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St. Anne Home

Financial Statements and
Supplementary Information

June 30, 2025 and 2024

St. Anne Home

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Independent Auditors' Report

To the Board of Directors of
St. Anne Home

Opinion

We have audited the financial statements of St. Anne Home (the Home), which comprise the balance sheets as of June 30, 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 Home as of June 30, 2025 and 2024, and the results of its operations, changes in its net assets and its 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 Home 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 Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits 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.

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.

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 Home'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 Home's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The The schedules of operating (loss) income by cost center on pages 27 and 28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

New Castle, Pennsylvania
August 26, 2025

St. Anne Home

Balance Sheets
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 1,172,256	$ 1,213,363
Resident trust funds	13,626	18,791
Accounts receivable:		
Residents, net	3,047,600	1,998,800
Other	8,032	9,381
Prepaid expenses and other current assets	159,384	139,274
Total current assets	4,400,898	3,379,609
Assets Whose Use is Limited		
Board-designated investments	15,101,359	17,977,416
Pledged asset funds	3,575,160	1,185,993
Workers' compensation fund	163,535	63,535
Act 82 reserve	115,438	136,011
Total assets whose used is limited	18,955,492	19,362,955
Funded Pension Asset	1,947,915	1,953,942
Property and Equipment, Net	22,406,510	23,085,430
Beneficial Interest in Charitable Remainder Trust	1,535,859	1,682,373
Total assets	$ 49,246,674	$ 49,464,309

See notes to financial statements

St. Anne Home

Balance Sheets
June 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 522,151	$ 464,921
Accounts payable	659,976	664,752
Resident trust funds	13,626	18,791
Accrued expenses	1,496,300	1,298,798
Refundable advances	3,884	148,609
Total current liabilities	2,695,937	2,595,871
Long-Term Debt, Net	11,279,558	11,840,637
Accrued Workers' Compensation	382,000	397,994
Refundable Fees	74,100	72,600
Deferred Revenue From Advance Fees	58,760	81,676
Total liabilities	14,490,355	14,988,778
Net Assets		
Without donor restrictions	33,209,343	32,784,982
With donor restrictions	1,546,976	1,690,549
Total net assets	34,756,319	34,475,531
Total liabilities and net assets	$ 49,246,674	$ 49,464,309

See notes to financial statements

St. Anne Home

Statements of Operations
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenue		
Net resident service revenue	$ 18,946,495	$17,190,016
Government award revenue	144,925	33,244
Pennsylvania nursing home assessment	810,503	1,009,782
Other operating revenue	182,074	131,022
Net assets released from restrictions	4,875	6,605
Total operating revenue	20,088,872	18,370,669
Operating Expenses		
Salaries and wages	10,507,584	8,729,910
Other operating	3,649,568	5,198,596
Employee benefits	1,469,870	1,579,312
Purchased medical services	1,335,934	1,078,622
Depreciation	1,245,650	1,236,882
Plant operations and maintenance	1,067,867	950,624
Food	775,050	778,962
Payroll taxes	806,745	654,787
Interest	334,774	349,270
Pharmacy	525,860	453,558
Pennsylvania nursing home assessment	380,349	412,224
Professional fees	128,753	153,206
Total operating expenses	22,228,004	21,575,953
Operating loss	(2,139,132)	(3,205,284)
Nonoperating Revenue (Expenses)		
Investment income	1,986,886	1,613,083
Other components of net periodic pension costs	227,460	222,371
Contributions and bequests	212,540	163,897
Development expenses	(43,884)	(42,682)
Total nonoperating revenue	2,383,002	1,956,669
Excess (deficiency) of revenue over expenses	243,870	(1,248,615)
Other Changes in Net Assets Without Donor Restrictions		
Pension related changes other than periodic pension costs	180,491	1,018,542
Increase (decrease) in net assets without donor restrictions	$ 424,361	$ (230,073)

See notes to financial statements

St. Anne Home

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

	2025	2024
Changes in Net Assets Without Donor Restrictions		
Excess (deficiency) of revenue over expenses	$ 243,870	($1,248,615)
Pension related changes other than periodic pension costs	180,491	1,018,542
Increase (decrease) in net assets without donor restrictions	424,361	(230,073)
Changes in Net Assets With Donor Restrictions		
Contributions and grants	7,816	5,232
Contribution of beneficial interest in charitable remainder trust	-	1,773,536
Decrease of value in charitable remainder trust	(146,514)	(91,163)
Net assets released from restrictions	(4,875)	(6,605)
(Decrease) increase in net assets with donor restrictions	(143,573)	1,681,000
Change in net assets	280,788	1,450,927
Net Assets, Beginning	34,475,531	33,024,604
Net Assets, Ending	$ 34,756,319	$ 34,475,531

See notes to financial statements

St. Anne Home

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

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 280,788	1,450,927
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,245,650	1,236,882
Amortization of debt issuance costs	4,423	4,424
Change in reserve for credit losses	419,439	549,137
Amortization of advance fees	(15,957)	(10,034)
Proceeds from advanced fees	17,792	-
Net realized and unrealized gain on investments	(1,268,811)	(1,040,841)
Contribution of beneficial interest in charitable remainder trust	-	(1,773,536)
Change in value of charitable remainder trust	146,514	91,163
Funded pension asset adjustment	(180,491)	(1,018,542)
Restricted contributions	(7,816)	(5,232)
(Increase) decrease in assets:		
Accounts receivable, residents	(1,468,239)	(704,664)
Accounts receivable, other	1,349	11,567
Prepaid expenses and other current assets	(20,110)	9,472
Funded pension asset	186,518	172,254
Increase (decrease) in liabilities:		
Accounts payable	(4,776)	138,496
Accrued expenses	197,502	104,776
Refundable advances	(144,725)	(33,244)
Accrued workers' compensation	(15,994)	1,202
Net cash used in operating activities	(626,944)	(815,793)
Cash Flows From Investing Activities		
Purchases of property and equipment	(566,730)	(1,065,026)
Net sales of investments	1,755,701	2,220,250
Net cash provided by investing activities	1,188,971	1,155,224
Cash Flows From Financing Activities		
Proceeds received from restricted contributions	7,816	5,232
Repayment of long-term debt	(508,272)	(493,723)
Proceeds from refundable entrance fees	1,500	26,250
Refunds of entrance fees	(24,751)	(24,751)
Net cash used in financing activities	(523,707)	(486,992)
Net increase (decrease) in cash, cash equivalents and restricted cash	38,320	(147,561)
Cash, Cash Equivalents and Restricted Cash, Beginning	1,412,909	1,560,470
Cash, Cash Equivalents and Restricted Cash, Ending	$ 1,451,229	1,412,909

See notes to financial statements

St. Anne Home

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

	2025	2024
Cash, Cash Equivalents and Restricted Cash Includes		
Cash	$ 1,172,256	$ 1,213,363
Workers' compensation fund	163,535	63,535
Act 82 reserve	115,438	136,011
	$ 1,451,229	$ 1,412,909
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 330,351	$ 344,846

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Anne Home (the Home) is a not-for-profit, tax-exempt corporation located in Greensburg, Pennsylvania. The Home operates as a continuing care retirement community that provides nursing services in its 155-bed skilled nursing unit and its 54-bed personal care unit known as Villa Angela. The Home also operates nine independent living houses available to residents under continuing care retirement contracts.

The Congregation of the Sisters of St. Felix of Cantalice, Our Lady of Hope Province, is the sponsor of Felician Services, Inc., a not-for-profit organization, which is the sole corporate member of St. Anne Home.

Summary of Significant Accounting Policies

A summary of the Home's significant accounting policies applied in preparation of the accompanying financial statements is as follows:

Basis of Accounting and Accounting Estimates

The financial statements of the Home have been prepared in accordance with accounting principles generally accepted in the United States of America which 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Home considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable, residents are reported at estimated net realizable value taking into account explicit price concessions and estimated credit losses. The reserve for estimated credit losses are based upon management's judgmental assessment of historical and expected net collections considering a resident's ability to pay. Throughout the year, management assesses the adequacy of the reserve for credit losses based upon its review of accounts receivable, payor composition and the aging of accounts. The results of these assessments are used to make modifications to resident revenue and to establish an appropriate estimate for credit losses.

The following table presents the changes in the allowance for credit losses on accounts receivable for the periods ended:

	2025	2024
Balance, beginning of year	$ 1,232,869	$ 683,732
Provision within credit loss expense	828,922	738,743
Write offs	(409,483)	(189,606)
Balance, end of year	$ 1,652,308	$ 1,232,869

Assets Whose Use is Limited and Investment Risk

Assets whose use is limited, consisting of cash and cash equivalents and marketable securities, include assets set aside by the Board of Directors for various purposes, pledged assets, assets limited for use in workers' compensation claims, assets set aside to comply with requirements of Act 82, unused cash received and assets to be used for capital projects.

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

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

Beneficial Interest in Charitable Remainder Trust

The Home has a remainder interest in a donor-established irrevocable trust controlled and administrated by a third-party trustee. The beneficial interest in the trust assets and the associated donor-restricted revenue was reported at fair value on the day the Home was notified of the existence of the trust. Subsequent changes to beneficial interest in trust assets are reported as a component of changes in donor-restricted net assets. The donor-imposed time restriction on Home's remainder interest in the trust assets expires when the lead interest to the trust is terminated.

Property and Equipment

Property and equipment acquisitions are recorded at cost and donated property and equipment are stated at fair value as of the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Useful lives generally range from 5 to 40 years for building and building improvements, 4 to 40 years for leasehold improvements, 5 to 25 years for machinery and equipment and five years for vehicles. The Home's capitalization policy is to capitalize long-lived assets with a cost exceeding $500. Depreciation expense was $1,245,650 in 2025 and $1,236,882 in 2024.

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.

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. Management determined there was no impairment as of June 30, 2025 or 2024.

Deferred Financing Costs

Deferred financing costs are being amortized over the life of the related debt using the straight-line method, which does not differ significantly from the effective interest method. The deferred financing costs are reported on the accompanying balance sheets as a reduction of long-term debt.

Refundable Fees and Deferred Revenue From Advance Fees

The Home owns eight independent living homes, seven of which are occupied by residents who have signed contracts and deposit agreements. Under the terms of the initial contract, the resident deposit is 100% nonrefundable upon the effective date of the contract. Under the terms of the subsequent contracts, the residents are entitled to either: (a) a refund equal to the total entrance fee paid less a sum equal to 2% of the entrance fee for each full month of occupancy in the unit; after 50 months of occupancy, the deposit is fully nonrefundable; or (b) a refund equal to 90% of the total entrance fee paid, with the remaining 10% amortized and becoming nonrefundable over a 50 month period. The portion of the contract that is guaranteed refundable to the resident is included as refundable fees on the balance sheets.

The nonrefundable fees are recorded as deferred revenue and are amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancy of the resident. Contractual refund obligations are not significant as of June 30, 2025 and 2024.

Donor-Restricted Gifts

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

Net Assets

Net assets include revenue, expenses, gains and losses that are classified based on the existence or absence of donor-imposed stipulations. Accordingly, the net assets of the Home and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not restricted by donor- or grantor-imposed stipulations.

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

Net Resident Service Revenue

Net resident service revenue is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing resident care from residents, third-party payors (including health insurers and government payors), and others for services rendered. It includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Home bills residents and third-party payors several days after services are performed (usually monthly). Net resident service revenue is recognized as the performance obligations are satisfied and is primarily comprised of skilled nursing, personal care and independent living revenue streams.

Performance obligations are determined based on the nature of the services provided by the Home. The primary source of net resident service revenue relates to performance obligations satisfied over time which are recognized based on actual charges incurred in relation to total expected (or actual) charges. The Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving services at St. Anne Home which are generally day-to-day or for contractual term of one month. The Home measures the performance obligation from the time a resident moves-in to the point when it is no longer required to provide service to the resident, which is generally at the time a resident transfers to another location or passes on, or the measurable time period (one month of service) has been provided.

Accordingly, the Home's performance obligations usually are of a duration of less than one year; therefore, the Home has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 606 and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to services at the end of the reporting period. The performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

The Home has continuing care retirement contracts which include an entrance fee component and a monthly service fee with access to the following continuum: independent living, assisted living/personal care, and skilled nursing. The Home offers Type C contracts which are fee-for-service contracts that include upfront entrance fees; however, the resident pays for any health care services on a monthly basis at the standard market rate. The portion of the entrance fees that is contractually earned by the Home is amortized into revenue over the life expectancy of the resident. Amortization was not significant in 2025 or 2024.

The Home has elected the practical expedient under the FASB ASC 606 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Home's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Home does, in rare instances, enter into payment agreements with patients or residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Home determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions (contractual adjustments) provided to third-party payors and discounts provided to residents. The Home determines explicit price concessions based on contractual adjustments, its policies and historical experience.

The Home has agreements with third-party payors that provide for reimbursement at amounts less than the Home's established rates. Explicit concessions under third-party reimbursement programs represent the difference between the Home's billings at established rates for service and amounts reimbursed by third-party payors.

A summary of the payment arrangements with major third-party payors is as follows:

Medicaid - Reimbursement for Medicaid beneficiaries is based on the Pennsylvania Department of Human Services Case Mix reimbursement system. Under the Case Mix reimbursement system, providers are paid prospectively by the Pennsylvania Medicaid program. The Case Mix reimbursement system eliminates the need for retroactive adjustments.

Medicare - The Home's nursing facility participates in Medicare's prospective payment system (PPS). Under the PPS, providers are paid prospectively by the intermediary acting on behalf of and at the direction of the Centers for Medicare and Medicaid Services (CMS). Under the prospective payment system does not provide for retroactive adjustments.

Commercial - Certain revenue under third-party payor agreements is based on capitated contracts whereby the Home receives payment based on pre-established rates and fee schedules (including Medicaid). The payment under these contracts does not provide for retroactive cost settlements. However, from time to time, based on various regulatory issues, the Home may receive lump sum payments from Medicaid. These payments are recognized as revenue when the amount is known, and payment is certain.

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

The Home provides services to uninsured patients and residents, and offers those uninsured patients and residents a discount, either by policy or law, from standard charges. Patients and residents who are covered by third-party payors are responsible for related deductibles and coinsurance. The Home estimates the transaction price for patients and residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. Subsequent changes that are determined to be the result of an adverse change in a patient's or resident's ability to pay are recorded as credit losses.

Services may be provided without charge or at amounts less then established rates to residents who meet certain need based criteria based on the Home's benevolent care policy. Such amounts determined to qualify as benevolent care are not reported as revenue.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Home also provides services to uninsured residents and offers those uninsured residents a discount, either by policy or law, from standard charges. The Home estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, and discounts based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as impairment losses.

The composition of resident care revenue by primary payor by service line for the years ended June 30 is as follows:

	2025	2024
Skilled nursing care revenue:		
Medicare	$ 4,210,710	$ 2,764,824
Medicaid	7,419,165	8,742,142
Private	4,673,983	3,288,078
Commercial	23,606	-
Total skilled nursing revenue	16,327,464	14,795,044
Personal care revenue (private)	2,472,059	2,246,738
Independent living and rental revenue (private)	146,972	148,234
Net resident service revenue	$ 18,946,495	$ 17,190,016

All of the Home's revenue is recognized from goods and services that transfer to the customer over time as outlined on the statements of operations.

Benevolent Care

The Home provides services to residents who meet certain criteria under its benevolent care policy without charge or at amounts less than its established rates. Because the Home does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenue.

The Home maintains records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided are estimated by determining average operating costs per day, then multiplying by the number of days the specific resident(s) receiving benevolent care occupied the personal care unit(s) and then subtracting the actual payments received from the resident(s). The level of benevolent care provided by the Home amounted to approximately $13,600 and $29,000 in 2025 and 2024, respectively.

The Home also provides services to indigent residents under the Medical Assistance program. The cost the Home incurred for these services exceeded reimbursement by approximately $3,037,000 and $3,226,000 in 2025 and 2024, respectively.

Nursing Home Assessment

As a general nursing facility participating in Pennsylvania's Medicaid system, the Home is subject to Pennsylvania's Nursing Home Assessment Program (Program). Under the Program, nursing facilities are assessed a "tax" based on census information and receive a corresponding "supplemental payment" based on census information. The calculation for the "tax" is different from the calculation for the "supplemental payment" and the related expenses and revenue are not the same.

Excess (Deficiency) of Revenue Over Expenses

The statements of operations include excess (deficiency) of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenue over expenses, consistent with industry practice, include pension related changes other than periodic pension costs and net assets released from restriction used for the purchase of property and equipment.

Income Taxes

The Home is a not-for-profit organization, as described in Section 501(c) (3) of the Internal Revenue Code (the IRC) and is recognized as tax-exempt under Section 501(a) of the IRC. Accordingly, no provision for income taxes has been provided.

Advertising

Advertising expense amounted to approximately $35,000 and $38,000 for the years ended June 30, 2025 and 2024, respectively.

Subsequent Events

In preparing these financial statements, the Home evaluated events that occurred through September 3, 2025, the date the financial statements were available to be issued, for potential recognition or disclosure.

2. Contract Balances

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

The Home's beginning and ending contract asset and liability are separately presented on the balance sheets as of June 30, 2025 and 2024. The contract asset and liability as of June 30, 2023 are as follows:

Accounts receivable residents, net	$	1,843,273
Deferred revenues from advance fees		116,461

3. Concentrations of Credit Risk

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

The Home grants credit without collateral to its residents, most of whom are insured under third-party payor arrangements primarily with Medical Assistance, Medicare and various commercial insurance companies. The mix of receivables from patients and residents and third-party payors across all service lines as of June 30 is as follows:

	2025	2024
Medicaid	30 %	32 %
Private pay	41	53
Medicare	22	10
Other	7	5
	100 %	100 %

4. Assets Whose Use is Limited

Assets whose use is limited are summarized as follows as of June 30:

	2025	2024
Board-designated:		
Operating fund	$ 7,897,370	$ 10,819,053
Depreciation fund	5,935,677	5,997,209
St. Felix fund	1,257,195	1,152,979
Other	11,117	8,175
Total	15,101,359	17,977,416
Pledged asset funds	3,575,160	1,185,993
Workers' compensation fund	163,535	63,535
Act 82 reserve	115,438	136,011
Total	$ 18,955,492	$ 19,362,955

Investment income is comprised of the following for the years ended June 30:

	2025	2024
Interest and dividend income	$ 718,075	$ 572,242
Net realized gain on investments	573,166	278,872
Net unrealized gain on investments	695,645	761,969
Total	$ 1,986,886	$ 1,613,083

5. Fair Value Measurements

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

The levels of the fair value hierarchy are as follows:

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

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

The tables below present the balances of assets measured at fair value as of June 30:

	2025		
	Total	Level 1	Level 3
Assets whose use is limited:			
Cash and cash equivalents*	$ 1,177,071	$ -	$ -
Mutual funds, equity	11,865,036	11,865,036	-
Mutual funds, fixed income	5,913,385	5,913,385	-
Total	$ 18,955,492	$ 17,778,421	$ -
Pension plan assets:			
Cash and cash equivalents*	$ 12,416	$ -	$ -
Stock, Company A	728,655	728,655	-
Mutual fund, equity	2,534,642	2,534,642	-
Mutual fund, fixed income	2,875,939	2,875,939	-
Exchange traded funds, equity	3,250,925	3,250,925	-
Exchange traded funds, fixed income	1,056,744	1,056,744	-
Total	$ 10,459,321	$ 10,446,905	$ -
Beneficial interest in charitable remainder trust	$ 1,535,859	$ -	$ 1,535,859

	2024		
	Total	Level 1	Level 3
Assets whose use is limited:			
Cash and cash equivalents*	$ 327,646	$ -	$ -
Mutual funds, equity	12,090,821	12,090,821	-
Mutual funds, fixed income	6,944,488	6,944,488	-
Total	$ 19,362,955	$ 19,035,309	$ -
Pension plan assets:			
Cash and cash equivalents*	$ 72,109	$ -	$ -
Stock, Company A	691,560	691,560	-
Mutual fund, equity	2,167,822	2,167,822	
Mutual fund, fixed income	2,780,846	2,780,846	
Exchange traded funds, equity	2,899,429	2,899,429	-
Exchange traded funds, fixed income	1,044,888	1,044,888	-
Total	$ 9,656,654	$ 9,584,545	$ -
Beneficial interest in charitable remainder trust	$ 1,682,373	$ -	$ 1,682,373

* Cash and cash equivalents are included in the above tables to allow the reconciliation of the totals above to board-designated investments reported on the balance sheets.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in methodology as of June 30, 2025 or 2024:

Stock and Mutual/Exchange Traded Funds, Equity and Fixed Income - Valued at the closing price reported in the active market on which the individual securities are traded.

Beneficial Interest in Charitable Remainder Trust - Valued using the present value of an expected future cash payment.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Home 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.

6. Pennsylvania Department of Insurance Disclosure

As a continuing care provider, the Home is required to maintain a minimum liquid reserve to be in compliance with the Continuing Care Provider Registration and Disclosure Act (Act 82). The minimum reserve is equal to the greater of total interest and principal payments on long-term debt due within the next 12 months (related to the independent living units) or 10% of projected annual operating expenses (related to the independent living units).

The following is the minimum liquid reserve calculations as of June 30:

	2025	2024
Projected annual operating expenses	$ 23,287,817	$ 22,104,460
Less depreciation and amortization expense	(1,257,600)	(1,250,336)
Operating expenses pertaining to statutory liquid reserve	22,030,217	20,854,124
Percent of residents subject to residence and care arrangement	5.24%	6.522%
	1,154,383	1,360,106
Statutory requirement	10.00%	10.00%
10% of projected annual operating expenses (rounded)	$ 115,438	$ 136,011
Principal and interest payments due within the next 12 months	$ 838,569	$ 768,688
Percent of residents subject to residence and care arrangement	5.24%	6.522%
	$ 43,941	$ 50,134
Minimum liquid reserve (greater of above)	$ 115,438	$ 136,011

The Home did not receive resident deposits that would be required to be held in escrow as of June 30, 2025 and 2024, respectively.

7. Liquidity and Availability of Resources

The following table reflects the Home's financial assets available for general expenditures within one year as of June 30, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets subject to donor restrictions; resident trusts; assets pledged for debt and workers' compensation; funds designated for workers' compensation claims; escrow deposits held for prospective residents; and assets reserved for compliance with requirements of Act 82.

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the balance sheets date, comprise the following as of June 30:

	2025	2024
Cash	$ 1,172,256	$ 1,213,363
Accounts receivable, residents	3,047,600	1,998,800
Accounts receivable, other	8,032	9,381
Board-designated investments	15,101,359	17,977,416
Total	$ 19,329,247	$ 21,198,960

As part of the Home's liquidity management, financial assets are invested in a manner that allows them to be available as general expenditures, liabilities and other obligations come due. Cash more than immediate needs is invested or placed into interest bearing accounts.

8. Property and Equipment

Property and equipment are comprised of the following as of June 30:

	2025	2024
Land	$ 595,598	$ 595,598
Buildings and building improvements	27,797,702	27,681,800
Leasehold improvements	3,979,656	4,713,260
Machinery and equipment	7,224,583	7,091,903
Vehicles	147,112	147,112
Construction-in-progress	293,883	132,959
	40,038,534	40,362,632
Less accumulated depreciation	17,632,024	17,277,202
Property and equipment, net	$ 22,406,510	$ 23,085,430

9. Long-Term Debt

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

	2025	2024
Revenue Note, Series 2015A	$ 11,881,333	$ 12,389,605
Less current portion of long-term debt	522,151	464,921
Less unamortized debt issuance costs	79,624	84,047
Long-term debt	$ 11,279,558	$ 11,840,637

Revenue Note, Series 2015

In September 2015, the Latrobe Industrial Development Authority (Authority) issued, on behalf of the Home, Revenue Note, Series 2015A (Series 2015A Note) in the amount of $15,200,000. Upon issuance, the Series 2015 Note was assigned to S&T Bank from the Authority. The proceeds of the Series 2015A Note are being used to finance the modernization and expansion of the Home's nursing facility (the Project) and were also used to pay the costs of issuance.

The Series 2015A Note is payable monthly in principal and interest installments based on a 300 month amortization schedule, with a final payment due in June 2043. Interest on the Series 2015A Note is charged at a fixed rate of 2.68%. Interest rates will be reset and change as of September 2025.

The Series 2015A Note is secured by a mortgage agreement covering substantially all of the property and equipment of the Home, and a security agreement covering substantially all of the assets of the Home. Under the terms of the Series 2015A Note and most recent amendments, the Home is required to meet certain financial covenants, including maintaining a required debt service coverage ratio, days cash on hand requirement and maintaining a pledged account balance of no less than $2,075,307.

The estimated scheduled principal payments based on the current outstanding balance of the long-term debt are as follows as of June 30, 2025:

Years ending June 30:	
2026	$ 522,151
2027	536,517
2028	550,489
2029	566,424
2030	582,008
Thereafter	9,123,744
Total	$ 11,881,333

10. Workers' Compensation Self-Insurance

The Home is self-insured for workers' compensation losses up to a maximum limit of $650,000 per claim. The Home also maintains insurance through an independent insurer that limits employer liability for employee claims related to errors and omissions for workers' compensation claims. The excess policy includes a self-insurance retention (deductible) of $750,000 per occurrence, with an aggregate limit of $1,000,000. The Home established a reserve for workers' compensation open claims and claims incurred but not reported of approximately $382,000 and $398,000 as of June 30, 2025 and 2024, respectively.

The Home maintains a $400,000 line of credit to secure the Home's workers' compensation program. To comply with the terms of the line of credit the Home is required to maintain a minimum balance of $1,142,857 in the pledged asset fund. There were no draws on the line of credit as of June 30, 2025 or 2024.

11. Medical Malpractice Claims Coverage

The Home maintains professional liability insurance coverage, on a claims-made basis, through a risk retention group with limits of $1,000,000 per occurrence and $3,000,000 in aggregate for personal care, and limits of $500,000 per occurrence and $1,500,000 for skilled nursing care. The Home has additional insurance coverage through Pennsylvania Medical Care Availability and Reduction of Error Fund of $500,000 per occurrence and $1,500,000 in the aggregate for nursing care. The Home has no knowledge of any asserted or unasserted claims which would exceed its insurance coverage limits.

12. Defined Benefit Pension Plan

The Home sponsors a noncontributory funded defined benefit pension plan (pension) covering eligible salaried and hourly employees that were hired or rehired prior to July 1, 2021. Benefits are based on the participant's age and years of service.

The activity of the pension for the years ended June 30 is as follows:

	2025	2024
Fair value of pension assets, beginning	$ 9,656,654	$ 9,628,990
Change in pension assets:		
Actual return on pension assets	1,102,380	1,243,208
Employer contributions	-	172,255
Benefits paid	(299,713)	(1,387,799)
Fair value of pension assets, ending	$ 10,459,321	$ 9,656,654

	2025	2024
Projected benefit obligation, beginning	$ 7,702,712	$ 8,521,336
Changes in projected benefit obligation:		
Service cost	413,978	566,880
Interest cost	365,208	405,952
Actuarial losses (gains)	329,221	(403,657)
Benefits paid	(299,713)	(1,387,799)
Projected benefit obligation, ending	$ 8,511,406	$ 7,702,712
Funded status	$ 1,947,915	$ 1,953,942
Noncurrent asset recognized on the balance sheets as funded pension asset	$ 1,947,915	$ 1,953,942

The following table discloses the amounts that have been recognized as changes in net assets without donor restrictions arising from the pension but not yet reclassified as components of net periodic pension costs for the years ended June 30:

	2025	2024
Accumulated amount recognized in net assets without donor restrictions:		
Unrecognized net gains	$ (903,659)	$ (723,168)
Net amount recognized	$ (903,659)	$ (723,168)

The following table discloses net periodic pension costs and other pension related changes recognized as part of the increase (decrease) in net assets without donor restrictions for the years ended June 30:

	2025	2024
Components of net periodic pension costs recognized in excess (deficiency) of revenue over expense:		
Service cost	$ 413,978	$ 566,880
Interest cost	365,208	405,952
Expected return on plan assets	(592,668)	(628,323)
Total net pension costs	$ 186,518	$ 344,509
Changes in plan assets and benefit obligations recognized in other changes in net assets without donor restrictions:		
Actuarial losses (gains)	$ 329,221	$ (403,657)
Deferral of pension assets gains	(509,712)	(614,885)
Total gain recognized	$ (180,491)	$ (1,018,542)

The components of net periodic pension costs other than the service cost component are included in other components of net periodic pension costs. The amortization of any prior service cost and unrecognized net gain, if any, is determined using a straight-line amortization over the average remaining service period of employees expected to receive benefits under the pension or the expected average future service.

Assumptions

The following weighted-average assumptions are used to determine benefit obligation as of June 30:

	2025	2024
Discount rate	5.20 %	5.35 %
Rate of compensation increase	5.50	5.50

The Home uses a yield curve/spot rate approach to estimate the service and interest costs related to the pension. This approach estimates service and interest costs by applying specific rates along a yield curve to determine the benefit obligation of the relevant cash outflow.

The following weighted-average assumptions are used to determine net periodic benefit cost as of June 30:

	2025	2024
Discount rate	5.35 %	5.35 %
Rate of compensation increase	5.50	5.50
Expected return on plan assets	6.75	6.75

The expected long-term rate of return for plan assets is based on asset allocations, historical asset returns, expected future market conditions, risk and management premiums. Adjustments are made to expected long-term rate of return assumption when deemed necessary based upon revised expectations of future investment performance of overall capital markets.

The following are pension plan weighted-average asset allocations and target asset allocations for the assets of the plan as of June 30:

	2025	2024	Target Asset Allocation
Money market accounts	1 %	1 %	5 - 10 %
Equity securities	61	60	50 - 80
Fixed income securities	38	39	20 - 50

The investment objectives for the plan's assets are to achieve long-term growth of capital, consistent with preservation of capital. Fixed income, international, other, and cash equivalent investments are expected to comprise no less than 20% and no more than 50% of the total market value of the Plan's assets. Equity investments are expected to comprise no less than 50% and no more than 80% of the total market value of the plan's assets.

Asset allocation ranges promote optimal expected return and volatility characteristics given the long-term horizon for fulfilling the obligations of the pension plan. Selection of the specific asset allocations for the plan's assets was based upon a review of the expected return and risk characteristics of each asset class, the expected benefit payouts, as well as the correlation of returns among asset classes.

Investment managers are selected based on their established investment guidelines and investment style meeting the pension plan's investment policy. The pension plan investment policy provides the criteria for determining eligible and ineligible securities, diversification requirement and credit quality standards, where applicable. Investment managers are only selected if their investment guidelines prohibit them from buying or selling commodities, future or option contracts, as well as from short selling of securities. Furthermore, the selected investment managers are monitored to ensure they do not deviate from their stated investment style and guidelines. If the investment manager were to deviate from the stated investment style or guideline, their portfolio would be removed from the pension plan and replaced. See Note 5 for plan asset fair value disclosures.

Actual and Expected Cash Flows

The following table shows actual and expected cash flows of the pension for the years ended/ending June 30:

Employer contributions:		
2024 (actual)	$	172,555
2025 (actual)		-
2026 (expected)		-

Estimated future benefit payments reflecting expected future service for years ending June 30:

Years ending June 30:		
2026	$	2,038,803
2027		934,191
2028		668,946
2029		684,629
2030		1,055,757
2031 - 2033		3,837,389

13. Discretionary Contribution Retirement Plan

The Home sponsors a discretionary contribution retirement plan for the benefit of employees. There were no significant plan contributions made in 2025 or 2024.

14. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

		2025		2024
Subject to expenditure for specified purpose:				
St. Anne Home, property and equipment	$	10,252	$	7,607
St. Anne Home, general operations		865		569
		11,117		8,176
Subject to appropriation based on timing:				
Beneficial interest in charitable remainder trust		1,535,859		1,682,373
Total	$	1,546,976	$	1,690,549

Net assets with donor restrictions were released during the years ended June 30 for the following purposes:

		2025		2024
General operations	$	4,875	$	6,605

15. Functional Expenses

The Home provides nursing, personal care, and independent living services to residents within its geographic location. Expenses related to providing these services for the years ended June 30 follows:

	2025			
	Program Service	Administrative Costs	Total	Fundraising*
Salaries and wages	$ 9,389,269	$ 1,118,315	$ 10,507,584	$ -
Other operating	3,106,100	543,468	3,649,568	-
Employee benefits	1,366,147	103,723	1,469,870	-
Purchased medical services	1,314,784	21,150	1,335,934	-
Depreciation	1,135,872	109,778	1,245,650	-
Plant operations and maintenance	843,562	224,305	1,067,867	-
Food	770,262	4,788	775,050	-
Payroll taxes	725,088	81,657	806,745	-
Interest	334,774	-	334,774	-
Pharmacy	525,860	-	525,860	-
Pennsylvania nursing home assessment	380,349	-	380,349	-
Development	-	-	-	43,884
Professional fees	-	128,753	128,753	-
Total	$ 19,892,067	$ 2,335,937	$ 22,228,004	$ 43,884

	2024			
	Program Service	Administrative Costs	Total	Fundraising*
Salaries and wages	$ 7,696,850	$ 1,033,060	$ 8,729,910	$ -
Other operating	4,694,636	503,960	5,198,596	-
Employee benefits	1,473,760	105,552	1,579,312	-
Purchased medical services	1,056,447	22,175	1,078,622	-
Depreciation	1,127,877	109,005	1,236,882	-
Plant operations and maintenance	735,529	215,095	950,624	-
Food	775,463	3,499	778,962	-
Payroll taxes	581,475	73,312	654,787	-
Interest	349,270	-	349,270	-
Pharmacy	453,558	-	453,558	-
Pennsylvania nursing home assessment	412,224	-	412,224	-
Development	-	-	-	42,682
Professional fees	-	153,206	153,206	-
Total	$ 19,357,089	$ 2,218,864	$ 21,575,953	$ 42,682

* Expenses reported as development expenses under nonoperating revenue (expenses) on the statements of operations.

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

16. Commitments and Contingencies

Real Estate Taxes

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Home is an organization which presently qualifies for an exemption from real estate taxes. However, a number of cities, municipalities and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge such exemption of not-for-profit corporations from real estate taxes. The potential future financial effect of this matter on the Home, if any, is not presently determinable.

Health Care Industry

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

St. Anne Home

Schedule of Operating (Loss) Income by Cost Center
Year Ended June 30, 2025

	St. Anne Home	Villa Angela	Independent Living	Rental Property	Total
Operating Revenue					
Resident room, board and care	$ 13,564,754	$ 2,472,059	$ 146,972	$ -	$ 16,183,785
Other resident services	2,762,710	-	-	-	2,762,710
Net resident service revenue	16,327,464	2,472,059	146,972	-	18,946,495
Government Award Revenue	144,925	-	-	-	144,925
Pennsylvania Nursing Home Assessment	810,503	-	-	-	810,503
Other Operating Revenue	143,247	14,437	-	24,390	182,074
Net Assets Released From Restrictions Used for Operations	4,875	-	-	-	4,875
Total operating revenue	17,431,014	2,486,496	146,972	24,390	20,088,872
Operating Expenses					
Salaries and wages	9,147,833	1,350,366	6,437	2,948	10,507,584
Other operating	3,031,755	587,854	22,026	7,933	3,649,568
Employee benefits	1,346,322	123,548	-	-	1,469,870
Purchased medical services	1,324,241	11,693	-	-	1,335,934
Depreciation	993,403	187,957	39,147	25,143	1,245,650
Plant operations and maintenance	861,059	153,531	34,566	18,711	1,067,867
Food	605,987	169,063	-	-	775,050
Payroll taxes	703,648	102,157	645	295	806,745
Interest	334,774	-	-	-	334,774
Pharmacy	525,860	-	-	-	525,860
Pennsylvania nursing home assessment	380,349	-	-	-	380,349
Professional fees	128,753	-	-	-	128,753
Total operating expenses	19,383,984	2,686,169	102,821	55,030	22,228,004
Operating (loss) income	$ (1,952,970)	$ (199,673)	$ 44,151	$ (30,640)	$ (2,139,132)

St. Anne Home

Schedule of Operating (Loss) Income by Cost Center
Year Ended June 30, 2024

	St. Anne Home	Villa Angela	Independent Living	Rental Property	Total
Operating Revenue					
Resident room, board and care	$ 12,070,732	$ 2,246,738	$ 148,234	$ -	$ 14,465,704
Other resident services	2,724,312	-	-	-	2,724,312
Net resident service revenue	14,795,044	2,246,738	148,234	-	17,190,016
Government Award Revenue	21,856	11,388	-	-	33,244
Pennsylvania Nursing Home Assessment	1,009,782	-	-	-	1,009,782
Other Operating Revenue	114,553	13,669	-	2,800	131,022
Net Assets Released From Restrictions Used for Operations	6,605	-	-	-	6,605
Total operating revenue	15,947,840	2,271,795	148,234	2,800	18,370,669
Operating Expenses					
Salaries and wages	7,607,777	1,117,062	4,046	1,025	8,729,910
Other operating	4,496,068	672,425	26,935	3,168	5,198,596
Employee benefits	1,379,410	199,902	-	-	1,579,312
Purchased medical services	1,066,151	12,471	-	-	1,078,622
Depreciation	1,001,569	180,713	45,880	8,720	1,236,882
Plant operations and maintenance	789,613	125,865	31,822	3,324	950,624
Food	624,547	154,415	-	-	778,962
Payroll taxes	570,323	83,956	405	103	654,787
Interest	349,270	-	-	-	349,270
Pharmacy	453,558	-	-	-	453,558
Pennsylvania nursing home assessment	412,224	-	-	-	412,224
Professional fees	152,216	990	-	-	153,206
Total operating expenses	18,902,726	2,547,799	109,088	16,340	21,575,953
Operating (loss) income	$ (2,954,886)	$ (276,004)	$ 39,146	$ (13,540)	$ (3,205,284)

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of St. Anne Home (the Organization) as of June 30, 2025, and for the year then ended, and have issued our report thereon dated August 29, 2025. In connection therewith, we advise you as follows:

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

Members of the engagement team, whom have had experience in auditing continuing care retirement communities, were assigned to perform tasks commensurate with their training and experience. The following chart describes the key staff persons assigned to the engagement, work experience, and whether the individual is a Certified Public Accountant.

Level	Years Experience	Certified Public Accountant
Partner	21	Yes
Senior Manager	16	Yes
In-charge	8	No

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

Our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Organization and the Commonwealth of Pennsylvania Insurance Commissioner should understand that the objective of an audit of financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America. Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to design our audit to obtain reasonable assurance that errors and fraud that have a material effect on the financial statements will be detected and to exercise due care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting fraud. Because of the characteristics of fraud, particularly those involving forgery and collusion, a properly designed and executed audit may not detect material fraud. In addition, an audit does not address the possibility that material errors or fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would have been assessed differently by insurance commissioners.

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.

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

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

We will retain the workpapers prepared in the conduct of our audit until the Commonwealth Insurance Department has filed a Report of Examination covering the year ended June 30, 2025, but not longer than seven years, and, on instructions from the Organization, will make them available for review by the Commonwealth of Pennsylvania Insurance Department.

This is the third year that the current engagement partner has served in this capacity with respect to St. Anne Home. The engagement partner is licensed by the Pennsylvania Board of Public Accountancy and is a member in good standing of the American Institute of Certified Public Accountants.

To the best of our knowledge and belief, we are in compliance with the requirements of Pa. Code § 147.6, regarding recognition, qualification, and responsibilities of an independent certified public accountant.

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

Baker Tilly US, LLP

New Caste, Pennsylvania
August 29, 2025

St. Anne Home®

Sponsored by the Felician Sisters

a
Continuing Care Retirement Community

Located at:
685 Angela Drive
Greensburg, PA 15601
Phone: (724) 837-6070

Effective Date of Disclosure Statement: October 2025

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

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

127458

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Important Information to Prospective Residents

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

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

SUMMARY OF DISCLOSURE STATEMENT

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

1. **THE FACILITY:** St. Anne Home is a Pennsylvania, charitable, non-profit corporation that currently provides personal care and nursing care services on its existing campus located at 685 Angela Drive, Greensburg, PA. St. Anne Home provides a continuum of care to older adults through the operation of residential housing (hereinafter known as "independent living") at nine (9) single dwelling homes (hereinafter referred to as "residence") located less than ¼ mile from the existing nursing and personal care facilities. The continuing care retirement community ("CCRC") will operate as St. Anne Home. Phone: (724) 837-6070.

2. **LICENSED PROVIDER:** The licensed provider will be the St. Anne Home, located at 685 Angela Drive, Greensburg, PA 15601. Phone: (724) 837-6070.

3. **PERSON TO BE CONTACTED TO DISCUSS ADMISSION:** Tabetha Huff is the person to contact regarding admission to St. Anne Home. Mrs. Huff can be contacted at 685 Angela Drive, Greensburg, PA 15601. Phone: (724) 837-6070.

4. **DESCRIPTION OF PROPERTY:** St. Anne Home, located on 14.118 acres in a suburban hilltop setting surrounded by wooded areas and grass fields of Greensburg, Westmoreland County, PA, provides nursing and personal care services in a brick building that consists of 155 licensed nursing care beds and 54 licensed personal care beds. The nursing facility consists of three (3) floors which include nursing services on the garden level (first floor) and courtyard level (second floor) and a 12-bedroom convent, occupied by the Felician Sisters, located on the terrace level (third floor). The Felician Sisters pay St. Anne Home a monthly rental fee.

The personal care facility, which operates as Villa Angela at St. Anne Home, consists of three (3) floors with garden level (first floor), courtyard level (second floor) having access to the outside ground level, and terrace level (third floor).

In addition, there is a free standing (21 ft x 25 ft), two (2) bay tractor garage and a free standing (20 ft x 14 ft) electrical generator building on the 14.118 acres.

Independent living is provided at the following nine (9) single dwelling residences located in Hempfield Township, a suburb of Greensburg:

Residence #1, owned by St. Anne Home, is located on 0.09 acres at 615 Lynn Street, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 450 feet from the nursing and personal care facilities campus.

This residence is a one (1) story aluminum-siding home (approximately 32.5 ft x 24.5 ft) that includes a laundry room, kitchen, living room, two (2) bedrooms and bathroom, as well as a private backyard, with covered porch and stone driveway.

Residence #2, owned by St. Anne Home, is located on 0.11 acres at 61 North Westmoreland Avenue, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 750 feet from the nursing and personal care facilities campus.

This residence is a one (1) story stone type brick home (approximately 32 ft x 24.5 ft) that includes a kitchen, bathroom, two (2) bedrooms and a living room with a large bay window, as well as a level back yard, asphalt paved driveway, single car integral garage and unfinished basement.

Residence #3, owned by St. Anne Home, is located on 0.12 acres at 57 North Westmoreland Avenue, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 900 feet from the nursing and personal care facilities campus.

This residence is a one (1) story stone type brick home (approximately 32.25 ft x 24.5 ft) that includes a kitchen, bathroom, two (2) bedrooms and a living room with a large bay window, as well as a level back yard, asphalt paved driveway, single car integral garage and unfinished basement.

Residence #4, owned by St. Anne Home, is located on 0.15 acres at 642 Lynn Street, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 120 feet from the nursing and personal care facilities campus.

This residence is a one (1) story vinyl siding home (approximately 40 ft x 24 ft with a 2 ft x 12.5 ft bump out in the living room) that includes an open kitchen, bathroom, two (2) bedrooms, a laundry room and a living room, as well as double French doors off kitchen leading to a 12 ft x 16 ft wooden deck in back, covered porch at front entrance, asphalt paved drive way, and a free standing, single carport garage in rear of lot.

Residence #5, owned by St. Anne Home, is located on 0.14 acres at 619 Lynn Street, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 750 feet from the nursing and personal care facilities campus.

This residence is a one (1) story vinyl siding home containing approximately 1,132 sq. feet of gross living space that includes an open kitchen, living room, dining room, bathroom, and three (3) bedrooms, as well as an asphalt paved driveway with space for two vehicles, and a level back yard.

Residence #6, owned by St. Anne Home, is located on 0.126 acres at 653 Jack Street, Greensburg, PA 15601. The residence is contiguous to the nursing and personal care facility property, it is conveniently located next to the nursing and personal care campus.

This residence is a one (1) story vinyl siding home (approximately 24 feet, 2 inches by 32 feet, 2 inches) that includes a kitchen, living room, bathroom, two (2) bedrooms, backporch, an asphalt paved driveway with space for four vehicles, as well as a private backyard.

Residence #7, owned by St. Anne Home, is located on 0.126 acres at 651 Jack Street, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 100 feet from the nursing and personal care facilities campus.

This residence is a one (1) story vinyl siding home (approximately 24 feet, 2 inches by 32 feet, 2 inches) that includes a kitchen, living room, bathroom, two (2) bedrooms, 31 feet by 9 feet covered backporch, an asphalt paved driveway with a carport for two vehicles, and an additional uncovered vehicle as well as a private backyard.

Residence # 8, owned by St. Anne Home, is located on 0.14 acres at 65 North Westmoreland Avenue, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 650 feet from the nursing and personal care facilities campus.

This residence is a one (1) story stone type brick home (approximately 36 ft x 24.5 ft) that includes a kitchen, two bathrooms, two (2) bedrooms, first floor laundry room, living room, as well as a 8.0 feet by 18.75 feet covered front porch, 10 feet by 21.75 feet covered back porch, asphalt paved drive way, single car free-standing detached garage and finished basement.

Residence # 9, owned by St. Anne Home, is located on 0.15 acres at 646 Lynn Street, Greensburg, PA 15601. The residence is contiguous to the nursing and personal care facility property, it is conveniently found next to the nursing and personal care campus.

This residence is a one (1) story vinyl siding home (approximately 24.5 ft. x 40 ft.) with a 2 ft. x 12.5 ft. front bump out in living room and a back 7.8 ft. x 14.5 ft. bump out dining room. Includes a kitchen, one bathroom, two bedrooms, laundry room, living room with gas fireplace, 7.6 ft. by 26 ft. back covered porch, concrete driveway, and single carport garage in rear of the lot.

5. **AGE REQUIREMENTS:** The minimum entrance age for admission to the independent living community is 62 years of age prior to the date of occupancy.

6. **AFFILIATIONS WITH RELIGIOUS, FRATERNAL, CHARITABLE AND NON-PROFIT ORGANIZATIONS:**

- The Diocese of Greensburg, founder of St. Anne Home, continues to endorse and support the mission of St. Anne Home even though it no longer owns the land and buildings.

- Felician Services Inc. (FSI), a not-for-profit corporation became the sole Member of St. Anne Home effective November 20, 2009.

- The canonical entity known as The Congregation of the Sisters of St. Felix of Cantalice, Our Lady of Hope Province, was created as a result of the 2009 reconfiguration of the eight North American provinces of the canonical entity known as the Congregation of the Sisters of St. Felix of Cantalice (Felician Sisters). The Provincial Administration of one of the former eight provinces, Our Lady of the Sacred Heart Province, were the past Members of St. Anne Home.

Neither the Roman Catholic Church or any Roman Catholic affiliated entities, generally, or the Diocese of Greensburg, the Felician Sisters of Pennsylvania, or their successors, nor the canonical entity known as The Congregation of the Sisters of St. Felix of Cantalice, Our Lady of the Sacred Heart Province, Our Lady of Hope Province or their canonical successors, Felician Services Inc. or their successors are obligated to make payments on any parity debt, nor are they responsible or liable for any other liabilities or financial obligations of the St. Anne Home.

7. **CURRENT RESIDENT POPULATION:** Current resident population is as follows:

Independent Living	9	Residents
Personal care	42	Residents
Nursing Care	139	Residents
Total	190	Residents

8. **THE ENTRANCE AND MONTHLY FEES:** The monthly fee for an independent living residence at the time the current resident first occupied the residence is as follows:

MODEL TYPE	SQUARE FOOT	OPTION I Entrance Fee (0% Refundable)		OPTION II Entrance Fee (50% Refundable)		Option III Entrance Fee (90% Refundable)	
		Entrance Fee	Monthly Fee	Entrance Fee	Monthly Fee	Entrance Fee	Monthly Fee
Residence #1 – 615 Lynn Street: Two-Bedroom House Kitchen, Living Room, Utility Room, 1 Bathroom, 2 ext. parking spots	795 sq. ft. (from outside walls)	$20,400	$700	$36,400	$650	$79,108	$550

Residence #2 – 61 North Westmoreland Ave.: Two-Bedroom House Kitchen, Living room and Basement 1 Bathroom, 1 integral parking spot in basement 3 ext. parking spots	784 sq. ft. (from outside walls)	$23,850	$1,020	$41,493	$970	$87,335	$870
Residence #3 – 57 North Westmoreland Ave.: Two-Bedroom House Kitchen, Living room and Basement 1 Bathroom, 1 integral parking spot in basement 3 ext. parking spots	790 sq. ft. (from outside walls)	$25,250	$1,180	$42,346	$1,130	$82,500	$1,030
Residence #4 – 642 Lynn Street Two-Bedroom House Kitchen and Living room 1 Bathroom, 1 car free standing garage with 2 exterior parking spots	985 sq. ft. (from outside walls)	$30,100	$1,685	$49,062	$1,635	$92,200	$1,535
Residence #5 – 619 Lynn Street Three-Bedroom House Kitchen, Living room, Dining Room 1 Bathroom, Full driveway with two parking spots	1,132 sq. ft. (from outside walls)	$31,950	$1,520	$51,623	$1,470	$95,900	$1,370

Residence #6 – 653 Jack Street Two-Bedroom House Kitchen, and Living room, 1 Bathroom, Full driveway with four parking spots	777 sq. ft. (from outside walls)	$29,250	$1,435	$47,885	$1,385	$90,500	$1,285
Residence #7 – 651 Jack Street Two-Bedroom House Kitchen, and Living room, 1 Bathroom, Full driveway with three parking spots	777 sq. ft. (from outside walls)	$27,750	$1,327	$45,808	$1,277	$87,500	$1,177
Residence #8 – 65 North Westmoreland Street Two-Bedroom House Kitchen, and Living room, 2 Bathrooms, 1st floor laundry room, detached garage with Full driveway	882 sq. ft. (from outside walls)	$30,500	$1,608	$49,615	$1,558	$93,000	$1,458
Residence #9 – 646 Lynn Street Two-Bedroom House Kitchen and Living room 1 Bathroom, 1 car free standing garage with 2 exterior parking spots	1,119 sq. ft (from outside walls)	$33,600	$1,887	$53,907	$1,837	$99,200	$1,737

In the event that a resident subsequently marries, or an additional occupant moves in with an existing resident, no additional fees apply, since the above fees are for both single and double occupancy.

9. **TAXABLE STATUS:** St. Anne Home is a Pennsylvania, non-profit, charitable corporation exempt from payment of Federal Income Tax in accordance with Section 501 (c)(3) of the Internal Revenue Code.

DISCLOSURE STATEMENT

This Disclosure Statement contains a fair summary of the documents enclosed and of the terms of the documents purported to be summarized.

1. NAME AND BUSINESS ADDRESS

St. Anne Home is a Pennsylvania, charitable, non-profit corporation that currently provides independent living, personal care and nursing care services on its existing campus located at 685 Angela Drive, Greensburg, PA and surrounding area. St. Anne Home desires to provide a continuum of care to older adults through the operation of residential housing (hereinafter known as "independent living") at nine (9) single dwelling homes (hereinafter referred to as "Residence") located less than ¼ mile from the existing nursing and personal care facilities. The continuing care retirement community ("CCRC") will operate as St. Anne Home. Phone: (724) 837-6070.

2. HISTORY AND ORGANIZATION

St. Anne Home, located in Greensburg, Pennsylvania, was built by the Diocese of Greensburg in 1964. At that time, Bishop William Connare, the second Bishop of Greensburg, recognized the need for older adults of every race and religion to have dignity and loving care. The Bishop directed the construction of a new 155-bed nursing facility, including a Chaplin's apartment and a convent on the second floor. He invited the Felician Sisters of Pennsylvania to operate the facility. St. Anne Home has provided companionship, contentment and compassionate intermediate and skilled nursing care for over 50 years.

St. Anne Home is a Pennsylvania not-for-profit corporation, originally formed in the Commonwealth of Pennsylvania on September 18, 1964. The original name of the corporation was St. Anne Home for the Elderly. The corporation was recognized as a tax-exempt entity and is included in the Official Catholic Directory under the Diocese of Greensburg as a home for the elderly.

The governance structure of the corporation is two-tiered, with the Felician Services Inc., a not-for-profit organization, acting as the sole Member in the civil corporate structure. There is also a separate Board of Directors, which was operational several years after the formation of the corporation. The Board of Directors consists of Felician Sisters, Felician Services Inc. Designee, priests from the Diocese of Greensburg and various lay community leaders.

St. Anne Home initially provided what is now commonly known as "personal care" services. However, only two years after opening, it became apparent that resident needs would be much greater, and St. Anne Home responded by providing more services and nursing care. In 1981, because the needs of the residents grew, a laundry and maintenance building was attached to the original nursing facility. In addition, Medicare certification was obtained on July 1, 1983 to help obtain government reimbursement for residents with greater care needs. St. Anne Home, along with a highly qualified medical, nursing and administrative staff that has grown to include more than 230 employees, continue to respond to the changing needs of older adults in our community. To reflect that not just older adults received care at the facility, St. Anne Home for the Elderly official changed its name to St. Anne Home in October 1993.

A major campus expansion began in 1996 when St. Anne Home broke ground for its new personal care community, Villa Angela at St. Anne Home. To prepare for this expansion, ownership of the land and buildings of St. Anne Home was purchased from the Diocese of Greensburg by St. Anne Home, a non-profit corporation, in April 1996. Although the Diocese of Greensburg no longer owns the land and buildings, it continues to endorse and support the mission of St. Anne Home. Construction of Villa Angela at St. Anne was completed in late 1997.

Villa Angela at St. Anne Home opened officially in November 1997 with its first personal care resident and has the capacity to serve 54 residents. Villa Angela at St. Anne Home offers residents help with daily activities, such as meal preparation, housekeeping, and medication management in a more residential like environment.

In addition to the care provided to our residents, St. Anne Home is also proud of our quality of life features. St. Anne Home offers 24-hour nursing care, Alzheimer's care, I.V. therapy, rehabilitation therapies, short-term respite care, daily activities and our pastoral and spiritual care. Residents are encouraged to attend daily mass and/or other appropriate services in our on-campus chapel. A beauty/barber shop is also available for all residents to visit.

St. Anne Home continues to identify opportunities that will better meet the needs of older adults in our area. In 2003, a nursing home renovation project was initiated which added four (4) new dining spaces, an elevator to service all three floors, and a larger and improved rehabilitation suite. In addition to these major components, remodeling of several courtyards, a larger emergency generator was installed, and the entire home received a new roof as part of the renovation project. The two-million-dollar renovation project was completed in October 2004.

In September 2015, St. Anne Home commenced a three-year, $16 million expansion and renovation of its skilled nursing facility, which added 30 additional nursing facility resident rooms, with renovation and modernization of the original 125 nursing facility resident rooms, for a total room count of 155 rooms. This project was completed in March 2019.

With the addition of the personal care home in 1997, nine (9) independent living residences since 2009, and the 2003 and 2015-19 skilled nursing facility expansion and modernization, the St. Anne Home campus now more fully accomplishes its mission by providing an extended continuum of care. Residents have access to multiple levels of care and service on one campus.

Western Pennsylvania is currently home to the second largest older adult population in the United States, and population projections indicate that the number of older adults in our area will continue to rise. By continually evaluating and refining its care and services, St. Anne Home will remain the leading resource for the clinical, ethical, and spiritual issues of aging and a premier provider of services.

3. CONTROLLING PARTIES & DESCRIPTION OF INTEREST IN OR OCCUPATION WITH ST. ANNE HOME

The business and affairs of St. Anne Home are managed by the Board of Directors. Currently there are 12 persons on the Board of Directors, comprised of Felician Sisters, a Felician Services Inc. Designee, Catholic Priests in the Diocese of Greensburg and lay community representatives from the Greensburg and surrounding area. Currently, the Felician Services Inc., a not-for-profit organization, is the sole Member of St. Anne Home with reserved powers as set forth in the Bylaws.

The name and business address of each officer and director are attached as **EXHIBIT A**.

A description of the background and experience of St. Anne Home's management personnel is attached as **EXHIBIT B**.

4. DISCLOSURE OF RELATED PARTY CONTRACTS

Currently no Directors of St. Anne Home hold an equity interest in professional service organizations providing services of greater than $500 per year to St. Anne Home. A listing of such individuals, the organization providing the service, and a description of the nature of the service are as follows:

- Not Applicable

5. DISCLOSURE OF FELONY CONVICTIONS, FELONY CHARGES, CIVIL ACTIONS, COURT ORDERS, LICENSE SUSPENSIONS, ETC.

Neither the Provider, nor its Directors or 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.

6. AFFILIATIONS WITH RELIGIOUS, FRATERNAL, CHARITABLE AND NON-PROFIT ORGANIZATIONS

- The Diocese of Greensburg, founder of St. Anne Home, continues to endorse and support the mission of St. Anne Home even though it no longer owns the land and buildings.

- Felician Services Inc. (FSI), a not-for-profit corporation became the sole Member of St. Anne Home effective November 20, 2009.

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7. DESCRIPTION OF PHYSICAL PROPERTY

St. Anne Home, located on 14.118 acres in a suburban hilltop setting surrounded by wooded areas and grass fields of Greensburg, Westmoreland County, PA, provides nursing and personal care services in a brick building that consists of 155 licensed nursing care beds and 54 licensed personal care beds. The nursing facility consists of three (3) floors which include nursing services on the garden level (first floor) and courtyard level (second floor) and a 12-bedroom convent, occupied by the Felician Sisters, located on the terrace level (third floor). The Felician Sisters pay St. Anne Home a monthly rental fee.

The personal care facility, which operates as Villa Angela at St. Anne Home, consists of three (3) floors with garden level (first floor), courtyard level (second floor) having access to the outside ground level and terrace level (third floor).

In addition, there is a free standing (21 ft x 25 ft), two (2) bay tractor garage and a free standing (20 ft x 14 ft) electrical generator building on the 14.118 acres.

Independent living is provided at the following nine (9) single dwelling Residences located in Hempfield Township, a suburb of Greensburg:

Residence #1, owned by St. Anne Home, is located on 0.09 acres at 615 Lynn Street, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 450 feet from the nursing and personal care facilities campus.

This residence is a one (1) story aluminum siding home (approximately 32.5 ft x 24.5 ft) that includes a laundry room, kitchen, living room, two (2) bedrooms and bathroom, as well as a private backyard, with covered porch and stone driveway.

Residence #2, owned by St. Anne Home, is located on 0.11 acres at 61 North Westmoreland Avenue, Greensburg, PA 15601. Although the

residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 750 feet from the nursing and personal care facilities campus.

This residence is a one (1) story stone type brick home (approximately 32 ft x 24.5 ft) that includes a kitchen, bathroom, two (2) bedrooms and a living room with a large bay window, as well as a level back yard, asphalt paved driveway, single car integral garage and unfinished basement.

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This residence is a one (1) story stone type brick home (approximately 32.25 ft x 24.5 ft) that includes a kitchen, bathroom, two (2) bedrooms and a living room with a large bay window, as well as a level back yard, asphalt paved driveway, single car integral garage and unfinished basement.

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This residence is a one (1) story vinyl siding home (approximately 40 ft x 24 ft with a 2 ft x 12.5 ft bump out in the living room) that includes an open kitchen, bathroom, two (2) bedrooms, a laundry room and a living room, as well as double French doors off kitchen leading to a 12 ft x 16 ft wooden deck in back, covered porch at front entrance, asphalt paved drive way, and a free standing, single carport garage in rear of lot.

Residence #5, owned by St. Anne Home, is located on 0.14 acres at 619 Lynn Street, Greensburg, PA 15601. Although the residence is

not contiguous to the nursing or personal care facility property, it is conveniently located approximately 750 feet from the nursing and personal care facilities campus.

This residence is a one (1) story vinyl siding home containing approximately 1,132 sq. feet of gross living space that includes an open kitchen, living room, dining room, bathroom, and three (3) bedrooms, as well as an asphalt paved driveway with space for two vehicles, and a level back yard.

Residence #6, owned by St. Anne Home, is located on 0.126 acres at 653 Jack Street, Greensburg, PA 15601. The residence is contiguous to the nursing and personal care facility property, it is conveniently located next to the nursing and personal care campus.

This residence is a one (1) story vinyl siding home (approximately 24 feet, 2 inches by 32 feet, 2 inches) that includes a kitchen, living room, bathroom, two (2) bedrooms, backporch, an asphalt paved driveway with space for four vehicles, as well as a private backyard.

Residence #7, owned by St. Anne Home, is located on 0.126 acres at 651 Jack Street, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility property, it is conveniently located approximately 100 feet from the nursing and personal care facilities campus.

This residence is a one (1) story vinyl siding home (approximately 24 feet, 2 inches by 32 feet, 2 inches) that includes a kitchen, living room, bathroom, two (2) bedrooms, 31 feet by 9 feet covered backporch, an asphalt paved driveway with a carport for two vehicles, and an additional uncovered vehicle as well as a private backyard.

Residence #8, owned by St. Anne Home, is located on 0.14 acres at 65 North Westmoreland Avenue, Greensburg, PA 15601. Although the residence is not contiguous to the nursing or personal care facility

property, it is conveniently located approximately 650 feet from the nursing and personal care facilities campus.

This residence is a one (1) story stone type brick home (approximately 36 ft x 24.5 ft) that includes a kitchen, two bathrooms, two (2) bedrooms, first floor laundry room, living room, as well as a 8.0 feet by 18.75 feet covered front porch, 10 feet by 21.75 feet covered back porch, asphalt paved drive way, single car free-standing detached garage and finished basement.

Residence #9, owned by St. Anne Home, is located on 0.15 acres at 646 Lynn Street, Greensburg, PA 15601. The residence is contiguous to the nursing and personal care facility property, it is conveniently found next to the nursing and personal care campus.

This residence is a one (1) story vinyl siding home (approximately 24.5 ft. x 40 ft.) with a 2 ft. x 12.5 ft. front bump out in living room and a back 7.8 ft. x 14.5 ft. bump out dining room. Includes a kitchen, one bathroom, two bedrooms, laundry room, living room with gas fireplace, 7.6 ft. by 26 ft. back covered porch, concrete driveway, and single carport garage in rear of the lot.

8. RESIDENT FEES

Application Fee. An Application Fee in the amount of $100 will be paid at the time of submitting the Application for Residency. The Application Fee is non-refundable.

Payment of a One-Time Entrance Fee.

Continuing care services are provided to residents who occupy an independent living residence in return for payment of an entrance fee and monthly fee. An entrance fee is a one-time fee charged to residents seeking admission to an independent living suite as a CCRC resident. Upon approval of an application for residency, the prospective resident is required to sign the Continuing Care Agreement and pay the entrance fee

in full on the designated occupancy date or upon occupancy, whichever is earlier. The entrance fees and monthly fees are listed in **EXHIBIT C**.

In situations of double occupancy, the residents will be jointly and severally liable for each other's financial obligations and for all payments due under the Continuing Care Agreement. If one co-resident dies or leaves St. Anne Home, both co-residents and/or their estates remain jointly and severally liable for all financial obligations incurred by either co-resident under the Continuing Care Agreement. The above provision will not be construed as a third-party guarantee or to impair such co-resident's eligibility for Medical Assistance benefits.

Reference should be made to the Continuing Care Agreement for further information. **See EXHIBIT D**.

Amortization and Refund of Entrance Fee.

Option I. 100% of the entrance fee will be amortized at the rate of 2% per month over a period of 50 months.

In the event of termination during the amortization period, the resident will be entitled to a refund of the unamortized portion. After the lapse of the amortization period, the resident will not be entitled to a refund of any portion of the entrance fee. All refunds are made in accordance to the Continuing Care Agreement.

Option II. 50% of the entrance fee will be amortized at the rate of 2% per month over a period of 50 months. The other 50% of the entrance fee will not be subject to amortization.

In the event of termination during the amortization period, the resident will be entitled to a refund of 50% of the entrance fee plus the unamortized portion. After the lapse of the amortization period, the resident will be eligible for a refund of 50% of the entrance fee. All refunds are made in accordance with the Continuing Care Agreement.

Option III. 10% of the entrance fee will be amortized at the rate of 2% per month over a period of 50 months. The other 90% of the entrance fee will not be subject to amortization.

In the event of termination during the amortization period, the resident will be entitled to a refund of 90% of the entrance fee plus the unamortized portion. After the lapse of the amortization period, the resident will be eligible for a refund of 90% of the entrance fee. All refunds are made in accordance to the Continuing Care Agreement.

Termination before Occupancy.

Any entrance fee payments will be refunded in full if the resident rescinds the Continuing Care Agreement within seven days in accordance with the Notice of Right to Rescind. In the event of termination of the Continuing Care Agreement by the resident's death before the designated occupancy date or actual date of occupancy, whichever is earlier; or in the event the resident is 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 St. Anne Home will make a full refund of any entrance fees, less any amounts deducted to cover expenses incurred by St. Anne Home for any upgrades or improvements as requested by the resident.

If the Continuing Care Agreement is not terminated within the seven (7) day rescission period but is terminated 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; the balance of any entrance fee payments will be refunded, less any amounts deducted to cover expenses incurred by St. Anne Home at the specific written request of the resident, in accordance with the refund provisions of the Continuing Care Agreement.

Where two (2) individuals have signed the Continuing Care Agreement for double occupancy, the death of one co-resident will not constitute termination of the Continuing Care Agreement, and no refund will be due.

Reference should be made to the Continuing Care Agreement for further information.

Termination after Occupancy.

In the event of termination after occupancy, the resident will be entitled to a refund of the unamortized amount, if any, less deductions for any financial assistance provided to the resident by St. Anne Home and/or any amounts necessary to cover costs incurred by St. Anne Home to refurbish, restore or repair the residence in the event of unreasonable wear and tear, and/or costs incurred at the resident's specific request, and/or any unpaid charges. All refunds will be paid to the resident or his/her estate after the resident surrenders the residence and only after the residence has been re-occupied by another resident who has paid in full the applicable entrance fee.

Reference should be made to the Continuing Care Agreement for further information.

Payment of a Monthly Fee.

St. Anne Home reserves the right, at any time, upon thirty (30) days notice to the resident, to adjust the monthly fees. The monthly fees are listed in **EXHIBIT C**.

Reference should be made to the Continuing Care Agreement for further information.

Services Included in the Monthly Fee:

The services included in the monthly fee will be provided in accordance with the terms of the Continuing Care Agreement. The anticipated services to be included in the Monthly Fee include:

1. Electric/Gas
2. Air Conditioning/heat
3. Sewer, water, and refuse collection

4. Access for telephone, Cable TV & Internet Connections
5. Maintenance of grounds/snow removal
6. Real Estate Taxes
7. Maintenance of appliances and other property of St. Anne Home
8. Administrative Support Services
9. Bi-weekly light housekeeping

Reference should be made to the Continuing Care Agreement for further information.

Additional Services Available for an Extra Charge: Meal plans are available at an additional charge in accordance with the Residential Living Schedule of Charges. Additional housekeeping and laundry will be provided for an additional charge. Telephone, cable services, internet services and Personal Property Insurance are not included in the monthly fee and will be the responsibility of the resident.

Reference should be made to the Continuing Care Agreement for further information.

Additional Fees for Personal Care and Nursing Care Services

Residents have the right to occupy the independent living residence for so long as they satisfy the health and other conditions of occupancy as set forth in the Continuing Care Agreement. The residents will have priority access to St. Anne Home's nursing and personal care facility on a space-available basis, over anyone living outside of St. Anne Home who is applying for admission to personal care and nursing care services at St. Anne Home. The personal care facility operates as St. Anne Home, d/b/a Villa Angela at St. Anne Home. The nursing facility operates as St. Anne Home. Admission is contingent upon the resident meeting the financial and all other admission criteria. The cost for personal care or nursing care services is not included in the entrance fee or monthly fee. Continuing Care Agreements signed by residents are fee-for-service contracts. If a resident requires personal care or nursing care services, an admission agreement is signed for that level of care which establishes the basis for

charges for personal care and nursing care services. The fees associated with the provision of personal care and nursing care services depend upon the type of room and/or services required. If a resident is permanently transferred to the personal care or nursing care facility, the Continuing Care Agreement for independent living will terminate.

If space is not immediately available at St. Anne Home, the St. Anne Home will identify and assist resident in making arrangements to transfer to an acceptable personal care or nursing care facility. In such an event, the resident will be entitled to return as soon as a personal care room or nursing care bed becomes available.

In situations of double occupancy where one co-resident is temporarily transferred to the personal care or nursing care facility, the monthly fee will remain the same, and the transferred co-resident will be charged for care and services in the personal care or nursing care facility. Both co-residents will collectively be liable for payment of the charges. The forgoing provision will not be construed as a third party guarantee or to impair such co-resident's eligibility for Medical Assistance benefits.

If both co-residents are permanently transferred to the personal care or nursing care facility, the Continuing Care Agreement for independent living will terminate.

Reference should be made to the Continuing Care Agreement for further information.

9. FREQUENCY AND AVERAGE DOLLAR AMOUNT OF EACH INCREASE IN PERIODIC RATES FOR THE PREVIOUS FIVE YEARS

The current rates for personal care and nursing care services are attached as **EXHIBIT E,** which includes a table showing the frequency and average dollar amount of each increase for the previous five years. The frequency and average dollar amount of the increase for independent living fees are included since July 1, 2021.

10. AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost for providing services from the previous operating fiscal period is attached as **EXHIBIT F**.

11. ESCROW AND RESERVE FUNDS

Reserve Funds

The Pennsylvania Department of Insurance requires Providers to maintain sufficient reserve funds related to its continuing care agreements. The Provider is required to maintain a reserve equal to or the greater of the total of all projected principal and interest payments on any mortgage or long-term debt of the facility over a twelve-month period or 10% of total operating expenses excluding depreciation, whatever amount is greater. The amount of the reserve will be computed only on the portion of the financing or expenses that are applicable to residents under continuing care agreements as of the most recent year-end. Funds sufficient to meet such requirements have been retained and are calculated to be $115,341 for the year ending June 30, 2025. This amount is separately classified on the balance sheet as the Act 82 reserve for the Audited Financial Statements for the year ending June 30, 2025.

Currently there are eleven residents in St. Anne Home under a continuing care agreement. St. Anne Home will fund the statutory liquid reserve requirement on a proportional basis at such time as residents are admitted to St. Anne Home pursuant to continuing care agreements.

Escrow Account

St. Anne Home will not maintain an Entrance Fee Escrow Account because it will not receive payment of any portion of the entrance fee prior to the date the resident is permitted to occupy the unit. Therefore, no entrance fee escrow is currently contemplated.

12. FINANCIAL STATEMENTS

A copy of the financial statements for the fiscal year ended June 30, 2025, prepared by Baker Tilly, certified public accountants, are attached as **EXHIBIT G**. As required, St. Anne Home will submit audited financial statements annually to the Department of Insurance.

13. CONTINUING CARE AGREEMENT

The Continuing Care Agreement governs the relationship and explains the mutual obligations between the resident and St. Anne Home. All terms of the agreement are reflected in the Continuing Care Agreement and its attached exhibits. The Continuing Care Agreement also provides a grievance procedure that includes a voluntary mediation provision and a mandatory, binding arbitration provision. Residents should review the Continuing Care Agreement for further explanation. See **EXHIBIT D**.

14. RIGHT TO RESCIND

Residents may rescind and terminate the Continuing Care Agreement without penalty or forfeiture within seven (7) days of signing the Continuing Care Agreement. Residents are not required to move into the independent living residence before the expiration of this seven (7) day period. To rescind their Continuing Care Agreement, resident must mail or deliver a signed and dated copy of a Rescission Notice or any other dated written notice, letter or telegram, stating their desire to rescind to St. Anne Home. A Notice of Right to Rescind is included in the Continuing Care Agreement.

15. RESIDENT RIGHT TO ORGANIZE

Residents will have the right to participate in a Residents' Association. A representative of St. Anne Home designated by the Board of Directors will hold quarterly meetings during the calendar year with residents for purposes of free discussion of topics related to living at St. Anne Home. Residents will be given at least seven (7) days notice of all such meetings.

16. PROFORMA INCOME STATEMENT

The Proforma Income Statement for St. Anne Home for the Fiscal Year Ending June 30, 2025, is included as **Exhibit H.**

Receipt

The undersigned hereby acknowledges delivery and receipt of St. Anne Home's Disclosure Statement dated _____ and all attachments including a copy of the Continuing Care Agreement and the Notice of Right to Rescind.

_____

Signature of First Resident

_____

Signature of Co-Resident

_____

Signature of Responsible Party/Family Member (if applicable)

_____

Date

St. Anne Home
EXHIBIT "A"
OFFICERS & BOARD OF DIRECTORS

Sister Melanie Marie Bajorek
(2023-2026)
[redacted]

Msgr. Michael Begolly
(2023-2026)
[redacted]

Rev. Daniel L. Blout
(2022 – 2025)
[redacted]

Ms. Sandra Brammell
(2021 – 2024)
[redacted]

Dr. Helen Burns
(2021 – 2024)
[redacted]

Mr. George Butler
(2021 – 2024)
[redacted]

Karl Eisaman
(2023 – 2026)
[redacted]

Mr. John Kline, Vice-Chairperson
(2022 – 2025)
[redacted]

Mrs. Jenna Fawley, Interim Interim President and CEO
(Co-Terminous)
President and CEO
[redacted]

Mr. Frank Soltys
(Co-Terminous)
[redacted]

Ms. Marie Zanotti, Chairperson
(2022 – 2025)
[redacted]

St. Anne Home

EXHIBIT "B"

Business Experience of Key Management Personnel, Controlling Parties, & Operating Officers

Jenna Fawley serves as the Interim President and Chief Executive Officer for St. Anne Home. She also holds the position of Director of Operational Effectiveness and Integration for The Carmelite System, a faith-based nonprofit organization that sponsors and supports ministries across the United States. Ms. Fawley has over a decade of experience in the management and operational leadership of skilled nursing and senior living communities. She is a Licensed Nursing Home Administrator and has extensive expertise in strategic planning, labor management, financial operations, and organizational integration. Ms. Fawley earned dual Master's degrees in Business Administration and Health Care Administration from Mount Vernon Nazarene University, and a Bachelor of Arts degree in Speech Pathology and Audiology from Kent State University. She holds multiple professional certifications, including QAPI Certified Professional (QCP), Health Services Executive (HSE), Certified Executive for Home Health and Hospice (CEHH), and Certified Executive of Assisted Living (CEAL).

Kim Thomas was hired in June 2025 and serves as the Director of Nursing for St. Anne Home's skilled nursing facility. Ms. Thomas became a Registered Nurse in 1998. She is a member of APIC and PADONA. Ms. Thomas attended Westmoreland County Community College, earning an Associates of Science degree, majoring in Nursing, completed in 1998. Ms. Thomas has served as Director of Nursing in skilled nursing facilities since 2012.

Tabetha Huff was hired in March 2022 and serves as the Personal Care Director for Villa Angela at St. Anne Home. She attended the Pennsylvania Institute of Health and Technology and became a Licensed

Practical Nurse in June 2015, and a licensed Personal Care Home Administrator in January 2022. Prior to becoming the Personal Care Director for Villa Angela at St. Anne Home, Mrs. Huff served as a Personal Care Manager, a Resident Care Director, and a Resident Care Coordinator at various personal care homes.

Berta R Lewis was hired in October 2023 as the Director of Accounting Services. Prior to this, Ms. Lewis spent the last seven years working for a privately held Consulting and Healthcare Management Services Organization (MSO) located in Pittsburgh that provides information technology, financial services, and operational solutions for physician practices. Berta is a graduate of The University of Pittsburgh with a bachelor's degree in management and accounting, completed in 2015. In addition to the credits needed for her Bachelor's degree, she also took all the required credits needed to sit for the CPA exam.

St. Anne Home
EXHIBIT "C"
Entrance Fees and Monthly Fees
Rates effective July 1, 2025

MODEL TYPE	SQUARE FOOT	OPTION I Entrance Fee (0% Refundable)		OPTION II Entrance Fee (50% Refundable)		Option III Entrance Fee (90% Refundable)	
		Entrance Fee	Monthly Fee	Entrance Fee	Monthly Fee	Entrance Fee	Monthly Fee
Residence #1 – 615 Lynn Street: Two-Bedroom House Kitchen, Living Room, Utility Room, 1 Bathroom, 2 ext. parking spots	795 sq. ft. (from outside walls)	$20,400	$700	$36,400	$650	$79,108	$550
Residence #2 – 61 North Westmoreland Ave.: Two-Bedroom House Kitchen, Living room and Basement 1 Bathroom, 1 integral parking spot in basement 3 ext. parking spots	784 sq. ft. (from outside walls)	$23,850	$1,020	$41,493	$970	$87,335	$870
Residence #3 – 57 North Westmoreland Ave.: Two-Bedroom House Kitchen, Living room and Basement 1 Bathroom, 1 integral parking spot in basement 3 ext. parking spots	790 sq. ft. (from outside walls)	$25,250	$1,180	$42,346	$1,130	$82,500	$1,030

Residence #4 – 642 Lynn Street Two-Bedroom House Kitchen and Living room 1 Bathroom, 1 car free standing garage with 2 exterior parking spots	985 sq. ft. (from outside walls)	$30,100	$1,685	$49,062	$1,635	$92,200	$1,535
Residence #5 – 619 Lynn Street Three-Bedroom House Kitchen, Living room, Dining Room 1 Bathroom, Full driveway with two parking spots	1,132 sq. ft. (from outside walls)	$31,950	$1,520	$51,623	$1,470	$95,900	$1,370
Residence #6 – 653 Jack Street Two-Bedroom House Kitchen, and Living room, 1 Bathroom, Full driveway with four parking spots	777 sq. ft. (from outside walls)	$29,250	$1,435	$47,885	$1,385	$90,500	$1,285
Residence #7 – 651 Jack Street Two-Bedroom House Kitchen, and Living room, 1 Bathroom, Full driveway with three parking spots	777 sq. ft. (from outside walls)	$27,750	$1,327	$45,808	$1,277	$87,500	$1,177
Residence #8 – 65 North Westmoreland Street Two-Bedroom House Kitchen, and Living room, 2 Bathrooms, 1st floor laundry room, detached garage with Full driveway	882 sq. ft. (from outside walls)	$30,500	$1,608	$49,615	$1,558	$93,000	$1,458

Residence #9 – 646 Lynn Street Two-Bedroom House Kitchen and Living room 1 Bathroom, 1 car free standing garage with 2 exterior parking spots	1,119 sq. ft (from outside walls)	$33,600	$1,887	$53,907	$1,837	$99,200	$1,737

In the event that a resident subsequently marries, or an additional occupant moves in with an existing resident, no additional fees apply, since the above fees are for both single and double occupancy.

Note: Fees are subject to change

St. Anne Home

EXHIBIT "D"

Continuing Care Agreement

CONTINUING CARE AGREEMENT

FOR



Updated 4-27-15

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DEFINITIONS OF WORDS AND PHRASES

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

APPLICATION FEE: The charge for processing the Application for Residency.

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

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

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

CO-RESIDENT: One of two individuals who signs a 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 Entrance Fee option chosen by you.

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

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

NURSING FACILITY: The licensed nursing care facility of Community.

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

PERSONAL CARE FACILITY: 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 Facility in exchange for the Daily Rate.

RESIDENCE: The living unit 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 SCHEDULE OF CHARGES: A publication reflecting current charges for services rendered by us and is subject to change from time to time.

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

SINGLE OCCUPANCY: One individual initially residing in a residence.

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

CONTINUING CARE AGREEMENT

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

RECITALS:

We operate a continuing care retirement community;

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

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

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

SECTION 1: RESIDENCE AND FACILITIES

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

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

1.3 Optional Furnishings or Fixtures. At your request, and subject to our approval, we shall provide optional furnishings or fixtures identified in an addendum(s) attached to this Agreement. Optional furnishings or fixtures are not included in the Entrance Fee or Monthly Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any optional furnishings or fixtures shall be paid prior to Occupancy. At our discretion, the costs of any optional furnishings or fixtures requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all additional furnishings or fixtures immediately become our property and shall remain in the Residence after the

termination of this Agreement. An addendum to this Agreement reflecting all optional furnishings or fixtures and their cost shall be signed by you and us.

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, walkways, dining facilities, and a beauty/barber shop. 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 financial and all other requirements for admission.

1.7 Designated Occupancy Date. We shall establish a date when you must accept Occupancy (the "Designated Occupancy Date"). We will provide notice of the Designated Occupancy Date no later than thirty (30) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the 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, gas/electric, heating and air conditioning, sewer, and refuse collection. These services are included in the Monthly Fee. We reserve the right to establish maximum usage levels on utilities and to charge you for any unreasonably excessive usage due to waste or abuse.

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

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

2.4 Internet. We shall provide your Residence with access to internet service. Internet 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 responsible to insure against personal property and general liability losses and for the cost of such insurance.

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 available at an additional charge in accordance with the Residential Living Schedule of Charges.

2.11 Housekeeping. We shall provide light housekeeping services on a bi-weekly basis. Housekeeping services are included in the Monthly Fee.

2.12 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.

2.13 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 fees or services.

2.14 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 Residential Living Schedule of Charges, which is subject to change from time to time.

SECTION 3: NURSING AND PERSONAL CARE SERVICES

3.1 Nursing Facility and Personal Care Facility. We operate a Nursing Facility known as St. Anne Home and a Personal Care Facility known as Villa Angela at St. Anne Home for the provision of licensed Routine Nursing Care Services and Personal Care Services which shall be available to you on a priority access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly 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 Nursing Facility or the Personal Care Facility at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are permanently transferred to the Nursing Facility or Personal Care Facility, this Agreement shall terminate and you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services. In the case of Double Occupancy where one Co-Resident is permanently transferred to the Nursing Facility or Personal Care Facility, this Agreement shall terminate only as to the transferring Co-Resident. Such Co-Resident shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services.

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

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

3.4 No Obligation to Prepay for Health Care Services. You are not obligated to prepay for any future health care services. We are a fee-for-service continuing care provider and do not require you to prepay for health care services, nor do we accept any liability to pay for your future health care services. In the event any other health care provider seeks payment from you for services offered under this Agreement, we shall not assume any liability for or make any payment of any such health care services because you were not required to prepay for any health care services.

SECTION 4: FEES

4.1 Application Fee. You shall pay the sum of $_____ [____ *initials*] as an Application Fee at the time of submitting the Application for Residency.

4.2 Entrance Fee. You shall pay the sum of $_____ [____ *initials*] as an Entrance Fee on the Designated Occupancy Date or the date of actual Occupancy, whichever is earlier. You shall execute this Agreement at the time of paying the Entrance Fee.

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

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

[____ *initials*] **(b) Option II.** Under this option, you or your estate, subject to the conditions of Section 10 of this Agreement, will be entitled to a refund of fifty percent (50%) of the Entrance Fee. In the event you terminate this Agreement during the amortization period, you will also be entitled to any unamortized portion of the Entrance Fee.

[____ *initials*] **(c) Option III.** Under this option, you or your estate, subject to the conditions of Section 10 of this Agreement, will be entitled to a refund of ninety percent (90%) of the Entrance Fee. In the event you terminate this Agreement during the amortization period, you will also be entitled to any unamortized portion of the Entrance Fee.

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

4.5 Amortization of Entrance Fee.

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

(b) Option II. Fifty percent (50%) of the Entrance Fee shall be amortized at the rate of two percent (2%) per month for each full or partial month of Occupancy over a period of fifty (50) months beginning in the month of the Designated Occupancy Date or of Occupancy, whichever is earlier. The other fifty percent (50%) of the Entrance Fee shall not be subject to amortization.

(c) Option III. Ten percent (10%) of the Entrance Fee shall be amortized at the rate of two percent (2%) per month for each full or partial month of Occupancy over a period of fifty (50) months beginning in the month of the Designated Occupancy Date or of Occupancy, whichever is earlier. The other ninety percent (90%) of the Entrance Fee shall not be subject to amortization.

4.6 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.

4.7 Monthly Fee.

(a) Amount. You shall pay to us a Monthly Fee of $_____ [____ *initials*] for Occupancy of the Residence.

(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 by the seventeenth (17th) day of the month of issue, 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.

4.8 **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.

4.9 **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, both Co-Residents and/or their estates remain jointly and severally liable for all financial obligations incurred by either Co-Resident under this Agreement. In the event one Co-Resident transfers to the Nursing Facility, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medical Assistance benefits.

4.10 **Late Charges and Cost of Collection.** Any charges which are unpaid after the seventeenth (17th) day of the month of issue, 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 a legal action or proceeding to collect payments due from you under this Agreement, then the prevailing party shall be entitled to recover its attorneys' fees and costs expended in the action from the non-prevailing party.

4.11 **Inability to Pay.** The financial information provided in your Application for Residency, in documents subsequently requested by us, or with your request for financial assistance, must not contain any material misrepresentations or omissions. It is your responsibility to look to all other available sources of financial assistance such as family, church and other agencies, including the Pennsylvania Department of Public Welfare ("DPW") which administers the Medical Assistance Program (called "MA Program"), before requesting financial assistance from us. You may not transfer assets represented as available in your Application for Residency for less than fair market value unless the transfer does not impair your ability to fulfill your financial obligations to us for future Personal Care Services or Routine Nursing Care Services. If you impair your ability to pay your financial obligations by transferring assets for less than fair market value, or take such 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.

4.12 Financial Sponsor(s). In situations of financial sponsorship of the resident _____, you, the financial sponsor named as: _____ shall be jointly and severally liable for the resident's financial obligations and for all payments due under the Agreement.

SECTION 5: FINANCIAL DISCLOSURE

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

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 Non-Resident. In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the parties to this Agreement and the Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. 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. 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 another resident admitted under a separate Continuing Care Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Continuing Care Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident, and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to

a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized by us. This Agreement shall be amended to reflect the change in the Residence and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

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

7.2 Costs of Election to Move.

(a) To Residence With Lesser Entrance Fee. If you elect to move to a Residence, which has a lesser Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then no additional payment or refund 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, which has a greater Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected Residence, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move. The difference shall be immediately amortized in full by us and no refund shall be due. You shall be obligated to pay the applicable Monthly Fee for the selected Residence.

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

SECTION 8: TERMINATION OF AGREEMENT

8.1 Termination by You.

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

(b) **Prior to Occupancy.** After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date or actual date of Occupancy, whichever is 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 remain the same.

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

8.2 **Termination by Us.**

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

(b) **After Occupancy.** We may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice to you or your representative or such written notice as is reasonable under the circumstances. Just cause shall include but not be limited to, a default in payment; the submission of any materially false information; the failure of you to abide by our rules, regulations, policies, and procedures; the breach of any of the other terms of this Agreement; 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 the life, health, or safety of you or creates a serious threat or danger to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

8.3 **Termination Upon Permanent Transfer.** If you are permanently transferred to the Nursing Facility, Personal Care Facility or another facility, this Agreement shall terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In the case of Double Occupancy, this Agreement shall terminate only as to the transferring Co-Resident. The Co-Resident remaining in the Residence shall continue to pay the 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.

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

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

8.6 Further Obligations and Release Upon Termination. Upon termination of this Agreement, we are released from any further obligations to you except for the delivery of personal property as limited by this Agreement, and the payment of any refund, which may be 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 indemnification provision reflected in Section 17 and the grievance procedure in Section 18 shall survive the termination of this Agreement.

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

9.1 Conditions of Occupancy. You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy, which may be subject to change from time to time. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

9.2 Decision to Transfer. With the concurrence of our Medical Director, we may transfer you from and between the Residence and the Nursing Facility, Personal Care Facility 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 Nursing Facility, Personal Care Facility or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.

9.3 Charges Related to Transfer.

(a) **Single Occupancy.**

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

(ii) **Permanent Transfer.** Upon permanent transfer to the Nursing Facility, Personal Care Facility or 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 Nursing Facility, Personal Care Facility or other facility.

(b) **Double Occupancy.**

(i) **Temporary Transfer.** During temporary transfer of one Co-Resident to the Nursing Facility, Personal Care Facility 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 Nursing Facility, Personal Care Facility or other facility. In situations where one Co-Resident temporarily transfers to the Nursing Facility, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medical Assistance benefits. In the event both Co-Residents are temporarily transferred to the Nursing Facility, Personal Care Facility 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 Nursing Facility, Personal Care Facility or other facility.

(ii) **Permanent Transfer.** During permanent transfer of one Co-Resident to the Nursing Facility, Personal Care Facility 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 Nursing Facility, Personal Care Facility or other facility. In situations where one Co-Resident permanently transfers to the Nursing Facility, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medical Assistance benefits. In the event both Co-Residents are permanently transferred to the Nursing Facility, Personal Care Facility or 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 Nursing Facility, Personal Care Facility or other facility.

9.4 Release of or Return to Residence After Transfer.

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

SECTION 10: REFUND OF ENTRANCE FEE

10.1 Termination Before Occupancy. If applicable, 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 for any reason, including your death, illness, injury, or incapacity, prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then, if applicable, 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. 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, if applicable, we shall make a full refund of all Entrance Fee payments.

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

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

(b) Option II. In the event of termination during the amortization period, you will be entitled to a refund of fifty percent (50%) of the Entrance Fee plus the unamortized portion. After the lapse of the amortization period, you will be eligible for a refund of fifty percent (50%) of the Entrance Fee. All refunds are subject to deductions for the amount of any financial assistance subsidy provided to you by us, and/or any amounts necessary to

cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of this Agreement.

(c) Option III. In the event of termination during the amortization period, you will be entitled to a refund of ninety percent (90%) of the Entrance Fee plus the unamortized portion. After the lapse of the amortization period, you will be eligible for a refund of ninety percent (90%) of the Entrance Fee. All refunds are subject to deductions for the amount of any financial assistance subsidy provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of this Agreement.

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

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

10.5 Conditions and Due Date for Refund Payments. Prior to Occupancy, any applicable refund will be made within thirty (30) days of the termination of this Agreement. After Occupancy, any applicable refund will be made 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; 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. The amortization of the Entrance Fee, if not fully amortized, shall cease on the effective date of Surrender. In situations of Double Occupancy, there will be no refund,

partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

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

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

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

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

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

12.3 Inspection of Residence and Right of Entry. You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property, to enter your Residence for the purpose of making reasonable inspections, repairs, and

replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by us. We shall have the right to enter your Residence with due regard to your privacy to perform routine maintenance or for any other reasonably necessary purpose, and if applicable, to perform scheduled housekeeping.

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

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

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

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

12.8 Reduction of Income or Other Resources. You shall make every reasonable effort to meet your financial obligations to us. You shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of the Application for Residency, nor make any transfers or gifts after Occupancy, which would substantially

impair your ability or the ability of your estate to satisfy your financial obligations to us.

12.9 Responsibility for Property Damage to Community.

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

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

12.10 Release Regarding Conduct of Other Residents or Guests. We assume no liability for your conduct or any other residents or guests, or for the use, ownership, possession, or control of electric carts or similar mechanized mobile medical or other equipment of other residents or guests. You release and discharge us from any claims for personal injury to you or damages to your personal property caused by the conduct of other residents or guests, or by the use, ownership, possession, or control of electric carts or similar mechanized mobile equipment by other residents or guests. You may bring any claims for personal injury sustained by you from the actions or omissions of other residents directly against the residents and/or guests that are responsible for your injury.

12.11 Responsibility for Your Personal Property.

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

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

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

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

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

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

SECTION 13: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, and subject to the rights of the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 10 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the 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 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 14: SEVERABILITY

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

SECTION 15: ACTS OF FORBEARANCE

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

SECTION 16: 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 17: 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 18: GRIEVANCE PROCEDURE

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

18.2 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any

dispute that may arise between them, then the mediation will be conducted at a site selected by us, which shall be at the Community or at a site within a reasonable distance of Community. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they may proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees.

18.3 Mandatory, Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. When Arbitration is mandatory, as it is under this Agreement, it is the only legal process available to the parties. Mandatory Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 18.3(h) of this Agreement.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) collection actions for nonpayment; and (3) disputes involving amounts in controversy of less than Eight Thousand Dollars ($8,000), shall be settled exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 18.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be settled exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to bring any

claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community. Subject to Section 18.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

(c) Exclusion From Arbitration. Those disputes which have been excluded from mandatory arbitration (i.e., guardianship proceedings, collection actions for nonpayment, and disputes involving amounts in controversy of less than $8,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from mandatory arbitration, neither you nor we are required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute.

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

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

(f) Time Limitation for Arbitration. Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections 18.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal

proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

Two Commerce Square, Suite 1100
2001 Market Street
Philadelphia, PA 19103-7044
Phone: (215) 564-1775/ (800) 364-6098
Fax: (215) 564-1822
Website: www.adroptions.com

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

(h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 18.3(a-h) of this Agreement). You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by you or your authorized representative.

SECTION 19: NOTICE

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

To Community:

Attn: Jeff S. Long
St. Anne Home
685 Angela Drive
Greensburg, PA 15601

To Resident (Before Occupancy): _____

_____

_____

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

SECTION 20: 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 21: MISCELLANEOUS PROVISIONS

21.1 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.

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

21.3 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.

21.4 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.

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

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

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

21.8 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.

21.9 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.

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.

Attest:

_____

Date: _____

St. Anne Home

By: _____

Authorized Representative

Date: _____

Witness:

_____

Date: _____

_____

Resident/Co-Resident

Date: _____

Witness:

_____

Date: _____

_____

Co-Resident

Date: _____

Witness:

_____

Date: _____

_____

Financial Sponsor

Date: _____

Witness:

_____

Date: _____

_____

Financial Sponsor

Date: _____

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 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:

Attn: Jeff S. Long
St. Anne Home
685 Angela Drive
Greensburg, PA 15601

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

_____

_____

EXHIBIT "A"

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

- Kitchen stove
- Refrigerator
- Washer and dryer
- Floor coverings

St. Anne Home
EXHIBIT "E"

Table Showing Frequency & Average Dollar Amount of Each Increase in Periodic Rates for the Previous 5 Years

(Independent Living Entrance Fees, Monthly Fee, Personal Care Rates, and Nursing Care Rates)

	Rates				
Room Type	**Effective:**				
	07/01/21	07/01/22	07/01/23	07/01/24	07/01/25
Nursing Facility Unit					
Level 1 Care Semi-Private	$360/day	$390/day	$420/day	$450/day	$480/day
Level 1 Care Private	$395/day	$425/day	$455/day	$485/day	$515/day
Level 2 Care Semi-Private	$360/day	$390/day	$420/day	$450/day	$480/day
Level 2 Care Private	$425/day	$455/day	$485/day	$515/day	$545/day
Personal Care					
Room Type A1	$147/day	$151/day	$156/day	$163/day	$170/day
Room Type A2	$147/day	$151/day	$156/day	$163/day	$170/day
Room Type A3	$151/day	$155/day	$160/day	$167/day	$174/day
Room Type B	$140/day	$144/day	$149/day	$156/day	$163/day
Room Type C	$140/day	$144/day	$149/day	$156/day	$163/day
Room Type D (one bedroom)	$182/day	$187/day	$192/day	$199/day	$206/day
Room Type E (two bedroom)	$249/day	$256/day	$261/day	$268/day	$275/day
Level 2 assistance add $15/day	Add $15/day	Add $20/day	Add $20/day	Add $25/day	Add $25/day
Level 3 assistance add $25/day	Add $25/day	Add $30/day	Add $30/day	Add $35/day	Add $35/day
Independent Living					
Residence #1 615 Lynn Street:	Option #1 = $690/month Option #2 = not available	Option #1 = $700/month Option #2 = not available	Option #1 = $700/month Option #2 = not available	Option #1 = $700/month Option #2 = not available	Option #1 = $700/month Option #2 = not available

	Option #3 = not available	Option #3 = not available	Option #3 = not available	Option #3 = not available	Option #3 = not available
Residence #2 61 North Westmoreland:	Option #1 = $915/month Option #2 = not available Option #3 = not available	Option #1 = $915/month Option #2 = not available Option #3 = not available	Option #1 = $915/month Option #2 = not available Option #3 = not available	Option #1 = $985/month Option #2 = not available Option #3 = not available	Option #1 = $1,020/month Option #2 = not available Option #3 = not available
Residence #3 57 North Westmoreland:	Option #1 = $1040/month Option #2 = not available Option #3 = not available	Option #1 = $1050/month Option #2 = not available Option #3 = not available	Option #1 = $1,115/month Option #2 = not available Option #3 = not available	Option #1 = $1,155/month Option #2 = not available Option #3 = not available	Option #1 = $1,180/month Option #2 = not available Option #3 = not available
Residence #4 642 Lynn Street: (effective 9/15/2011)	Option #1 = $1,215/month Option #2 = not available Option #3 = not available	Option #1 = $1,215/month Option #2 = not available Option #3 = not available	Option #1 = $1,295/month Option #2 = available Option #3 = not available	Option #1 = $1,385/month Option #2 = $1,335/month Option #3 = $1,235/month	Option #1 = $1,685/month Option #2 = $1,635/month Option #3 = $1,535/month
Residence #5 619 Lynn Street: (effective 6/23/2014)	Option #1 = $1,425/month Option #2 = not available Option #3 = not available	Option #1 = $1,435/month Option #2 = not available Option #3 =not available	Option #1 = $1,475/month Option #2 = not available Option #3 = not available	Option #1 = $1,495/month Option #2 = not available Option #3 =not available	Option #1 = $1,520/month Option #2 = not available Option #3 =not available
Residence #6 653 Jack Street: (effective 7/1/2016)	Option 1 = $1,300/month Option 2 = not available Option #3 = not available	Option #1 = $1,310/month Option #2 = not available Option #3 = not available	Option #1 = $1,410/month Option #2 = not available Option #3 = not available	Option #1 = $1,410/month Option #2 = not available Option #3 = not available	Option #1 = $1,435/month Option #2 = not available Option #3 = not available
Residence #7 651 Jack Street: (effective 7/1/2017)	Option #1 = $1,350/month Option #2 = $1,320/months Option #3 = not available	Option #1 = not available Option #2 = not available Option #3 = not available	Option #1 = $1,287/month Option #2 = not available Option #3 = not available	Option #1 = $1,307/month Option #2 = not available Option #3 = not available	Option #1 = $1,327/month Option #2 = not available Option #3 = not available
Residence #8 65 North Westmoreland			Option #1 = $1,555/month Option #2 =	Option #1 = $1,583/month Option #2 =	Option #1 = $1,608/month Option #2 =

Street: (effective 11/1/2020			$1,470/month Option #3 = $1,425/month	Not available Option #3 = not available	not available Option #3 = not available
Residence #9 646 Lynn Street: (effective 4/1/2022)			Option #1 = $1,900/month Option #2 = $1,800/month Option #3 = $1,700/month	Option #1 = not available Option #2 = $1,830/month Option #3 = not available	Option #1 = not available Option #2 = $1,837/month Option #3 = not available

St. Anne Home

EXHIBIT "F"

Average Cost of Providing Care & Services During the Most Recent 12 Months Ending June 30, 2025 (Independent Living)

EXPENSES INCLUDING THE FOLLOWING:	
Salaries and wages	$6,436
Employee benefits	-
Plant operation and maintenance	$34,566
Payroll taxes	$644
Professional fees	$0
Depreciation and amortization	$39,148
Interest	$0
Other operating	$22,034
Total Expenses Divide by: 3,873 resident days	$102,828
Average annual cost per resident day X 365	$26.55
Average annual cost per resident	$9,691

St. Anne Home

EXHIBIT "G"

Financial Statement

bakertilly

St. Anne Home

Financial Statements and
Supplementary Information

June 30, 2025 and 2024

St. Anne Home

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
St. Anne Home

Opinion

We have audited the financial statements of St. Anne Home (the Home), which comprise the balance sheets as of June 30, 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 Home as of June 30, 2025 and 2024, and the results of its operations, changes in its net assets and its 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 Home 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 Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits 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.

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.

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 Home'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 Home's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The The schedules of operating (loss) income by cost center on pages 27 and 28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

New Castle, Pennsylvania
August 26, 2025

St. Anne Home

Balance Sheets
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 1,172,256	$ 1,213,363
Resident trust funds	13,626	18,791
Accounts receivable:		
Residents, net	3,047,600	1,998,800
Other	8,032	9,381
Prepaid expenses and other current assets	159,384	139,274
Total current assets	4,400,898	3,379,609
Assets Whose Use is Limited		
Board-designated investments	15,101,359	17,977,416
Pledged asset funds	3,575,160	1,185,993
Workers' compensation fund	163,535	63,535
Act 82 reserve	115,438	136,011
Total assets whose used is limited	18,955,492	19,362,955
Funded Pension Asset	1,947,915	1,953,942
Property and Equipment, Net	22,406,510	23,085,430
Beneficial Interest in Charitable Remainder Trust	1,535,859	1,682,373
Total assets	$ 49,246,674	$ 49,464,309

See notes to financial statements

St. Anne Home

Balance Sheets
June 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 522,151	$ 464,921
Accounts payable	659,976	664,752
Resident trust funds	13,626	18,791
Accrued expenses	1,496,300	1,298,798
Refundable advances	3,884	148,609
Total current liabilities	2,695,937	2,595,871
Long-Term Debt, Net	11,279,558	11,840,637
Accrued Workers' Compensation	382,000	397,994
Refundable Fees	74,100	72,600
Deferred Revenue From Advance Fees	58,760	81,676
Total liabilities	14,490,355	14,988,778
Net Assets		
Without donor restrictions	33,209,343	32,784,982
With donor restrictions	1,546,976	1,690,549
Total net assets	34,756,319	34,475,531
Total liabilities and net assets	$ 49,246,674	$ 49,464,309

See notes to financial statements

St. Anne Home

Statements of Operations
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenue		
Net resident service revenue	$ 18,946,495	$17,190,016
Government award revenue	144,925	33,244
Pennsylvania nursing home assessment	810,503	1,009,782
Other operating revenue	182,074	131,022
Net assets released from restrictions	4,875	6,605
Total operating revenue	20,088,872	18,370,669
Operating Expenses		
Salaries and wages	10,507,584	8,729,910
Other operating	3,649,568	5,198,596
Employee benefits	1,469,870	1,579,312
Purchased medical services	1,335,934	1,078,622
Depreciation	1,245,650	1,236,882
Plant operations and maintenance	1,067,867	950,624
Food	775,050	778,962
Payroll taxes	806,745	654,787
Interest	334,774	349,270
Pharmacy	525,860	453,558
Pennsylvania nursing home assessment	380,349	412,224
Professional fees	128,753	153,206
Total operating expenses	22,228,004	21,575,953
Operating loss	(2,139,132)	(3,205,284)
Nonoperating Revenue (Expenses)		
Investment income	1,986,886	1,613,083
Other components of net periodic pension costs	227,460	222,371
Contributions and bequests	212,540	163,897
Development expenses	(43,884)	(42,682)
Total nonoperating revenue	2,383,002	1,956,669
Excess (deficiency) of revenue over expenses	243,870	(1,248,615)
Other Changes in Net Assets Without Donor Restrictions		
Pension related changes other than periodic pension costs	180,491	1,018,542
Increase (decrease) in net assets without donor restrictions	$ 424,361	$ (230,073)

See notes to financial statements

St. Anne Home

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

	2025	2024
Changes in Net Assets Without Donor Restrictions		
Excess (deficiency) of revenue over expenses	$ 243,870	($1,248,615)
Pension related changes other than periodic pension costs	180,491	1,018,542
Increase (decrease) in net assets without donor restrictions	424,361	(230,073)
Changes in Net Assets With Donor Restrictions		
Contributions and grants	7,816	5,232
Contribution of beneficial interest in charitable remainder trust	-	1,773,536
Decrease of value in charitable remainder trust	(146,514)	(91,163)
Net assets released from restrictions	(4,875)	(6,605)
(Decrease) increase in net assets with donor restrictions	(143,573)	1,681,000
Change in net assets	280,788	1,450,927
Net Assets, Beginning	34,475,531	33,024,604
Net Assets, Ending	$ 34,756,319	$ 34,475,531

See notes to financial statements

St. Anne Home

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

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 280,788	1,450,927
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,245,650	1,236,882
Amortization of debt issuance costs	4,423	4,424
Change in reserve for credit losses	419,439	549,137
Amortization of advance fees	(15,957)	(10,034)
Proceeds from advanced fees	17,792	-
Net realized and unrealized gain on investments	(1,268,811)	(1,040,841)
Contribution of beneficial interest in charitable remainder trust	-	(1,773,536)
Change in value of charitable remainder trust	146,514	91,163
Funded pension asset adjustment	(180,491)	(1,018,542)
Restricted contributions	(7,816)	(5,232)
(Increase) decrease in assets:		
Accounts receivable, residents	(1,468,239)	(704,664)
Accounts receivable, other	1,349	11,567
Prepaid expenses and other current assets	(20,110)	9,472
Funded pension asset	186,518	172,254
Increase (decrease) in liabilities:		
Accounts payable	(4,776)	138,496
Accrued expenses	197,502	104,776
Refundable advances	(144,725)	(33,244)
Accrued workers' compensation	(15,994)	1,202
Net cash used in operating activities	(626,944)	(815,793)
Cash Flows From Investing Activities		
Purchases of property and equipment	(566,730)	(1,065,026)
Net sales of investments	1,755,701	2,220,250
Net cash provided by investing activities	1,188,971	1,155,224
Cash Flows From Financing Activities		
Proceeds received from restricted contributions	7,816	5,232
Repayment of long-term debt	(508,272)	(493,723)
Proceeds from refundable entrance fees	1,500	26,250
Refunds of entrance fees	(24,751)	(24,751)
Net cash used in financing activities	(523,707)	(486,992)
Net increase (decrease) in cash, cash equivalents and restricted cash	38,320	(147,561)
Cash, Cash Equivalents and Restricted Cash, Beginning	1,412,909	1,560,470
Cash, Cash Equivalents and Restricted Cash, Ending	$ 1,451,229	1,412,909

See notes to financial statements

St. Anne Home

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

	2025	2024
Cash, Cash Equivalents and Restricted Cash Includes		
Cash	$ 1,172,256	$ 1,213,363
Workers' compensation fund	163,535	63,535
Act 82 reserve	115,438	136,011
	$ 1,451,229	$ 1,412,909
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 330,351	$ 344,846

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Anne Home (the Home) is a not-for-profit, tax-exempt corporation located in Greensburg, Pennsylvania. The Home operates as a continuing care retirement community that provides nursing services in its 155-bed skilled nursing unit and its 54-bed personal care unit known as Villa Angela. The Home also operates nine independent living houses available to residents under continuing care retirement contracts.

The Congregation of the Sisters of St. Felix of Cantalice, Our Lady of Hope Province, is the sponsor of Felician Services, Inc., a not-for-profit organization, which is the sole corporate member of St. Anne Home.

Summary of Significant Accounting Policies

A summary of the Home's significant accounting policies applied in preparation of the accompanying financial statements is as follows:

Basis of Accounting and Accounting Estimates

The financial statements of the Home have been prepared in accordance with accounting principles generally accepted in the United States of America which 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Home considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable, residents are reported at estimated net realizable value taking into account explicit price concessions and estimated credit losses. The reserve for estimated credit losses are based upon management's judgmental assessment of historical and expected net collections considering a resident's ability to pay. Throughout the year, management assesses the adequacy of the reserve for credit losses based upon its review of accounts receivable, payor composition and the aging of accounts. The results of these assessments are used to make modifications to resident revenue and to establish an appropriate estimate for credit losses.

The following table presents the changes in the allowance for credit losses on accounts receivable for the periods ended:

	2025	2024
Balance, beginning of year	$ 1,232,869	$ 683,732
Provision within credit loss expense	828,922	738,743
Write offs	(409,483)	(189,606)
Balance, end of year	$ 1,652,308	$ 1,232,869

Assets Whose Use is Limited and Investment Risk

Assets whose use is limited, consisting of cash and cash equivalents and marketable securities, include assets set aside by the Board of Directors for various purposes, pledged assets, assets limited for use in workers' compensation claims, assets set aside to comply with requirements of Act 82, unused cash received and assets to be used for capital projects.

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

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

Beneficial Interest in Charitable Remainder Trust

The Home has a remainder interest in a donor-established irrevocable trust controlled and administrated by a third-party trustee. The beneficial interest in the trust assets and the associated donor-restricted revenue was reported at fair value on the day the Home was notified of the existence of the trust. Subsequent changes to beneficial interest in trust assets are reported as a component of changes in donor-restricted net assets. The donor-imposed time restriction on Home's remainder interest in the trust assets expires when the lead interest to the trust is terminated.

Property and Equipment

Property and equipment acquisitions are recorded at cost and donated property and equipment are stated at fair value as of the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Useful lives generally range from 5 to 40 years for building and building improvements, 4 to 40 years for leasehold improvements, 5 to 25 years for machinery and equipment and five years for vehicles. The Home's capitalization policy is to capitalize long-lived assets with a cost exceeding $500. Depreciation expense was $1,245,650 in 2025 and $1,236,882 in 2024.

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.

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. Management determined there was no impairment as of June 30, 2025 or 2024.

Deferred Financing Costs

Deferred financing costs are being amortized over the life of the related debt using the straight-line method, which does not differ significantly from the effective interest method. The deferred financing costs are reported on the accompanying balance sheets as a reduction of long-term debt.

Refundable Fees and Deferred Revenue From Advance Fees

The Home owns eight independent living homes, seven of which are occupied by residents who have signed contracts and deposit agreements. Under the terms of the initial contract, the resident deposit is 100% nonrefundable upon the effective date of the contract. Under the terms of the subsequent contracts, the residents are entitled to either: (a) a refund equal to the total entrance fee paid less a sum equal to 2% of the entrance fee for each full month of occupancy in the unit; after 50 months of occupancy, the deposit is fully nonrefundable; or (b) a refund equal to 90% of the total entrance fee paid, with the remaining 10% amortized and becoming nonrefundable over a 50 month period. The portion of the contract that is guaranteed refundable to the resident is included as refundable fees on the balance sheets.

The nonrefundable fees are recorded as deferred revenue and are amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancy of the resident. Contractual refund obligations are not significant as of June 30, 2025 and 2024.

Donor-Restricted Gifts

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

Net Assets

Net assets include revenue, expenses, gains and losses that are classified based on the existence or absence of donor-imposed stipulations. Accordingly, the net assets of the Home and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not restricted by donor- or grantor-imposed stipulations.

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

Net Resident Service Revenue

Net resident service revenue is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing resident care from residents, third-party payors (including health insurers and government payors), and others for services rendered. It includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Home bills residents and third-party payors several days after services are performed (usually monthly). Net resident service revenue is recognized as the performance obligations are satisfied and is primarily comprised of skilled nursing, personal care and independent living revenue streams.

Performance obligations are determined based on the nature of the services provided by the Home. The primary source of net resident service revenue relates to performance obligations satisfied over time which are recognized based on actual charges incurred in relation to total expected (or actual) charges. The Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving services at St. Anne Home which are generally day-to-day or for contractual term of one month. The Home measures the performance obligation from the time a resident moves-in to the point when it is no longer required to provide service to the resident, which is generally at the time a resident transfers to another location or passes on, or the measurable time period (one month of service) has been provided.

Accordingly, the Home's performance obligations usually are of a duration of less than one year; therefore, the Home has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 606 and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to services at the end of the reporting period. The performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

The Home has continuing care retirement contracts which include an entrance fee component and a monthly service fee with access to the following continuum: independent living, assisted living/personal care, and skilled nursing. The Home offers Type C contracts which are fee-for-service contracts that include upfront entrance fees; however, the resident pays for any health care services on a monthly basis at the standard market rate. The portion of the entrance fees that is contractually earned by the Home is amortized into revenue over the life expectancy of the resident. Amortization was not significant in 2025 or 2024.

The Home has elected the practical expedient under the FASB ASC 606 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Home's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, the Home does, in rare instances, enter into payment agreements with patients or residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Home determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions (contractual adjustments) provided to third-party payors and discounts provided to residents. The Home determines explicit price concessions based on contractual adjustments, its policies and historical experience.

The Home has agreements with third-party payors that provide for reimbursement at amounts less than the Home's established rates. Explicit concessions under third-party reimbursement programs represent the difference between the Home's billings at established rates for service and amounts reimbursed by third-party payors.

A summary of the payment arrangements with major third-party payors is as follows:

Medicaid - Reimbursement for Medicaid beneficiaries is based on the Pennsylvania Department of Human Services Case Mix reimbursement system. Under the Case Mix reimbursement system, providers are paid prospectively by the Pennsylvania Medicaid program. The Case Mix reimbursement system eliminates the need for retroactive adjustments.

Medicare - The Home's nursing facility participates in Medicare's prospective payment system (PPS). Under the PPS, providers are paid prospectively by the intermediary acting on behalf of and at the direction of the Centers for Medicare and Medicaid Services (CMS). Under the prospective payment system does not provide for retroactive adjustments.

Commercial - Certain revenue under third-party payor agreements is based on capitated contracts whereby the Home receives payment based on pre-established rates and fee schedules (including Medicaid). The payment under these contracts does not provide for retroactive cost settlements. However, from time to time, based on various regulatory issues, the Home may receive lump sum payments from Medicaid. These payments are recognized as revenue when the amount is known, and payment is certain.

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

The Home provides services to uninsured patients and residents, and offers those uninsured patients and residents a discount, either by policy or law, from standard charges. Patients and residents who are covered by third-party payors are responsible for related deductibles and coinsurance. The Home estimates the transaction price for patients and residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. Subsequent changes that are determined to be the result of an adverse change in a patient's or resident's ability to pay are recorded as credit losses.

Services may be provided without charge or at amounts less then established rates to residents who meet certain need based criteria based on the Home's benevolent care policy. Such amounts determined to qualify as benevolent care are not reported as revenue.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Home also provides services to uninsured residents and offers those uninsured residents a discount, either by policy or law, from standard charges. The Home estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, and discounts based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as impairment losses.

The composition of resident care revenue by primary payor by service line for the years ended June 30 is as follows:

	2025	2024
Skilled nursing care revenue:		
Medicare	$ 4,210,710	$ 2,764,824
Medicaid	7,419,165	8,742,142
Private	4,673,983	3,288,078
Commercial	23,606	-
Total skilled nursing revenue	16,327,464	14,795,044
Personal care revenue (private)	2,472,059	2,246,738
Independent living and rental revenue (private)	146,972	148,234
Net resident service revenue	$ 18,946,495	$ 17,190,016

All of the Home's revenue is recognized from goods and services that transfer to the customer over time as outlined on the statements of operations.

Benevolent Care

The Home provides services to residents who meet certain criteria under its benevolent care policy without charge or at amounts less than its established rates. Because the Home does not pursue collection of amounts determined to qualify as benevolent care, they are not reported as revenue.

The Home maintains records to identify and monitor the level of benevolent care it provides. The costs associated with the benevolent care services provided are estimated by determining average operating costs per day, then multiplying by the number of days the specific resident(s) receiving benevolent care occupied the personal care unit(s) and then subtracting the actual payments received from the resident(s). The level of benevolent care provided by the Home amounted to approximately $13,600 and $29,000 in 2025 and 2024, respectively.

The Home also provides services to indigent residents under the Medical Assistance program. The cost the Home incurred for these services exceeded reimbursement by approximately $3,037,000 and $3,226,000 in 2025 and 2024, respectively.

Nursing Home Assessment

As a general nursing facility participating in Pennsylvania's Medicaid system, the Home is subject to Pennsylvania's Nursing Home Assessment Program (Program). Under the Program, nursing facilities are assessed a "tax" based on census information and receive a corresponding "supplemental payment" based on census information. The calculation for the "tax" is different from the calculation for the "supplemental payment" and the related expenses and revenue are not the same.

Excess (Deficiency) of Revenue Over Expenses

The statements of operations include excess (deficiency) of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenue over expenses, consistent with industry practice, include pension related changes other than periodic pension costs and net assets released from restriction used for the purchase of property and equipment.

Income Taxes

The Home is a not-for-profit organization, as described in Section 501(c) (3) of the Internal Revenue Code (the IRC) and is recognized as tax-exempt under Section 501(a) of the IRC. Accordingly, no provision for income taxes has been provided.

Advertising

Advertising expense amounted to approximately $35,000 and $38,000 for the years ended June 30, 2025 and 2024, respectively.

Subsequent Events

In preparing these financial statements, the Home evaluated events that occurred through September 3, 2025, the date the financial statements were available to be issued, for potential recognition or disclosure.

2. Contract Balances

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

The Home's beginning and ending contract asset and liability are separately presented on the balance sheets as of June 30, 2025 and 2024. The contract asset and liability as of June 30, 2023 are as follows:

Accounts receivable residents, net	$	1,843,273
Deferred revenues from advance fees		116,461

3. Concentrations of Credit Risk

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

The Home grants credit without collateral to its residents, most of whom are insured under third-party payor arrangements primarily with Medical Assistance, Medicare and various commercial insurance companies. The mix of receivables from patients and residents and third-party payors across all service lines as of June 30 is as follows:

	2025	2024
Medicaid	30 %	32 %
Private pay	41	53
Medicare	22	10
Other	7	5
	100 %	100 %

4. Assets Whose Use is Limited

Assets whose use is limited are summarized as follows as of June 30:

	2025	2024
Board-designated:		
Operating fund	$ 7,897,370	$ 10,819,053
Depreciation fund	5,935,677	5,997,209
St. Felix fund	1,257,195	1,152,979
Other	11,117	8,175
Total	15,101,359	17,977,416
Pledged asset funds	3,575,160	1,185,993
Workers' compensation fund	163,535	63,535
Act 82 reserve	115,438	136,011
Total	$ 18,955,492	$ 19,362,955

Investment income is comprised of the following for the years ended June 30:

	2025	2024
Interest and dividend income	$ 718,075	$ 572,242
Net realized gain on investments	573,166	278,872
Net unrealized gain on investments	695,645	761,969
Total	$ 1,986,886	$ 1,613,083

5. Fair Value Measurements

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

The levels of the fair value hierarchy are as follows:

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

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

The tables below present the balances of assets measured at fair value as of June 30:

	2025		
	Total	Level 1	Level 3
Assets whose use is limited:			
Cash and cash equivalents*	$ 1,177,071	$ -	$ -
Mutual funds, equity	11,865,036	11,865,036	-
Mutual funds, fixed income	5,913,385	5,913,385	-
Total	$ 18,955,492	$ 17,778,421	$ -
Pension plan assets:			
Cash and cash equivalents*	$ 12,416	$ -	$ -
Stock, Company A	728,655	728,655	-
Mutual fund, equity	2,534,642	2,534,642	-
Mutual fund, fixed income	2,875,939	2,875,939	-
Exchange traded funds, equity	3,250,925	3,250,925	-
Exchange traded funds, fixed income	1,056,744	1,056,744	-
Total	$ 10,459,321	$ 10,446,905	$ -
Beneficial interest in charitable remainder trust	$ 1,535,859	$ -	$ 1,535,859

	2024		
	Total	Level 1	Level 3
Assets whose use is limited:			
Cash and cash equivalents*	$ 327,646	$ -	$ -
Mutual funds, equity	12,090,821	12,090,821	-
Mutual funds, fixed income	6,944,488	6,944,488	-
Total	$ 19,362,955	$ 19,035,309	$ -
Pension plan assets:			
Cash and cash equivalents*	$ 72,109	$ -	$ -
Stock, Company A	691,560	691,560	-
Mutual fund, equity	2,167,822	2,167,822	
Mutual fund, fixed income	2,780,846	2,780,846	
Exchange traded funds, equity	2,899,429	2,899,429	-
Exchange traded funds, fixed income	1,044,888	1,044,888	-
Total	$ 9,656,654	$ 9,584,545	$ -
Beneficial interest in charitable remainder trust	$ 1,682,373	$ -	$ 1,682,373

* Cash and cash equivalents are included in the above tables to allow the reconciliation of the totals above to board-designated investments reported on the balance sheets.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in methodology as of June 30, 2025 or 2024:

Stock and Mutual/Exchange Traded Funds, Equity and Fixed Income - Valued at the closing price reported in the active market on which the individual securities are traded.

Beneficial Interest in Charitable Remainder Trust - Valued using the present value of an expected future cash payment.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Home 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.

6. Pennsylvania Department of Insurance Disclosure

As a continuing care provider, the Home is required to maintain a minimum liquid reserve to be in compliance with the Continuing Care Provider Registration and Disclosure Act (Act 82). The minimum reserve is equal to the greater of total interest and principal payments on long-term debt due within the next 12 months (related to the independent living units) or 10% of projected annual operating expenses (related to the independent living units).

The following is the minimum liquid reserve calculations as of June 30:

	2025	2024
Projected annual operating expenses	$ 23,287,817	$ 22,104,460
Less depreciation and amortization expense	(1,257,600)	(1,250,336)
Operating expenses pertaining to statutory liquid reserve	22,030,217	20,854,124
Percent of residents subject to residence and care arrangement	5.24%	6.522%
	1,154,383	1,360,106
Statutory requirement	10.00%	10.00%
10% of projected annual operating expenses (rounded)	$ 115,438	$ 136,011
Principal and interest payments due within the next 12 months	$ 838,569	$ 768,688
Percent of residents subject to residence and care arrangement	5.24%	6.522%
	$ 43,941	$ 50,134
Minimum liquid reserve (greater of above)	$ 115,438	$ 136,011

The Home did not receive resident deposits that would be required to be held in escrow as of June 30, 2025 and 2024, respectively.

7. Liquidity and Availability of Resources

The following table reflects the Home's financial assets available for general expenditures within one year as of June 30, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets subject to donor restrictions; resident trusts; assets pledged for debt and workers' compensation; funds designated for workers' compensation claims; escrow deposits held for prospective residents; and assets reserved for compliance with requirements of Act 82.

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the balance sheets date, comprise the following as of June 30:

	2025	2024
Cash	$ 1,172,256	$ 1,213,363
Accounts receivable, residents	3,047,600	1,998,800
Accounts receivable, other	8,032	9,381
Board-designated investments	15,101,359	17,977,416
Total	$ 19,329,247	$ 21,198,960

As part of the Home's liquidity management, financial assets are invested in a manner that allows them to be available as general expenditures, liabilities and other obligations come due. Cash more than immediate needs is invested or placed into interest bearing accounts.

8. Property and Equipment

Property and equipment are comprised of the following as of June 30:

	2025	2024
Land	$ 595,598	$ 595,598
Buildings and building improvements	27,797,702	27,681,800
Leasehold improvements	3,979,656	4,713,260
Machinery and equipment	7,224,583	7,091,903
Vehicles	147,112	147,112
Construction-in-progress	293,883	132,959
	40,038,534	40,362,632
Less accumulated depreciation	17,632,024	17,277,202
Property and equipment, net	$ 22,406,510	$ 23,085,430

9. Long-Term Debt

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

	2025	2024
Revenue Note, Series 2015A	$ 11,881,333	$ 12,389,605
Less current portion of long-term debt	522,151	464,921
Less unamortized debt issuance costs	79,624	84,047
Long-term debt	$ 11,279,558	$ 11,840,637

Revenue Note, Series 2015

In September 2015, the Latrobe Industrial Development Authority (Authority) issued, on behalf of the Home, Revenue Note, Series 2015A (Series 2015A Note) in the amount of $15,200,000. Upon issuance, the Series 2015 Note was assigned to S&T Bank from the Authority. The proceeds of the Series 2015A Note are being used to finance the modernization and expansion of the Home's nursing facility (the Project) and were also used to pay the costs of issuance.

The Series 2015A Note is payable monthly in principal and interest installments based on a 300 month amortization schedule, with a final payment due in June 2043. Interest on the Series 2015A Note is charged at a fixed rate of 2.68%. Interest rates will be reset and change as of September 2025.

The Series 2015A Note is secured by a mortgage agreement covering substantially all of the property and equipment of the Home, and a security agreement covering substantially all of the assets of the Home. Under the terms of the Series 2015A Note and most recent amendments, the Home is required to meet certain financial covenants, including maintaining a required debt service coverage ratio, days cash on hand requirement and maintaining a pledged account balance of no less than $2,075,307.

The estimated scheduled principal payments based on the current outstanding balance of the long-term debt are as follows as of June 30, 2025:

Years ending June 30:	
2026	$ 522,151
2027	536,517
2028	550,489
2029	566,424
2030	582,008
Thereafter	9,123,744
Total	$ 11,881,333

10. Workers' Compensation Self-Insurance

The Home is self-insured for workers' compensation losses up to a maximum limit of $650,000 per claim. The Home also maintains insurance through an independent insurer that limits employer liability for employee claims related to errors and omissions for workers' compensation claims. The excess policy includes a self-insurance retention (deductible) of $750,000 per occurrence, with an aggregate limit of $1,000,000. The Home established a reserve for workers' compensation open claims and claims incurred but not reported of approximately $382,000 and $398,000 as of June 30, 2025 and 2024, respectively.

The Home maintains a $400,000 line of credit to secure the Home's workers' compensation program. To comply with the terms of the line of credit the Home is required to maintain a minimum balance of $1,142,857 in the pledged asset fund. There were no draws on the line of credit as of June 30, 2025 or 2024.

11. Medical Malpractice Claims Coverage

The Home maintains professional liability insurance coverage, on a claims-made basis, through a risk retention group with limits of $1,000,000 per occurrence and $3,000,000 in aggregate for personal care, and limits of $500,000 per occurrence and $1,500,000 for skilled nursing care. The Home has additional insurance coverage through Pennsylvania Medical Care Availability and Reduction of Error Fund of $500,000 per occurrence and $1,500,000 in the aggregate for nursing care. The Home has no knowledge of any asserted or unasserted claims which would exceed its insurance coverage limits.

12. Defined Benefit Pension Plan

The Home sponsors a noncontributory funded defined benefit pension plan (pension) covering eligible salaried and hourly employees that were hired or rehired prior to July 1, 2021. Benefits are based on the participant's age and years of service.

The activity of the pension for the years ended June 30 is as follows:

	2025	2024
Fair value of pension assets, beginning	$ 9,656,654	$ 9,628,990
Change in pension assets:		
Actual return on pension assets	1,102,380	1,243,208
Employer contributions	-	172,255
Benefits paid	(299,713)	(1,387,799)
Fair value of pension assets, ending	$ 10,459,321	$ 9,656,654

	2025	2024
Projected benefit obligation, beginning	$ 7,702,712	$ 8,521,336
Changes in projected benefit obligation:		
Service cost	413,978	566,880
Interest cost	365,208	405,952
Actuarial losses (gains)	329,221	(403,657)
Benefits paid	(299,713)	(1,387,799)
Projected benefit obligation, ending	$ 8,511,406	$ 7,702,712
Funded status	$ 1,947,915	$ 1,953,942
Noncurrent asset recognized on the balance sheets as funded pension asset	$ 1,947,915	$ 1,953,942

The following table discloses the amounts that have been recognized as changes in net assets without donor restrictions arising from the pension but not yet reclassified as components of net periodic pension costs for the years ended June 30:

	2025	2024
Accumulated amount recognized in net assets without donor restrictions:		
Unrecognized net gains	$ (903,659)	$ (723,168)
Net amount recognized	$ (903,659)	$ (723,168)

The following table discloses net periodic pension costs and other pension related changes recognized as part of the increase (decrease) in net assets without donor restrictions for the years ended June 30:

	2025	2024
Components of net periodic pension costs recognized in excess (deficiency) of revenue over expense:		
Service cost	$ 413,978	$ 566,880
Interest cost	365,208	405,952
Expected return on plan assets	(592,668)	(628,323)
Total net pension costs	$ 186,518	$ 344,509
Changes in plan assets and benefit obligations recognized in other changes in net assets without donor restrictions:		
Actuarial losses (gains)	$ 329,221	$ (403,657)
Deferral of pension assets gains	(509,712)	(614,885)
Total gain recognized	$ (180,491)	$ (1,018,542)

The components of net periodic pension costs other than the service cost component are included in other components of net periodic pension costs. The amortization of any prior service cost and unrecognized net gain, if any, is determined using a straight-line amortization over the average remaining service period of employees expected to receive benefits under the pension or the expected average future service.

Assumptions

The following weighted-average assumptions are used to determine benefit obligation as of June 30:

	2025	2024
Discount rate	5.20 %	5.35 %
Rate of compensation increase	5.50	5.50

The Home uses a yield curve/spot rate approach to estimate the service and interest costs related to the pension. This approach estimates service and interest costs by applying specific rates along a yield curve to determine the benefit obligation of the relevant cash outflow.

The following weighted-average assumptions are used to determine net periodic benefit cost as of June 30:

	2025	2024
Discount rate	5.35 %	5.35 %
Rate of compensation increase	5.50	5.50
Expected return on plan assets	6.75	6.75

The expected long-term rate of return for plan assets is based on asset allocations, historical asset returns, expected future market conditions, risk and management premiums. Adjustments are made to expected long-term rate of return assumption when deemed necessary based upon revised expectations of future investment performance of overall capital markets.

The following are pension plan weighted-average asset allocations and target asset allocations for the assets of the plan as of June 30:

	2025	2024	Target Asset Allocation
Money market accounts	1 %	1 %	5 - 10 %
Equity securities	61	60	50 - 80
Fixed income securities	38	39	20 - 50

The investment objectives for the plan's assets are to achieve long-term growth of capital, consistent with preservation of capital. Fixed income, international, other, and cash equivalent investments are expected to comprise no less than 20% and no more than 50% of the total market value of the Plan's assets. Equity investments are expected to comprise no less than 50% and no more than 80% of the total market value of the plan's assets.

Asset allocation ranges promote optimal expected return and volatility characteristics given the long-term horizon for fulfilling the obligations of the pension plan. Selection of the specific asset allocations for the plan's assets was based upon a review of the expected return and risk characteristics of each asset class, the expected benefit payouts, as well as the correlation of returns among asset classes.

Investment managers are selected based on their established investment guidelines and investment style meeting the pension plan's investment policy. The pension plan investment policy provides the criteria for determining eligible and ineligible securities, diversification requirement and credit quality standards, where applicable. Investment managers are only selected if their investment guidelines prohibit them from buying or selling commodities, future or option contracts, as well as from short selling of securities. Furthermore, the selected investment managers are monitored to ensure they do not deviate from their stated investment style and guidelines. If the investment manager were to deviate from the stated investment style or guideline, their portfolio would be removed from the pension plan and replaced. See Note 5 for plan asset fair value disclosures.

Actual and Expected Cash Flows

The following table shows actual and expected cash flows of the pension for the years ended/ending June 30:

Employer contributions:	
2024 (actual)	$ 172,555
2025 (actual)	-
2026 (expected)	-

Estimated future benefit payments reflecting expected future service for years ending June 30:

Years ending June 30:	
2026	$ 2,038,803
2027	934,191
2028	668,946
2029	684,629
2030	1,055,757
2031 - 2033	3,837,389

13. Discretionary Contribution Retirement Plan

The Home sponsors a discretionary contribution retirement plan for the benefit of employees. There were no significant plan contributions made in 2025 or 2024.

14. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2025	2024
Subject to expenditure for specified purpose:		
St. Anne Home, property and equipment	$ 10,252	$ 7,607
St. Anne Home, general operations	865	569
	11,117	8,176
Subject to appropriation based on timing:		
Beneficial interest in charitable remainder trust	1,535,859	1,682,373
Total	$ 1,546,976	$ 1,690,549

Net assets with donor restrictions were released during the years ended June 30 for the following purposes:

	2025	2024
General operations	$ 4,875	$ 6,605

15. Functional Expenses

The Home provides nursing, personal care, and independent living services to residents within its geographic location. Expenses related to providing these services for the years ended June 30 follows:

	2025			
	Program Service	Administrative Costs	Total	Fundraising*
Salaries and wages	$ 9,389,269	$ 1,118,315	$ 10,507,584	$ -
Other operating	3,106,100	543,468	3,649,568	-
Employee benefits	1,366,147	103,723	1,469,870	-
Purchased medical services	1,314,784	21,150	1,335,934	-
Depreciation	1,135,872	109,778	1,245,650	-
Plant operations and maintenance	843,562	224,305	1,067,867	-
Food	770,262	4,788	775,050	-
Payroll taxes	725,088	81,657	806,745	-
Interest	334,774	-	334,774	-
Pharmacy	525,860	-	525,860	-
Pennsylvania nursing home assessment	380,349	-	380,349	-
Development	-	-	-	43,884
Professional fees	-	128,753	128,753	-
Total	$ 19,892,067	$ 2,335,937	$ 22,228,004	$ 43,884

	2024			
	Program Service	Administrative Costs	Total	Fundraising*
Salaries and wages	$ 7,696,850	$ 1,033,060	$ 8,729,910	$ -
Other operating	4,694,636	503,960	5,198,596	-
Employee benefits	1,473,760	105,552	1,579,312	-
Purchased medical services	1,056,447	22,175	1,078,622	-
Depreciation	1,127,877	109,005	1,236,882	-
Plant operations and maintenance	735,529	215,095	950,624	-
Food	775,463	3,499	778,962	-
Payroll taxes	581,475	73,312	654,787	-
Interest	349,270	-	349,270	-
Pharmacy	453,558	-	453,558	-
Pennsylvania nursing home assessment	412,224	-	412,224	-
Development	-	-	-	42,682
Professional fees	-	153,206	153,206	-
Total	$ 19,357,089	$ 2,218,864	$ 21,575,953	$ 42,682

* Expenses reported as development expenses under nonoperating revenue (expenses) on the statements of operations.

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

16. Commitments and Contingencies

Real Estate Taxes

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Home is an organization which presently qualifies for an exemption from real estate taxes. However, a number of cities, municipalities and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge such exemption of not-for-profit corporations from real estate taxes. The potential future financial effect of this matter on the Home, if any, is not presently determinable.

Health Care Industry

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

St. Anne Home

Schedule of Operating (Loss) Income by Cost Center
Year Ended June 30, 2025

	St. Anne Home	Villa Angela	Independent Living	Rental Property	Total
Operating Revenue					
Resident room, board and care	$ 13,564,754	$ 2,472,059	$ 146,972	$ -	$ 16,183,785
Other resident services	2,762,710	-	-	-	2,762,710
Net resident service revenue	16,327,464	2,472,059	146,972	-	18,946,495
Government Award Revenue	144,925	-	-	-	144,925
Pennsylvania Nursing Home Assessment	810,503	-	-	-	810,503
Other Operating Revenue	143,247	14,437	-	24,390	182,074
Net Assets Released From Restrictions Used for Operations	4,875	-	-	-	4,875
Total operating revenue	17,431,014	2,486,496	146,972	24,390	20,088,872
Operating Expenses					
Salaries and wages	9,147,833	1,350,366	6,437	2,948	10,507,584
Other operating	3,031,755	587,854	22,026	7,933	3,649,568
Employee benefits	1,346,322	123,548	-	-	1,469,870
Purchased medical services	1,324,241	11,693	-	-	1,335,934
Depreciation	993,403	187,957	39,147	25,143	1,245,650
Plant operations and maintenance	861,059	153,531	34,566	18,711	1,067,867
Food	605,987	169,063	-	-	775,050
Payroll taxes	703,648	102,157	645	295	806,745
Interest	334,774	-	-	-	334,774
Pharmacy	525,860	-	-	-	525,860
Pennsylvania nursing home assessment	380,349	-	-	-	380,349
Professional fees	128,753	-	-	-	128,753
Total operating expenses	19,383,984	2,686,169	102,821	55,030	22,228,004
Operating (loss) income	$ (1,952,970)	$ (199,673)	$ 44,151	$ (30,640)	$ (2,139,132)

St. Anne Home

Schedule of Operating (Loss) Income by Cost Center
Year Ended June 30, 2024

	St. Anne Home	Villa Angela	Independent Living	Rental Property	Total
Operating Revenue					
Resident room, board and care	$ 12,070,732	$ 2,246,738	$ 148,234	$ -	$ 14,465,704
Other resident services	2,724,312	-	-	-	2,724,312
Net resident service revenue	14,795,044	2,246,738	148,234	-	17,190,016
Government Award Revenue	21,856	11,388	-	-	33,244
Pennsylvania Nursing Home Assessment	1,009,782	-	-	-	1,009,782
Other Operating Revenue	114,553	13,669	-	2,800	131,022
Net Assets Released From Restrictions Used for Operations	6,605	-	-	-	6,605
Total operating revenue	15,947,840	2,271,795	148,234	2,800	18,370,669
Operating Expenses					
Salaries and wages	7,607,777	1,117,062	4,046	1,025	8,729,910
Other operating	4,496,068	672,425	26,935	3,168	5,198,596
Employee benefits	1,379,410	199,902	-	-	1,579,312
Purchased medical services	1,066,151	12,471	-	-	1,078,622
Depreciation	1,001,569	180,713	45,880	8,720	1,236,882
Plant operations and maintenance	789,613	125,865	31,822	3,324	950,624
Food	624,547	154,415	-	-	778,962
Payroll taxes	570,323	83,956	405	103	654,787
Interest	349,270	-	-	-	349,270
Pharmacy	453,558	-	-	-	453,558
Pennsylvania nursing home assessment	412,224	-	-	-	412,224
Professional fees	152,216	990	-	-	153,206
Total operating expenses	18,902,726	2,547,799	109,088	16,340	21,575,953
Operating (loss) income	$ (2,954,886)	$ (276,004)	$ 39,146	$ (13,540)	$ (3,205,284)

St. Anne Home

EXHIBIT "H"

Proforma Income Statement

St. Anne Home
Exhibit "H"
Proforma Income Statement
Fiscal Year Ended June 30, 2026

		Proforma 2026
OPERATING REVENUE		
Net Resident Service Revenue	$	20,269,910.30
Government Award Revenue		30,000.00
Pennsylvania Nursing Home Supplemental		956,555.77
Other Operating Revenue		187,371.13
Net Assets Released From Restrictions		2,000.00
Total Operating Revenue	**$**	**21,445,837.20**
OPERATING EXPENSES		
Salaries and Wages	$	11,683,519.61
Employee Benefits		1,694,828.09
Other Operating Expenses		2,895,807.96
Purchased Medical Services		1,361,015.21
Plant Operations and Maintenance		1,070,151.98
Depreciation		1,257,600.00
Amortization		-
Payroll Taxes		1,051,621.76
Pharmacy		562,671.43
Food		686,852.97
Pennsylvania Nursing Home Assessment		408,216.00
Professional Fees		160,875.00
Interest		454,657.17
Total Operating Expenses	**$**	**23,287,817.19**
EBIDA Income (Loss)	**$**	**(1,841,980.00)**
Non Operating Revenue:		
Net Investment Income (Loss)		566,614.10
Total Contributions and Bequests		185,013.55
Specific Purpose Donations - Restricted		1,500.00
Other components of net periodic pension costs:		277,460.00
Less: Development Expenses		(45,374.18)
Total Non Operating Revenue (Loss)	**$**	**985,213.47**
Revenue in Excess (In Deficit) of Expenses		**(856,766.53)**

St. Anne Home
(A Not-For-Profit Corporation)
Statement of Material Differences of Actual vs. Pro Forma Income Statement
For the Year Ended June 30, 2025

	ACTUAL June 30, 2025	PRO FORMA June 30, 2025	DIFFERENCE	Explanation for Differences Over $100,000
OPERATING REVENUE				
Net resident service revenue	$ 19,115,808	$ 19,171,617	$ (55,809)	
Pennsylvania Nursing Home Assessment	810,503	1,053,653	(243,150)	See A below
Other operating revenue	157,682	137,802	19,880	
Net assets released from restrictions used for operations	4,875	5,000	(125)	
TOTAL OPERATING REVENUE	**20,088,867**	**20,368,072**	**(279,204)**	-1.37%
OPERATING EXPENSES				
Salaries and Wages	$10,507,583	$9,596,167	911,415	See B below
Employee Benefits	1,469,872	1,750,000	(280,128)	See B below
Other Operating Expenses	3,649,571	4,218,864	(569,294)	See C below
Purchased Medical Services	1,335,931	1,107,045	228,886	See D below
Plant Operations and Maintenance	1,067,866	1,004,386	63,481	
Depreciation	1,245,652	1,250,336	(4,684)	
Amortization	0	0	0	
Payroll Taxes	806,741	863,712	(56,971)	
Pharmacy	525,859	460,836	65,023	
Food	775,050	893,403	(118,353)	See E below
Pennsylvania Nursing Home Assessment	380,349	421,823	(41,474)	
Professional Fees	128,752	202,800	(74,048)	
Interest	334,774	335,088	(314)	
TOTAL OPERATING EXPENSES	**22,228,000**	**22,104,460**	**123,540**	0.56%
INCOME (LOSS) FROM OPERATIONS	**(2,139,133)**	**(1,736,389)**	**(402,744)**	
NONOPERATING REVENUE (EXPENSE)				
Net Investment Income (Loss)	1,986,888	827,291	1,159,597	See F Below
Total Contributions and Bequests	212,540	157,599	54,941	
Capital Campaign & Other Restricted	0	3,500	(3,500)	
Less: Development Expenses	(43,884)	(50,641)	6,757	
TOTAL NONOPERATING REVENUE (EXPENSE)	**2,155,544**	**937,749**	**1,217,795**	
REVENUES IN EXCESS OF EXPENSES	**16,411**	**(798,639)**	**815,050**	
Pension Liability Adjustment	180,491	0	180,491	See G Below
Net Assets Released from Restrictions Used for Purchase of Property & Equipment	0	10,000	(10,000)	
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	**$ 196,902**	**$ (788,639)**	**$ 985,541**	

EXPLANATION FOR DIFFERENCES OVER $100,000:

A Pennsylvania change reimbursement rates on Jan. 1, 2024

B Increase in hiring employees

C Increase in hiring employees caused decrease in agency nursing expense

D Overall census increasing resulting in higher expenses

E Cost per meal decreased

F Investment income increased due to market conditions.

G Pension liability cannot be determined until the annual report comes out.

St. Anne Home
Exhibit "H"
Proforma Income Statement
Fiscal Year Ended June 30, 2026

		Proforma 2026
OPERATING REVENUE		
Net Resident Service Revenue	$	20,269,910.30
Government Award Revenue		30,000.00
Pennsylvania Nursing Home Supplemental		956,555.77
Other Operating Revenue		187,371.13
Net Assets Released From Restrictions		2,000.00
Total Operating Revenue	**$**	**21,445,837.20**
OPERATING EXPENSES		
Salaries and Wages	$	11,683,519.61
Employee Benefits		1,694,828.09
Other Operating Expenses		2,895,807.96
Purchased Medical Services		1,361,015.21
Plant Operations and Maintenance		1,070,151.98
Depreciation		1,257,600.00
Amortization		-
Payroll Taxes		1,051,621.76
Pharmacy		562,671.43
Food		686,852.97
Pennsylvania Nursing Home Assessment		408,216.00
Professional Fees		160,875.00
Interest		454,657.17
Total Operating Expenses	**$**	**23,287,817.19**
EBIDA Income (Loss)	**$**	**(1,841,980.00)**
Non Operating Revenue:		
Net Investment Income (Loss)		566,614.10
Total Contributions and Bequests		185,013.55
Specific Purpose Donations - Restricted		1,500.00
Other components of net periodic pension costs:		277,460.00
Less: Development Expenses		(45,374.18)
Total Non Operating Revenue (Loss)	**$**	**985,213.47**
Revenue in Excess (In Deficit) of Expenses		**(856,766.53)**