $ 110,244,674 |

*See notes to financial statements*

## Lebanon Valley Brethren Home d/b/a Londonderry Village

Statements of Operations
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Revenues Without Donor Restrictions** | | |
| Net resident service revenues | $ 28,379,962 | $ 26,713,554 |
| Other operating revenues | 152,010 | 199,544 |
| Investment income | 3,458,272 | 1,920,548 |
| Contributions | 655,165 | 721,706 |
| Change in fair value of derivative financial instrument | (371,531) | 14,595 |
| Net assets released from restrictions used for operations | 235,052 | 133,128 |
| Total revenues without donor restrictions | 32,508,930 | 29,703,075 |
| **Expenses** | | |
| Salaries and wages | 12,173,052 | 10,905,530 |
| Depreciation | 6,110,019 | 5,215,688 |
| Payroll taxes and employee benefits | 4,211,053 | 3,391,382 |
| Building repairs and maintenance | 3,058,769 | 2,802,653 |
| Fees and purchased services | 1,640,653 | 1,756,466 |
| Insurance and real estate taxes | 1,203,104 | 1,186,022 |
| Supplies | 1,294,967 | 1,166,643 |
| Administrative expense | 988,271 | 1,034,658 |
| Interest | 1,426,568 | 854,429 |
| Personnel expense | 187,777 | 254,284 |
| Pennsylvania nursing home assessment | 209,318 | 207,128 |
| Amortization of financing lease right-to-use asset | 157,253 | 157,253 |
| Total expenses | 32,660,804 | 28,932,136 |
| Revenues (less than) in excess of expenses | $ (151,874) | $ 770,939 |

*See notes to financial statements*

## Lebanon Valley Brethren Home d/b/a Londonderry Village

Statements of Changes in Net Assets
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Net Assets Without Donor Restrictions** | | |
| Revenues (less than) in excess of expenses | $ (151,874) | $ 770,939 |
| Net assets released from restrictions for capital purposes | 103,289 | 275,855 |
| Change in net assets without donor restrictions | (48,585) | 1,046,794 |
| **Net Assets With Donor Restrictions** | | |
| Contributions | 202,924 | 1,035,000 |
| Investment income | 425,636 | 177,584 |
| Change in value of split-interest agreements and other changes | 182,973 | 262,725 |
| Net assets released from restrictions | (338,341) | (408,983) |
| Change in net assets with donor restrictions | 473,192 | 1,066,326 |
| Change in net assets | 424,607 | 2,113,120 |
| **Net Assets, Beginning** | 22,270,855 | 20,157,735 |
| **Net Assets, Ending** | $ 22,695,462 | $ 22,270,855 |

*See notes to financial statements*

## Lebanon Valley Brethren Home d/b/a Londonderry Village

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in net assets | $ 424,607 | $ 2,113,120 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 6,110,019 | 5,215,688 |
| Amortization of debt issuance costs | 26,158 | 16,873 |
| Amortization of bond issue premium | (110,273) | (113,385) |
| Amortization of right-of-use assets | 157,253 | 157,253 |
| Credit loss recovery | (50,409) | (21,133) |
| Net realized and unrealized gain on investments | (2,072,053) | (891,070) |
| Proceeds from nonrefundable entrance fees, existing units | 5,027,925 | 5,580,653 |
| Amortization of entrance fees | (4,028,303) | (3,659,032) |
| Contributions restricted for long-term purposes | (174,045) | (880,000) |
| Change in value of beneficial interest in perpetual trusts | (180,033) | (317,391) |
| Change in value of derivative financial instrument | 371,531 | (14,595) |
| Changes in assets and liabilities: | | |
| Resident accounts receivables | 221,231 | (199,766) |
| Prepaid expenses and other current assets | (272,239) | 779,290 |
| Accounts payable, trade | 156,112 | (54,472) |
| Accrued expenses | 408,419 | 114,645 |
| Resident security deposit liabilities | 4,190 | (8,020) |
| Pledges receivable | 242,935 | (452,807) |
| Charitable gift annuity obligations | (3,236) | (4,343) |
| Net cash provided by operating activities | 6,259,789 | 7,361,508 |
| **Cash Flows From Investing Activities** | | |
| Purchase of property and equipment | (10,547,066) | (19,347,737) |
| Net purchases of investments and assets whose use is limited | (4,060,786) | (1,276,071) |
| Net cash used in investing activities | (14,607,852) | (20,623,808) |
| **Cash Flows From Financing Activities** | | |
| Proceeds from long-term debt | 5,919,466 | 14,135,373 |
| Repayment of long-term debt | (1,948,805) | (3,673,630) |
| Payment of debt issuance costs | (32,719) | (42,534) |
| Payment of lease liabilities | (60,787) | (55,904) |
| Proceeds from refundable entrance fees, existing units | 1,675,975 | 1,289,822 |
| Proceeds from nonrefundable entrance fees, new units | 2,698,500 | 3,079,500 |
| Proceeds from refundable entrance fees, new units | 899,500 | 1,026,500 |
| Refunds of entrance fees | (2,237,084) | (845,981) |
| Contributions restricted for long-term purposes | 174,045 | 880,000 |
| Net cash provided by financing activities | 7,088,091 | 15,793,146 |
| Net change in cash, cash equivalents and restricted cash and cash equivalents | (1,259,972) | 2,530,846 |
| **Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning** | 11,784,054 | 9,253,208 |
| **Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending** | $ 10,524,082 | $ 11,784,054 |
| **Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to the Balance Sheets** | | |
| Cash and cash equivalents | $ 9,438,377 | $ 10,720,940 |
| Cash and cash equivalents included in investments and asset whose use is limited | 1,085,705 | 1,063,114 |
| Total cash, cash equivalents, and restricted cash and cash equivalents | $ 10,524,082 | $ 11,784,054 |
| **Supplementary Disclosure of Cash Flow Information** | | |
| Interest paid, net of amounts capitalized | $ 1,513,033 | $ 953,190 |
| **Noncash Financing and Investing Activities** | | |
| Obligations incurred for the purchase of property and equipment | $ 995,399 | $ 1,220,534 |

*See notes to financial statements*

## 1. Nature of Operations and Summary of Significant Accounting Policies

### Nature of Operations

Lebanon Valley Brethren Home d/b/a Londonderry Village (the Organization) is a not-for-profit corporation that operates a continuing care retirement community providing housing, health care and other related services to senior residents. The Organization is licensed for 88 skilled nursing beds. Skilled nursing services are provided in 6 small house nursing centers, home-like residences each with 10 private rooms. The Organization's personal care includes Barteit Haven, a 17 bed secured memory care unit, and a 38-room personal care facility. The campus includes 395 independent living residences with options for apartments, cottages, duplexes and hybrid villa apartments. Supportive services, activities and amenities are provided to the Organization's residents to provide opportunities for active community involvement in a comfortable setting that meets residents' needs.

The Organization is located in Palmyra, Pennsylvania. Its primary service area includes Palmyra, Pennsylvania and its surrounding communities in Dauphin, Lebanon and Lancaster Counties, Pennsylvania.

The Organization received a Certificate of Authority from the Pennsylvania Insurance Department to operate as a Continuing Care Retirement Community (CCRC) under the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act 82).

### Use of Estimates

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

### Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

Cash, cash equivalents and restricted cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding investments and assets whose use is limited. For the purposes of the statement of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments and assets whose use is limited purchased with an original maturity of three months or less.

### Accounts Receivable, Residents

The Organization 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 based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Organization has exhausted all collection efforts and accounts are deemed impaired. Accounts receivable, residents are reported at net realizable value. The allowance for credit losses was approximately $157,000 at December 31, 2025 and $133,000 at December 31, 2024.

### Assets Whose Use is Limited

Assets whose use is limited, comprised of cash and cash equivalents and investments, consist of assets set aside by the board of directors for an independent living care fund; donor restricted endowment funds; Act 82 statutory minimum liquid reserves requirements; and assets set aside for the payment of charitable gift annuity obligations.

### Investments and Investment Risk

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value in the balance sheets. The fair value of substantially all securities is determined by quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues (less than) 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 on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

### Property and Equipment

Property and equipment acquisitions are recorded at cost. The Organization's policy is to review invoices in excess of $1,000 to determine if they should be capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenues (less than) in excess of expenses.

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. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

### Debt Issuance Costs

Debt issuance costs incurred in connection with the issuance of long-term debt are being amortized over the term of the related debt, which approximates the effective interest method. Amortization expense, included as a component of interest expense, was $26,158 in 2025 and $16,873 during 2024.

### Bond Premiums

The bond premiums are being amortized over the life of the Series 2021 Bonds using the effective interest method. The amortization of bond premiums, included as a reduction of interest expense on the accompanying statements of operations, totaled $110,273 in 2025 and $113,385 during 2024.

### Derivative Financial Instrument

The Organization has entered into an interest rate cap agreement, which is considered a derivative financial instrument, to manage interest rate exposure on certain bonds payable. The interest rate cap agreement is reported at fair value in other assets on the balance sheets, and related changes in fair value are reported in change in fair value of derivative financial instrument on the statements of operations.

### Leases and Right-of-Use Assets

The Organization evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either financing or operating. The Organization's current lease is classified as a financing lease. All lease liabilities are measured as 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 ROU 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. ROU assets are subject to long-lived impairment testing.

Amortization of financing lease ROU assets, which is recognized on a straight-line basis over the lesser of the lease term and the estimated useful life of the asset, is classified as amortization of financing lease right to use asset within the statements of operations. Interest expense associated with financing lease obligations is included within interest expense in the statements of operations. The lease term is determined based on the date the Organization acquires control of the leased premises through the end of the lease term. Optional renewal periods are initially not included in the lease term unless they are deemed to be reasonably certain of being exercised at lease commencement.

### Entrance Fees

Under entrance fee plans for independent living units, the Organization receives payments in advance. Current entrance fee contracts offered to new residents have a guaranteed refund component, which is equal to 25% of the entrance fee paid with the balance refundable on a decreasing basis for approximately 63 months. In addition, certain existing residents have entered into contracts that are refundable on a decreasing basis for 84 months but has no guaranteed refund component. Refunds to residents are generally paid after the independent living unit vacated has been reoccupied by a new resident. The gross amount of contractual refund obligations under existing resident agreements was approximately $32,052,000 at December 31, 2025 and $28,877,000 at December 31, 2024.

In addition to the contracts described above, the Organization offers a no-entrance fee plan for occupancy on a fee-for-service basis.

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

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

### Split-Interest Agreements

The Organization received charitable gift annuities as contributions. Under these arrangements, the Organization recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Organization to such individuals. The amount of the contribution recognized was the difference between the asset and the initial liability. As a result of the donor intent of the proceeds, these contributions were recognized as net assets with donor restrictions.

Under the perpetual trust agreements, the Organization recorded an asset and recognized contribution revenue at the fair market value of the Organization's beneficial interest in the trust assets. Income earned on the trust assets and distributed to the Organization is recorded as investment income in the accompanying statements of operations, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as a change in value of beneficial interest in perpetual trusts in changes in net assets with donor restrictions.

### Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Organization expects to receive in exchange for goods and 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 goods and services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of the following revenue streams:

#### Skilled Nursing

Skilled nursing revenues are derived from providing skilled nursing services to residents at a stated daily fee, net of any contractual adjustments from third-party payors. Skilled nursing revenues are recognized on a daily basis as services are rendered. The Organization has determined that the services included in the daily fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

#### Personal Care and Memory Care

Personal care revenues are derived from providing personal care services to residents at a stated monthly fee. Personal care revenues are recognized on a month-to-month basis. The Organization has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

### Independent Living

Independent living revenues are derived from: (a) stated monthly fees for providing housing to residents; and (b) the nonrefundable portion of entrance fee contracts entered into with residents. Independent living monthly fees are recognized on a month-to-month basis. The Organization has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

Independent living revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over the annually adjusted estimated remaining expected stay in independent living for the residents. The unamortized portion is classified as deferred revenues from entrance fees in the balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenues was $4,028,303 in 2025 and $3,659,032 in 2024.

### Ancillary Services

Ancillary service revenues are derived from services provided primarily to skilled nursing residents for pharmacy, physical therapy, occupational therapy, speech therapy and other healthcare related services at a stated fee, net of any contractual adjustments from third-party payors. Each service provided is capable of being distinct, and thus, the services are considered individual and separate performance obligations which are satisfied and recognized as services are provided. The Organization is reimbursed for certain therapy services provided to Medicare Part B beneficiaries at the lesser of a published fee schedule or actual charges.

The Organization receives revenue for services under third-party payor programs, including Medicare and Medical Assistance. 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 Organization estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends and retroactive adjustments are recognized in future periods as final settlements are determined.

## Charity Care

The Organization extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate. The Organization maintains records to identify the cost of providing charity care based upon the direct and indirect costs identified with the specific charity care provided. The level of charity care provided amounted to approximately $2,175,000 in 2025 and $1,741,000 in 2024, including costs related to the Medical Assistance program, which exceeded revenue by approximately $1,732,000 in 2025 and $1,432,000 in 2024.

## Contract Balances

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

The Organization's beginning and ending contract liabilities are separately presented on the balance sheets as of December 31, 2025 and 2024 as deferred revenues from entrance fees. Deferred revenues from entrance fees were $25,102,556 as of December 31, 2023. The Organization had no contract assets as of December 31, 2025, 2024 and 2023.

### Donor Restricted Contributions

The Organization 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 restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the statements of operations.

When donors communicate that the Organization has been included as a beneficiary in the donor's will, the Organization considers these communications intentions to give. Such communications are not unconditional promises to give and, therefore, are not recorded in the Organization's financial statements.

Upon a donor's death and the declaration by a court that the donor's will is considered valid, the Organization recognizes contribution revenue at the estimated fair value of assets to be received. Contribution revenue is reported as either without donor restrictions or with donor restrictions, depending on the existence or absence of donor restrictions. Unrestricted payments to be received in future periods are reported as an increase in net assets with donor restrictions. Upon receipt of the contribution, the Organization reclassifies net assets with donor restrictions as net assets without donor restrictions and reports the amounts in the statements of operations and changes in net assets as net assets released from restrictions.

### Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

### Measure of Operations

The statements of operations includes the determination of revenues (less than) in excess of expenses. Revenues (less than) in excess of expenses includes all operating revenues and expenses that are an integral part of its program activities, as well as investment income, contributions and other nonoperating activities that are used to support its program activities. Changes in net assets without restrictions which are excluded from revenues (less than) in excess of expenses 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).

### Subsequent Events

The Organization evaluated subsequent events through April 10, 2026, which is the date the financial statements were issued.

On April 1, 2026 the Board of Directors authorized a financing transaction not to exceed $38,000,000. Bond proceeds are primarily expected to be used for refunding of the Series 2021B Bonds, Memory Care Loan and Carrington Villa Term Loans (Note 7), the construction, design and planning of a twelve-unit independent living expansion project on the Organization’s campus and payment of certain costs incurred in connection with the financing. The financing is expected to close in the second quarter of 2026. The size, structure and timing of the potential bonds has not been determined and remains subject to market conditions and other factors, and the Organization reserves the right to cancel, change or modify its plans as it deems appropriate. The Organization is under no obligation to issue the potential bonds or any other bond issue, and there is no guarantee that any part of the contemplated transaction will be consummated.

## 2. Net Resident Service Revenues

Net resident service revenues consist of the following for the years ended December 31, 2025 and 2024. The Organization disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors:

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Skilled Nursing | Personal Care | Independent Living | Ancillary Services | Total |
| Private pay | $ 6,628,954 | $ 3,848,308 | $ 9,640,572 | $ 530,887 | $ 20,648,721 |
| Medical assistance | 2,639,988 | - | - | 7,041 | 2,647,029 |
| Medicare and commercial payors | 287,107 | - | - | 768,802 | 1,055,909 |
| Amortization of entrance fees | - | - | 4,028,303 | - | 4,028,303 |
| Total | $ 9,556,049 | $ 3,848,308 | $ 13,668,875 | $ 1,306,730 | $ 28,379,962 |

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Skilled Nursing | Personal Care | Independent Living | Ancillary Services | Total |
| Private pay | $ 6,753,904 | $ 3,193,159 | $ 8,711,176 | $ 478,924 | $ 19,137,163 |
| Medical assistance | 2,593,031 | - | - | 6,659 | 2,599,690 |
| Medicare and commercial payors | 490,861 | - | - | 826,808 | 1,317,669 |
| Amortization of entrance fees | - | - | 3,659,032 | - | 3,659,032 |
| Total | $ 9,837,796 | $ 3,193,159 | $ 12,370,208 | $ 1,312,391 | $ 26,713,554 |

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services are generally billed each month as services are rendered. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying balance sheets. The Organization applies the practical expedient in Accounting Standards Codification (ASC) 606, and therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

### Skilled Nursing

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

#### Medical Assistance

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

**Medicare**

Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medicare Part A and Medical Assistance rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization 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 and Medical Assistance programs.

## 3. Fair Value Measurements, Investments, Assets Whose Use is Limited and Other Financial Instruments

Investments and assets whose use is limited are classified on the balance sheets as follows at December 31:

| | 2025 | 2024 |
|---|---|---|
| Investments | $ 20,707,303 | $ 15,387,922 |
| Assets whose use is limited | 8,550,994 | 7,714,945 |
| Total investments and assets whose use is limited | $ 29,258,297 | $ 23,102,867 |

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

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs. There were no Level 2 investments at December 31, 2025 or 2024.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The following tables present financial instruments measured at fair value at December 31, 2025 and 2024:

| | 2025 | | |
|---|---|---|---|
| | **Fair Value** | **Level 1** | **Level 3** |
| **Assets Reported at Fair Value** | | | |
| Investments and assets whose use is limited: | | | |
| Cash and cash equivalents** | $ 1,085,705 | | |
| Mutual funds, fixed income: | | | |
| Short-term | 1,905,077 | $ 1,905,077 | $ - |
| Intermediate-term | 7,725,502 | 7,725,502 | - |
| International | 963,089 | 963,089 | - |
| Mutual funds, equity: | | | |
| Large-cap | 7,142,238 | 7,142,238 | - |
| Mid-cap | 1,129,103 | 1,129,103 | - |
| Small-cap | 1,123,360 | 1,123,360 | - |
| International | 4,820,722 | 4,820,722 | - |
| Real estate | 1,844,294 | 1,844,294 | - |
| Emerging markets | 840,231 | 840,231 | - |
| Tactical | 678,976 | 678,976 | - |
| Total investments and assets whose use is limited | 29,258,297 | 28,172,592 | - |
| Beneficial interest in perpetual trusts | 3,009,650 | - | 3,009,650 |
| Total assets | $ 32,267,947 | $ 28,172,592 | $ 3,009,650 |

| | 2024 | | |
|---|---|---|---|
| | Fair Value | Level 1 | Level 3 |
| **Assets Reported at Fair Value** | | | |
| Investments and assets whose use is limited: | | | |
| Cash and cash equivalents** | $ 1,063,114 | | |
| Mutual funds, fixed income: | | | |
| Short-term | 1,461,669 | $ 1,461,669 | $ - |
| Intermediate-term | 6,073,263 | 6,073,263 | - |
| International | 752,717 | 752,717 | - |
| Mutual funds, equity: | | | |
| Large-cap | 5,515,419 | 5,515,419 | - |
| Mid-cap | 876,907 | 876,907 | - |
| Small-cap | 878,748 | 878,748 | - |
| International | 3,809,920 | 3,809,920 | - |
| Real estate | 1,464,569 | 1,464,569 | - |
| Emerging markets | 660,559 | 660,559 | - |
| Tactical | 545,982 | 545,982 | - |
| Total investments and assets whose use is limited | 23,102,867 | 22,039,753 | - |
| Beneficial interest in perpetual trusts | 2,829,617 | - | 2,829,617 |
| Total assets | $ 25,932,484 | $ 22,039,753 | $ 2,829,617 |

** Cash and cash equivalents are included in the above tables to reconcile the total investments and assets whose use is limited to the balance sheets.

The following is a description of the valuation methodologies used for assets and liabilities reported at fair value. There have been no changes in methodologies used at December 31, 2025 and 2024.

Mutual funds: The carrying amounts are valued based on the quoted market prices reported on the active market on which the individual securities are traded.

Beneficial interest in perpetual trusts: The fair value of the beneficial interest in perpetual trusts is based on the Organization's interest in the fair value of the investments in the trust, which approximates the present value of the future distributions expected to be received.

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

In compliance with Act 82, the Organization designated a portion of its assets whose use is limited "reserved" to meet the requirements of Act 82. The amount designated was $2,093,100 at December 31, 2025 and was calculated as follows:

| | | |
|---|---|---|
| Budgeted operating expenses for the year ending subsequent to December 31, 2025: | $ | 35,387,423 |
| Less budgeted depreciation and amortization expense | | (6,832,175) |
| Expenses subject to minimum liquid reserve requirement | | 28,555,248 |
| Percentage of residents subject to entrance fee agreements at December 31, 2025: | | 73.3 % |
| Subtotal | | 20,930,997 |
| Statutory requirement | | 10.0 % |
| Statutory minimum liquid reserve requirement (a) | $ | 2,093,100 |
| Debt service requirements for the year ending subsequent to December 31, 2025: | | |
| Principal payments | $ | 799,600 |
| Interest expense | | 1,729,621 |
| Total debt service | | 2,529,221 |
| Percentage of residents subject to entrance fee agreements at December 31, 2025: | | 73.3 % |
| Statutory minimum liquid reserve requirement (b) | $ | 1,853,919 |
| Greater of (a) or (b) above | $ | 2,093,100 |

Investment income is comprised of the following for the years ended December 31:

| | 2025 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| Interest, dividends and capital gain distributions, net of expenses | $ 1,663,908 | $ 147,947 | $ 1,811,855 |
| Net realized gain on sales of investments | 1,343,696 | 85,921 | 1,429,617 |
| Net unrealized gain on investments | 450,668 | 191,768 | 642,436 |
| Total investment income, net | $ 3,458,272 | $ 425,636 | $ 3,883,908 |

| | 2024 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest, dividends and capital gain distributions, net of expenses | $ 1,103,347 | $ 103,715 | $ 1,207,062 |
| Net realized gain (loss) on sales of investments | 333,869 | (30,985) | 302,884 |
| Net unrealized gain on investments | 483,332 | 104,854 | 588,186 |
| Total investment income, net | $ 1,920,548 | $ 177,584 | $ 2,098,132 |

## 4. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditure within one year at December 31, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of: (a) assets whose use is limited by board designations, donor restrictions, regulatory bodies and loan and other agreements; (b) assets held for others; and (c) permanent endowments and assets held in trusts for long-term investment.

| | 2025 | 2024 |
|---|---|---|
| Financial assets: | | |
| Cash and cash equivalents | $ 9,438,377 | $ 10,720,940 |
| Resident accounts receivable, net | 1,357,375 | 1,528,197 |
| Investments | 20,707,303 | 15,387,922 |
| Total | $ 31,503,055 | $ 27,637,059 |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments. To assist management, satisfy any unanticipated liquidity needs, the Organization has a $2,500,000 line of credit with a bank that can be drawn upon (Note 6). The Organization has board designated funds for an Independent Living Care Fund of $3,052,790 and $2,765,506 as of December 31, 2025 and 2024, respectively, which could be made available for general expenditure if determined necessary by the board.

As stated in Note 3, the Organization designated a portion of its investments "reserved" to comply with the requirements of Act 82. Although the Organization does not intend to utilize the Act 82 Reserves for general expenditures as part of its annual budget and approval process, amounts designated as Act 82 reserves could be made available as necessary. The Act 82 reserves are included with the investments and assets whose use listed in detail in Note 3, and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

## 5. Property and Equipment

Property and equipment are as follows:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 777,519 | $ 777,519 |
| Land improvements | 9,398,002 | 9,351,872 |
| Buildings, building improvements and fixed equipment | 115,129,831 | 100,267,602 |
| Furniture and equipment | 6,303,317 | 5,507,068 |
| | 131,608,669 | 115,904,061 |
| Less accumulated depreciation | 68,776,486 | 62,666,467 |
| | 62,832,183 | 53,237,594 |
| Construction-in-progress | 6,986,862 | 12,369,539 |
| Property and equipment, net | $ 69,819,045 | $ 65,607,133 |

Construction-in-progress at December 31, 2025 consists primarily of costs related to costs incurred for construction, design and planning of new independent living residences, as well as renovations to the existing Leffler Care nursing unit and independent living villas. Remaining contract commitments were approximately $888,442 at December 31, 2025.

## 6. Line of Credit

The Organization has a $2,500,000 secured demand line of credit with a maturity date of December 31, 2027. The line of credit bears interest at the Secured Overnight Financing Rate (SOFR) rate plus 1.61%, (5.48% at December 31, 2025). There were no borrowings at December 31, 2025 and 2024.The line of credit also supports letters of credit totaling $239,722 at December 31, 2025 and 2024.

## 7. Long-Term Debt

Long-term debt consists of the following at December 31:

| | 2025 | 2024 |
|---|---|---|
| Series 2021A Bonds | $ 15,625,000 | $ 16,095,000 |
| Series 2021B Bonds | 13,930,000 | 14,135,000 |
| Memory Care Loan | 3,289,525 | 2,392,288 |
| Term Loan 1 | 648,424 | - |
| Term Loan 2 | 3,100,000 | - |
| Total | 36,592,949 | 32,622,288 |
| Less current portion of long-term debt | (799,600) | (738,200) |
| Plus bond issue premium | 1,320,700 | 1,430,973 |
| Less unamortized portion of debt issuance costs | (492,022) | (485,461) |
| Long-term debt | $ 36,622,027 | $ 32,829,600 |

Long-term debt maturing in the next five years is as follows:

| | |
|---|---|
| 2026 | $ 799,600 |
| 2027 | 1,562,894 |
| 2028 | 988,008 |
| 2029 | 3,873,133 |
| 2030 | 3,579,314 |
| Thereafter | 25,790,000 |
| | $ 36,592,949 |

**2021 Bonds**

On March 31, 2021, the Organization issued $39,235,000 in new long-term bonds in three series (collectively, the 2021 Series Bonds). The Series 2021A Bonds were used by the West Cornwall Township Municipal Authority. The Series 2021A bonds were used to refinance all of the existing debt and pay debt issuance costs. The Series 2021A Bonds of $17,400,000 were issued and drawn during 2021 at a premium of $1,869,773. The Series 2021A Bonds have an interest rate of 4.0% with annual principal payments through 2046. The Bond Premium is being amortized over the term of the 2021A Bonds. The 2021B and 2021C Bonds are bank owned bonds and are being used to finance an independent living expansion project and pay debt issuance costs. The Series 2021B Bonds bear interest at 83% of the SOFR rate plus 1.41% (4.38% at December 31, 2025) with annual principal payments beginning in August 2024 through July 2051. There is an optional call on the Series 2021B in 2031. The Series 2021C Bonds are draw down bonds up to $7,500,000. The Series 2021C Bonds bear interest at 83% of the SOFR rate plus 1.41% (4.38% at December 31, 2025) with a maturity date of July 15, 2026. There were draws on the 2021C bonds of $1,210,605 during 2025, which were fully paid during the year with entrance fee proceeds. There were no draws on the Series 2021C Bonds during 2024. The 2021 Series Bonds are secured by a mortgage on the property.

**Memory Care Loan**

On April 15, 2024, the Organization entered into a loan agreement with a bank with borrowings of up to $4,000,000 to fund the renovation of an existing, vacated space to become a dedicated Memory Care unit operating as Personal Care. The loan provides an initial 12-month interest-only period after which principal will be repaid on a 240-month amortization until loan maturity in April 2029, when all outstanding principal is due. The loan is secured by a first lien interest in the corporate assets as under the Master Trust Indenture and interest will be charged at the SOFR rate plus 1.73% (4.65% at December 31, 2025).

**Carington Villa Term Loans**

On April 23, 2025, the Organization entered into a project financing agreement with a bank to establish two term loans (Term 1 and Term Loan 2, respectively), with combined borrowings of up to $7,400,000 to fund the construction of a hybrid villa apartment building, Carington Villa, within the Fox Run community. Term Loan 1 allows for borrowings up to $4,300,000 with interest payments commencing on June 1, 2025. Term Loan 1 matures on May 1, 2027 at which time the entire principal amount and any unpaid interest is due. Term Loan 2 allows for borrowings up to $3,100,000 with interest payments commencing on June 1, 2025. Principal payments will commence on May 1, 2027 in equal monthly payments of principal and interest assuming an amortization period of twenty-five years. Term Loan 2 matures on May 1, 2030 at which time the remaining principal amount and any unpaid interest is due. Both obligations are secured by a first lien interest in the corporate assets as under the Master Trust Indenture and interest will be charged at the SOFR rate plus 1.65% (5.48% at December 31, 2025).

### Debt Covenants

Under the terms of the Master Trust Indenture governing the Series 2021 Bonds, the Organization has, among other things, agreed to not permit its annual Debt Service Coverage Ratio, as defined, to be less than 1.2 to 1.0 and to maintain not less than 150 Days Cash on Hand, as defined. Further, among other things, the Organization has agreed to certain limitations on its ability to incur additional indebtedness and has agreed not to encumber its assets.

### Derivative Financial Instrument

In July 2021, the Organization entered into an interest rate cap agreement with a notional amount of $11,895,000 on the 2021B Bonds as of December 31, 2025. The interest rate cap agreement extends through August 2031. The interest rate is capped at 2.50% on the notional amount and the variable rate is 83% of USD-SOFR. The fair value of the interest rate cap agreement is recorded in other assets on the balance sheets and was an asset of $367,121 and $738,651 at December 31, 2025 and 2024, respectively. The change in fair value is included in revenues (less than) in excess of expenses in the accompanying statements of operations as the agreement is not designated as a hedging instrument.

## 8. Financing Leases

During 2022, the Organization began leasing solar panels used to support the energy needs of the Organization. The lease has an initial term of 25 years and include an option to renew for an additional five years. For leases where the Organization 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.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842. The Organization does not have any material leasing transactions with related parties.

Below is a summary of expenses incurred pertaining to leases during the years ended December 31:

| | 2025 | 2024 |
|---|---|---|
| Finance lease expense: | | |
| Amortization of right-of-use assets | $ 157,253 | $ 157,253 |
| Interest on lease liabilities | 188,532 | 190,947 |
| Total lease expense | $ 345,785 | $ 348,200 |

The following table presents supplemental information related to leases:

| | 2025 | 2024 |
|---|---|---|
| Weighted average remaining lease term (in years), finance lease | 26.83 | 27.83 |
| Weighted average discount rate, finance lease | 4.14 % | 4.14 % |

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after December 31, 2025:

| | Finance Lease |
|---|---|
| Years ending December 31: | |
| 2026 | $ 251,812 |
| 2027 | 254,330 |
| 2028 | 256,874 |
| 2029 | 259,443 |
| 2030 | 262,037 |
| Thereafter | 6,390,167 |
| Total lease payments | 7,674,663 |
| Less present value discount | 3,133,275 |
| Total lease liabilities | 4,541,388 |
| Less current portion | 65,902 |
| Long-term lease liabilities | $ 4,475,486 |

## 9. Net Assets

Net assets with donor restrictions are restricted as follows at December 31:

| | 2025 | 2024 |
|---|---|---|
| Endowment fund | $ 3,238,972 | $ 2,823,627 |
| Beneficial interest in perpetual trusts | 3,009,650 | 2,829,617 |
| Pledges receivable | 302,074 | 545,009 |
| Other | 275,457 | 154,708 |
| | $ 6,826,153 | $ 6,352,961 |

The beneficial interest in perpetual trusts and a portion of the endowment fund (Note 10) are to be held in perpetuity, the income from which is available to provide benevolent care to residents who cannot afford to pay the full cost of care and other operating purposes.

## 10. Endowment Fund

The Organization's endowment fund consists of a donor-restricted endowment fund. 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 or absence of donor-imposed restrictions.

The purpose of the endowment fund is to provide the Organization's programs with a perpetual source of support beyond resident fees. Specifically, it is to assist in payment for care of the Organization's residents who run out of personal funds necessary to pay for their care at the Organization.

The Organization 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, the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated as permanent endowments and (b) the original value of subsequent gifts to the permanent endowments. The remaining portion of the donor-restricted endowment fund not classified as held in perpetuity represents the return on net assets held in perpetuity and is generally classified as purpose restricted net assets. However, from time to time, the fair value of assets associated with the Organization's donor restricted endowment fund may fall below the level required to be retained as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets without donor restriction. There were no such deficiencies as of December 31, 2025 or 2024.

The Organization adopted an investment policy for its endowment fund that attempts to preserve the capital and achieve sufficient total return to achieve its objectives. The primary objectives are to (1) preserve and increase the real value of the Organization's assets and (2) provide a stable source of income for the Organization's programs in accordance with the Organization's spending policy.

In order to create a stable income flow, the long-term annualized net rate of return objective equals or exceeds the Consumer Price Index (CPI) plus 3%. A minimum rate of return equal to the CPI is required to preserve the real value of financial assets and the additional 3% is required to fund programs.

A total-return objective consistent with prudent risk-limits allows the investments to satisfy long-term objectives. In a total return strategy, investment results are achieved through capital appreciation and current yield. Asset allocation guidelines ensure adequate diversification in order to reduce the volatility of investment returns.

The Organization adopted a spending policy for the endowment fund that is intended to allocate total earnings from the portfolio between current spending and reinvestment for future earnings and was designed with three objectives in mind:

1. Provide current healthcare programs with a predictable, stable stream of revenues;
2. Ensure that the purchasing power of this revenue stream does not decline over time; and
3. Ensure that the purchasing power or real value of the endowment does not decline over time.

This policy ensures that the competing needs of current and future generations of residents are in equilibrium. The Organization's spending policy balances the desire for stability and predictability of budget funding and the variability of market returns. The spending policy incorporates a three-year smoothing procedure and a weighted average annual spending calculation in its payout rate.

Changes in endowment net assets for the years ended December 31, 2025 and 2024:

| | 2025 | | |
|---|---|---|---|
| | **Accumulated Earnings** | **Restricted in Perpetuity** | **Total** |
| Endowment net assets, beginning | $ 730,551 | $ 2,093,076 | $ 2,823,627 |
| Investment return: | | | |
| Interest and dividends, net of fees | 148,907 | - | 148,907 |
| Realized gain | 85,707 | - | 85,707 |
| Unrealized gain | 191,603 | - | 191,603 |
| Total investment income | 426,217 | - | 426,217 |
| Contributions | - | 174,045 | 174,045 |
| Appropriation for expenditure | (177,745) | - | (177,745) |
| Endowment net assets, ending | $ 979,023 | $ 2,267,121 | $ 3,246,144 |

| | 2024 | | |
|---|---|---|---|
| | **Accumulated Earnings** | **Restricted in Perpetuity** | **Total** |
| Endowment net assets, beginning | $ 553,454 | $ 2,071,838 | $ 2,625,292 |
| Investment return: | | | |
| Interest and dividends, net of fees | 103,457 | - | 103,457 |
| Realized loss | (31,340) | - | (31,340) |
| Unrealized gain | 104,980 | - | 104,980 |
| Total investment income | 177,097 | - | 177,097 |
| Contributions | - | 21,238 | 21,238 |
| Appropriation for expenditure | - | - | - |
| Endowment net assets, ending | $ 730,551 | $ 2,093,076 | $ 2,823,627 |

## 11. Functional Expenses

The Organization's primary program service relates to providing housing, health care and other related services to residents within its geographic location. Expenses by functional classification consist of the following for the years ended December 31, 2025 and 2024:

| | 2025 | | | |
|---|---|---|---|---|
| | Program | Administrative | Fundraising | Total |
| Salaries and wages | $ 10,319,751 | $ 1,698,358 | $ 154,943 | $ 12,173,052 |
| Payroll taxes and employee benefits | 3,410,305 | 747,148 | 53,600 | 4,211,053 |
| Supplies | 1,271,491 | 23,476 | - | 1,294,967 |
| Fees and purchased services | 1,585,523 | 55,130 | - | 1,640,653 |
| Administrative expense | 209,363 | 703,794 | 75,114 | 988,271 |
| Personnel expense | 71,856 | 115,921 | - | 187,777 |
| Building repairs and maintenance | 2,644,217 | 414,552 | - | 3,058,769 |
| Depreciation | 5,978,434 | 114,367 | 17,218 | 6,110,019 |
| Amortization of financing lease right-to-use asset | 157,253 | - | - | 157,253 |
| Interest | 1,426,568 | - | - | 1,426,568 |
| Pennsylvania nursing home assessment | 209,318 | - | - | 209,318 |
| Insurance and real estate taxes | 799,637 | 403,467 | - | 1,203,104 |
| Total expenses | $ 28,083,716 | $ 4,276,213 | $ 300,875 | $ 32,660,804 |

| | 2024 | | | |
|---|---|---|---|---|
| | Program | Administrative | Fundraising | Total |
| Salaries and wages | $ 9,309,218 | $ 1,463,402 | $ 132,910 | $ 10,905,530 |
| Payroll taxes and employee benefits | 2,761,005 | 589,045 | 41,332 | 3,391,382 |
| Supplies | 1,150,030 | 16,613 | - | 1,166,643 |
| Fees and purchased services | 1,723,335 | 33,131 | - | 1,756,466 |
| Administrative expense | 221,597 | 710,041 | 103,020 | 1,034,658 |
| Personnel expense | 168,191 | 86,093 | - | 254,284 |
| Building repairs and maintenance | 2,456,838 | 345,815 | - | 2,802,653 |
| Depreciation | 5,103,363 | 97,627 | 14,698 | 5,215,688 |
| Amortization of financing lease right-to-use asset | 157,253 | - | - | 157,253 |
| Interest | 854,429 | - | - | 854,429 |
| Pennsylvania nursing home assessment | 207,128 | - | - | 207,128 |
| Insurance and real estate taxes | 811,147 | 374,875 | - | 1,186,022 |
| Total expenses | $ 24,923,534 | $ 3,716,642 | $ 291,960 | $ 28,932,136 |

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 and time and effort.

## 12. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), 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 Organization averaged more than 100 full-time employees (FTEs), but less than 500 FTEs during 2019, therefore, it was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC, while as a small employer in 2021 all of the Organization's otherwise qualified wages were eligible. For 2020, the ERC equaled 50% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

The Organization accounts for this federal funding in accordance with Financial Accounting Standards Board (FASB) ASC 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. While management believes that it qualifies for the ERC under the credit's partial suspension provisions for the 3rd quarter of 2021, the Organization was unable to determine whether it substantially met the ERC eligibility barriers under FASB ASC 958-605. As the Organization was unable to determine whether it substantially met the ERC's eligibility barriers, it has not recorded the ERC funds received through December 31, 2024 as grant revenue and instead has recorded the $1,406,645 ERC funds received through December 31, 2024 as a refundable advance. The Organization will record the ERC funds received as grant revenue, if and when it is able to determine that the ERC eligibility barriers have been substantially met or when the statute of limitations for the 3rd quarter expires in 2027.

## 13. Retirement Plan

The Organization sponsors a defined contribution retirement plan. The Organization's contributions to the plan were $546,766 in 2025 and $507,672 in 2024.

## 14. Medical Malpractice Claims Coverage

The Organization maintains malpractice insurance on a claims-made basis. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents have occurred or will be asserted that will exceed the Organization's insurance coverage or will have a material adverse effect on the financial statements.

## 15. Contingencies and Commitments

### Captive Insurance Policy

The Organization participates in a Captive Retirement Community Program administered by Murray Risk Management & Insurance, Inc. for Workers' Compensation, General/Professional Liability and Automobile Liability/Physical Damage insurance. The program, as of December 31, 2025, included 14 members, all not-for-profit retirement communities located in central Pennsylvania.

Insurance is reinsured and fronted by Great American through CARE, Ltd., an incorporated Bermuda domiciled reinsurance company. CARE, Ltd. is an insurance company which is owned by the member insured retirement communities. Great American cedes reinsurance premiums, administrative expenses and claims expenses to CARE, Ltd. CARE, Ltd.'s exposure is limited to an aggregate equal to 92.2% of the annual program premium. CARE, Ltd. assumes 100% of any specific loss up to $1,000,000 per occurrence. Great American provides reinsurance on any specific loss exceeding $1,000,000, up to policy limits.

### 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 Organization, if any, are not presently determinable.

### Employee Health Insurance

The Organization self-insures certain of its health insurance benefits. The Organization holds a stop-loss policy of $75,000 per eligible employee that limits the maximum liability for benefits payable under such claims. Self-insurance costs incurred under this program were $2,341,701 and $1,722,036 in 2025 and 2024, respectively. On the balance sheets, accrued expenses includes $224,336 and $132,393 at December 31, 2025 and 2024, respectively, for reserve for anticipated health insurance costs. Management believes no instances occurred or will be asserted that will exceed the insurance coverage stated in the policies.

## 16. Concentrations of Credit Risk

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

The Organization typically maintains cash and cash equivalents in local banks, which may at times exceed the amount insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management does not believe that it is subject to any significant credit risk on its cash accounts.

# Londonderry Village
## Budgeted Revenue and Expenses
## For the Years Ended December 31, 2026 and 2025

| | 2026 Budget | 2025 Budget |
|---|---|---|
| | $ | $ |
| OPERATING REVENUE | | |
| Skilled Nursing (Net) | $10,917,808 | $10,601,430 |
| Personal Care (Net) | 5,425,580 | 4,408,271 |
| Independent Living | 10,421,916 | 9,499,819 |
| Amortization Entrance Fees | 3,907,140 | 3,538,538 |
| Therapy | 494,707 | 652,831 |
| Other | 425,846 | 351,785 |
| TOTAL OPERATING REVENUE | 31,592,997 | 29,052,674 |
| | | |
| OPERATING EXPENSE | | |
| Wages and Salaries | 13,966,064 | 12,136,045 |
| Benefits | 3,972,313 | 3,408,178 |
| Supplies | 1,363,543 | 1,263,833 |
| Fees & Purchased Services | 1,839,938 | 2,049,822 |
| Administrative Expense | 998,048 | 964,393 |
| Personnel Expense | 168,110 | 154,875 |
| Building Repairs & Maintenance | 2,904,851 | 2,497,572 |
| Depreciation | 6,747,583 | 5,877,874 |
| Amortization Right of Use Asset | 157,253 | 157,253 |
| Interest | 1,606,038 | 1,456,367 |
| PA Nursing Home Assessment | 194,931 | 119,641 |
| Insurance and Real Estate Taxes | 1,456,270 | 1,369,890 |
| Total Operating Expense | 35,374,942 | 31,455,743 |
| | | |
| NET OPERATING | (3,781,945) | (2,403,069) |
| | | |
| NET NON-OPERATING | 1,431,812 | 1,284,464 |
| | | |
| NET CHANGE IN NET ASSETS | (2,350,133) | (1,118,605) |



Londonderry Village
Statement of Revenue and Expenses
Actual to Budget Comparison
For the Year Ended December 31, 2025

| | YTD Actual | YTD Budget | Variance Favorable (Unfavorable) |
|---|---|---|---|
| OPERATING REVENUE | | | |
| Skilled Nursing (Net) (1) | $9,976,309 | $10,601,430 | ($625,121) |
| Personal Care (Net) (2) | 3,823,533 | 4,408,271 | (584,738) |
| Independent Living (3) | 13,668,896 | 13,038,358 | 630,538 |
| Therapy | 544,495 | 652,831 | (108,336) |
| Other | 377,380 | 351,785 | 25,595 |
| TOTAL OPERATING REVENUE | 28,390,613 | 29,052,675 | (662,062) |
| | | | |
| OPERATING EXPENSE | | | |
| Wages and Salaries | 12,173,052 | 12,136,045 | (37,007) |
| Taxes and Benefits (4) | 4,208,233 | 3,408,178 | (800,055) |
| Supplies | 1,294,421 | 1,263,833 | (30,588) |
| Fees & Purchased Services (5) | 1,642,410 | 2,049,822 | 407,412 |
| Administrative Expense | 900,379 | 964,393 | 64,014 |
| Personnel Expense | 188,324 | 154,875 | (33,449) |
| Building Repairs & Maintenance (6) | 3,058,769 | 2,497,572 | (561,197) |
| Depreciation (7) | 6,110,019 | 5,877,874 | (232,145) |
| Amortization Right of Use Asset | 157,253 | 157,253 | 0 |
| Interest | 1,440,586 | 1,456,367 | 15,781 |
| PA Nursing Home Assessment | 209,318 | 119,641 | (89,677) |
| Insurance and Real Estate Taxes (8) | 1,155,198 | 1,369,890 | 214,692 |
| Total Operating Expense | 32,537,962 | 31,455,743 | (1,082,219) |
| | | | |
| NET OPERATING | (4,147,349) | (2,403,068) | (1,744,281) |
| | | | |
| NET NON-OPERATING (9) | 4,571,956 | 1,284,464 | 3,287,492 |
| | | | |
| NET CHANGE IN NET ASSETS | $424,607 | ($1,118,604) | $1,543,211 |



**Londonderry Village**
**Backup, Explanation of Variances, Budget to Actual**
**Year Ending Dec 31, 2025**

**1. Operating Revenue: Skilled Nursing (Net)**

Skilled Nursing revenue was less than budget because of a lower resident census in Skilled Nursing than budgeted. Also, Medicaid represented a higher percentage in the payer mix than was budgeted - 38% versus 34%.

**2. Operating Revenue: Personal Care (Net)**

Personal care revenue was lower than budget because the new Memory Care facility did not open until September 2025, whereas the budget projected opening at the beginning of the second quarter. The actual benevolent percentage was 15% compared to 8% budgeted.

**3. Operating Revenue: Independent Living (Net)**

The positive variance in net revenue from Independent Living is from the recognition of gains from entrance fees on units relinquished. The amount of refund on the relinquishments was less than the unamortized amount remaining in the liability account, thus resulting in a net gain.

**4. Taxes and Benefits**

Taxes and benefits increased because of an increase in the number of staff. Also, overall claims on the self-insured employee health insurance plan were signicantly higher than budget as the number of individuals with major claims increased over projections based on prior years.

**5. Fees and Purchased Services**

Hired agency nursing was $218,000 less than budgeted due to increased hired staffing to meet the healthcare staffing needs. Costs for outpatient therapy were $157,000 less than budgeted. This variance correlates to the decrease in net therapy net revenue than budgeted in addition to other varying budget assumptions.

**6. Operating Expense - Building Repairs and Maintenance**

Grounds maintenance exceeded budget by $116,000. This variance was caused by a need for hired outside grounds services, sinkhole repairs and some minor flooding repairs. Repairs and maintenance costs exceeded budget by $341,000 and include higher than budgeted costs for repairs to the community's TV and internet system, grounds care costs related to tree removal and costs for periodic refurbishment and refresh of Independent Living units.

**7. Operating Expense - Depreciation Expense**

Depreciation started on the new IL residential units in the Fox Run community a couple of months earlier than had been assumed in the budget projections.

**8. Operating Expense - Insurance and Real Estate Taxes**

The real estate tax assessment for the new IL residences was not completed in 2025, resulting in real estate tax expense less than budget.

**9. Non-operating Revenue**

Revenue from non-operating sources included investment income of $3.7 million in 2025. Of this amount, $1.5 million was unrealized gains on investment holdings and $2.2 million from realized gains and interest and dividend income. The budget projects interest and dividend income conservatively and does not project unrealized gains or losses due to the constant changing value of investment holdings and the fact that these items are unrealized, represented by an accounting entry only.

# Project Budget and Projections

# LONDONDERRY VILLAGE

Palmyra, Pennsylvania

**April 30, 2026**

**Construction of Fox Run Phase II**
**12 Independent Living Homes**

Selected Financial Information
*Preliminary - For Discussion Only*

> Information provided by Londonderry Village & Arthur Funk & Sons, Inc.

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**LONDONDERRY VILLAGE**
**Construction of Fox Run Phase II**
**April 30, 2026**

| Number of Units/Beds Estimates | Type of Space | Quantity | Square Feet | Cost per Square Foot | Total Cost | Totals |
|---|---|---|---|---|---|---|
| Townhouse | | 6 | 2,359 | 174.99 | # | $ 2,476,764 |
| Hawthorn Single Family | | 2 | 2,515 | 167.58 | # | 842,936 |
| Thornhill Single Family | | 4 | 2,396 | 156.26 | # | 1,497,636 |
| Phase 2 Sitework Budget by BN Excavating | | | | | | 2,567,652 |
| Lighting, Electric and Data Conduits | | | | | | 1,028,412 |
| Rock Allowance | | | | | | 50,000 |
| Sitework changes | | | | | | (353,670) |
| Cost Inflation | Fees used in model: | 4.00% | for | 6 | months = | 162,195 |
| Construction Contingency | | | | 5.00% | | 413,600 |
| | | | | | | 8,685,525 |
| Architect Fees & Expenses | | | | | | 155,000 |
| Engineering Fees & Expenses | | | | | | 400,000 |
| Low voltage & utility upgrades | | | | | | 50,000 |
| Exterior Signs | | | | | | 10,000 |
| Builder's Risk Insurance | | | | | | |
| Utilities | | | | | | 30,000 |
| Window Treatments | | | | | | 18,000 |
| Sewer EDUs | | | | | 12 EDUs | 49,116 |
| Pre-Development Costs | *Master Plan, Business Plan, Market Research, Design* | | | | | - |
| Development Staff, Consultants, Expenses | | | | | | |
| Financing, Legal & Issuance Expenses | | 2.00% | | 9,954,225 | | 199,085 |
| Interest expense during Construction (Draw Down Bank Loan) | | 5.60% | for | 15 | months = | 348,400 |
| | | | | | | - |
| Pre-Marketing Expense | | $ - | per | | Apt = | - |
| Furniture, Fixtures & Equipment (FF&E) | | $ 9,000 | per | 12 | Units = | 108,000 |
| Debt Service Reserve Fund | | | | | | |
| Owner's Contingency | | | | 2.00% | | 201,100 |
| **TOTAL PROJECT COST** | | | Per Unit | | per SF | **$ 10,254,225** |

Construction of Fox Run Phase II
12 Independent Living Homes

**Estimated Sources & Uses of Funds**

| | | |
|---|---|---|
| **Sources of Funds** | | |
| Equity from Sponsor | $ 300,000 | 3% |
| Project Loan | 9,954,225 | 97% |
| **Total Sources of Cash** | $ 10,254,225 | 100% |
| **Uses of Funds** | | |
| Construction Costs | $ 8,685,525 | 85% |
| Owner's Contingency | 201,100 | 2% |
| Architect & Engineering | 555,000 | 5% |
| Pre-Marketing Expense | - | 0% |
| Interest During Construction | 348,400 | 3% |
| Land & Real Estate Costs | | 0% |
| Furniture, Fixtures & Equipment | 136,000 | 1% |
| Development Fees & Costs | - | 0% |
| Financing Costs | 199,085 | 2% |
| Builders Risk Insurance | - | 0% |
| Low voltage & utility upgrades | 129,116 | 1% |
| Debt Service Reserve Fund | - | 0% |
| **Total Uses of Funds** | $ 10,254,225 | 100% |

**Debt Assumption**

| | |
|---|---|
| Debt | 9,954,225 |
| EF paydown | (5,800,000) |
| Permanent debt | 4,154,225 |
| Rate | 5.600% |
| Term | 30 |

**LONDONDERRY VILLAGE**

**Construction of Fox Run Phase II**

**April 30, 2026**

**Financial Projections**

## 12 Independent Living Homes

| Assumptions | | Projected 2027 | Projected 2028 | Projected 2029 | Projected 2030 | Projected 2031 | Projected 2032 |
|---|---|---|---|---|---|---|---|
| Revenue Inflation | Fees used in model: | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Expense Inflation | | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Occupancy Rate - IL Hybrid Home new | | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

**LONDONDERRY VILLAGE**

**PROJECTED INCOME/EXPENSE**

**April 30, 2026**

12 Independent Living Homes

| | | Baseline | Projected 2027 | Projected 2028 | Projected 2029 | Projected 2030 | Projected 2031 | Projected 2032 |
|---|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | | |
| | Monthly Maint Fee | | 71,863 | 478,322 | 497,455 | 517,353 | 538,047 | 559,569 |
| | Amortization of Fees | | 363,875 | 354,215 | 344,190 | 333,760 | 322,876 | 311,481 |
| | Ancillary | 3,000 | | 3,120 | 3,245 | 3,375 | 3,510 | 3,650 |
| TOTAL OPERATING REVENUE | | | $ 435,738 | $ 835,657 | $ 844,890 | $ 854,488 | $ 864,433 | $ 874,700 |
| **EXPENSES** | | | | | | | | |
| | Wages and salaries | | $ - | $ - | $ - | $ - | $ - | $ - |
| | Payroll benefits | | - | - | - | - | - | - |
| | Supplies | 3,000 | 500 | 3,120 | 3,245 | 3,375 | 3,510 | 3,650 |
| | Minor equipment | 2,500 | 417 | 2,600 | 2,704 | 2,812 | 2,925 | 3,042 |
| | Electric - street lights only | 2,000 | 333 | 2,080 | 2,163 | 2,250 | 2,340 | 2,433 |
| | Pest control service | 2,000 | 333 | 2,080 | 2,163 | 2,250 | 2,340 | 2,433 |
| | Natural gas | | - | - | - | - | - | - |
| | Ground care | 16,000 | 2,667 | 16,640 | 17,306 | 17,998 | 18,718 | 19,466 |
| | Repairs - buildings | 10,000 | 1,667 | 10,400 | 10,816 | 11,249 | 11,699 | 12,167 |
| | Repairs - equipment & Service contrac | 1,500 | 250 | 1,560 | 1,622 | 1,687 | 1,755 | 1,825 |
| | Sewer | 8,000 | 1,333 | 8,320 | 8,653 | 8,999 | 9,359 | 9,733 |
| | Trash removal | 1,000 | 167 | 1,040 | 1,082 | 1,125 | 1,170 | 1,217 |
| | Water | 9,600 | 1,600 | 9,984 | 10,383 | 10,799 | 11,231 | 11,680 |
| | Depreciation - Land improvements | | 4,625 | 27,750 | 27,750 | 27,750 | 27,750 | 27,750 |
| | Depreciation - Buildings | | 47,666 | 285,997 | 285,997 | 285,997 | 285,997 | 285,997 |
| | Depreciation - Fixed equipment | | 7,944 | 47,666 | 47,666 | 47,666 | 47,666 | 47,666 |
| | Depreciation - Major moveable equipment | | 1,800 | 10,800 | 10,800 | 10,800 | 10,800 | 10,800 |
| | Interest expense - Loan | | 38,773 | 232,074 | 228,662 | 225,059 | 221,254 | 217,237 |
| | Real estate taxes | 127,700 | 21,283 | 132,808 | 138,120 | 143,645 | 149,391 | 155,367 |
| TOTAL OPERATING EXPENSES | | | $ 131,358 | $ 794,918 | $ 799,132 | $ 803,459 | $ 807,902 | $ 812,462 |
| **NET OPERATING INCOME** | | | $ 304,380 | $ 40,738 | $ 45,758 | $ 51,028 | $ 56,531 | $ 62,238 |
| | Other Revenue | | $ - | $ - | $ - | $ - | $ - | $ - |
| **NET INCOME (LOSS)** | | | $ 304,380 | $ 40,738 | $ 45,758 | $ 51,028 | $ 56,531 | $ 62,238 |

| LONDONDERRY VILLAGE<br>PROJECTED CASH FLOWS<br>April 30, 2026 | | 12 Independent Living Homes<br>Projected<br>2027 | Projected<br>2028 | Projected<br>2029 | Projected<br>2030 | Projected<br>2031 | Projected<br>2032 |
|---|---|---|---|---|---|---|---|
| I. | **CASH FLOWS FROM OPER & NON-OP ACTIVITIES** | | | | | | |
| | Revenues in excess of Expenses | $ 304,380 | $ 40,738 | $ 45,758 | $ 51,028 | $ 56,531 | $ 62,238 |
| | Depreciation | 62,035 | 372,213 | 372,213 | 372,213 | 372,213 | 372,213 |
| | Amortization of Entrance Fees | (363,875) | (354,215) | (344,190) | (333,760) | (322,876) | (311,481) |
| | Net Cash used in Operating Activities | $ 2,540 | $ 58,737 | $ 73,781 | $ 89,481 | $ 105,868 | $ 122,970 |
| II. | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| | Purchase of Property & Equipment | | $ - | | | | |
| | New - Independent Living Hybrid & Patio Homes | | | - | - | - | - |
| | Net Cash used in Investing Activities | $ - | $ - | $ - | $ - | $ - | $ - |
| III. | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| | Principal Payments - Annual debt service principal | $ - | $ (60,361) | $ (63,741) | $ (67,311) | $ (71,080) | $ (75,061) |
| | Proceeds from Debt - Bank New Construction Loan | | | - | | - | - |
| | Debt repayment from EF | (5,800,000) | - | | - | - | |
| | Entry Fees (net) | | | | | | |
| | Entry Fees - first generation | 5,822,000 | | | - | | |
| | Net Cash Provided, Financing Activities | $ 22,000 | $ (60,361) | $ (63,741) | $ (67,311) | $ (71,080) | $ (75,061) |
| **CHANGE IN CASH & CASH EQUIVALENTS** | | $ 24,540 | $ (1,624) | $ 10,039 | $ 22,171 | $ 34,787 | $ 47,909 |
| Cash & Cash Equivalents, Begin of Period, Unrestricted | | $ - | $ 24,540 | $ 22,916 | $ 32,956 | $ 55,126 | $ 89,913 |
| Cash & Cash Equivalents at End of Period, Unrestricted | | $ 24,540 | $ 22,916 | $ 32,956 | $ 55,126 | $ 89,913 | $ 137,823 |

| LONDONDERRY VILLAGE<br>FINANCIAL RATIOS<br>April 30, 2026 | 12 Independent Living Homes<br>Projected<br>2027 | Projected<br>2028 | Projected<br>2029 | Projected<br>2030 | Projected<br>2031 | Projected<br>2032 |
|---|---|---|---|---|---|---|
| Average Daily Cash Expenses | $ 190 | $ 1,158 | $ 1,170 | $ 1,181 | $ 1,194 | $ 1,206 |
| NET INCOME (LOSS) | $ 304,380 | $ 40,738 | $ 45,758 | $ 51,028 | $ 56,531 | $ 62,238 |
| Cash & Cash Equivalents at End of Period, Unrestricted | $ 24,540 | $ 22,916 | $ 32,956 | $ 55,126 | $ 89,913 | $ 137,823 |
| Days Cash on Hand | 129 | 20 | 28 | 47 | 75 | 114 |
| Debt Service Coverage Ratio | 1.00 | 0.99 | 1.03 | 1.08 | 1.12 | 1.16 |
| Outstanding Debt | 4,154,225 | 4,093,864 | 4,030,123 | 3,962,812 | 3,891,732 | 3,816,671 |




