UNITED ZION RETIREMENT COMMUNITY
DISCLOSURE STATEMENT

April 30, 2026

THE ISSUANCE OF A CERTIFICATE OF AUTHORITY DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT OF UNITED ZION RETIREMENT COMMUNITY BY THE PENNSYLVANIA DEPARTMENT OF INSURANCE, NOR IS IT EVIDENCE OF, NOR DOES IT ATTEST TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET OUT IN THE DISCLOSURE STATEMENT.

An index is included on page i

UNITED ZION RETIREMENT COMMUNITY
722 Furnace Hills Pike
Lititz, PA 17543

(717) 626-2071

UNITED ZION RETIREMENT COMMUNITY

DISCLOSURE STATEMENT

INDEX

	Page Number
Summary of Disclosure Statement	ii
Background	1
Description	3
Services	4
Entrance Fees and Monthly Fees	5
New Development	5
Financial Information	6

EXHIBITS

A. Board of Trustees
B. Sample Residency and Care Agreement
C. Schedule of Entrance Fees and Monthly Service Fees
D. 2026 Pro Forma Statement of Income
E. Audited Financial Statements

SUMMARY OF DISCLOSURE STATEMENT

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

1. **THE FACILITY:** United Zion Retirement Community, 722 Furnace Hills Pike, Lititz, PA 17543

2. **THE PROVIDER:** United Zion Retirement Community, 722 Furnace Hills Pike, Lititz, PA 17543

3. **ADMISSIONS CONTACT:** Mitch Bashore, Director of Marketing & Community Outreach, United Zion Retirement Community, 722 Furnace Hills Pike, Lititz, PA 17543. Telephone: (717) 626-2071.

4. **DESCRIPTION OF FACILITY:** United Zion Retirement Community is located on 12 acres in suburban/semi-rural Lititz, Lancaster County, Pennsylvania. The community currently includes 72 apartments, 27 personal care units, 59 nursing beds, and 27 cottages.

5. **REQUIREMENTS:** Admission is open to individuals who have reached their 62nd birthday. For married couples or related couples, one person must have reached their 62nd birthday.

6. **AFFILIATIONS:** The Provider is affiliated with the General Conference of the United Zion Church. The Board of Trustees of the Provider are elected by the General Conference. Trustees must be communicant members of the United Zion Church however, four positions may be filled by non-denominational members, serve on a voluntary basis and receive no compensation for their service. The General Conference of the United Zion Church is not responsible for the debts or obligations of the Provider.

7. **CURRENT RESIDENT POPULATION:** Approximately 216 residents currently reside at United Zion Retirement Community.

8. **FEES:** The Community offers several different Entrance Fee Plans. The following is an example of the Entrance Fee and Monthly Fee for the fully amortizing plan for a typical two bedroom cottage:

	FEE	SINGLE OCCUPANCY	DOUBLE OCCUPANCY
1.	Entrance Fee	$ 260,700	$260,700
2.	Monthly Fee	$ 1,236	$ 1,342

UNITED ZION RETIREMENT COMMUNITY
DISCLOSURE STATEMENT

BACKGROUND

United Zion Retirement Community, ("United Zion" or "the Provider") is a continuing care retirement community located at 722 Furnace Hills Pike, Lititz, Pennsylvania 17543. United Zion Retirement Community has been in existence since 1905, and currently offers nursing care, personal care, and residential living for older adults. United Zion is subject to the Pennsylvania Continuing Care Provider Registration and Disclosure Act. The address of United Zion Retirement Community is 722 Furnace Hills Pike, Lititz, in Lancaster County, Pennsylvania 17543.

United Zion Retirement Community is a Pennsylvania nonprofit corporation with its principal office at the same address. United Zion is exempt from Federal Income Taxation under Section 501 (c) (3) of the Internal Revenue Code. The Provider is affiliated with the General Conference of the United Zion Church. The General Conference elects the Board of Trustees of the Provider. Trustees must be communicant members of the United Zion Church however four positions may be filled by non-denominational members. The General Conference of the United Zion Church is not responsible for the debts or obligations of the Provider.

The Board of Trustees of United Zion Retirement Community is vested with the authority to govern and manage the affairs of the community. The Officers and Directors serve on a voluntary basis and receive no remuneration for their activities as a Director or Officer. The names and business addresses for each of the Officers and Directors are attached as Exhibit A.

Sue Verdegem, the CEO of United Zion Retirement Community has full time, on-site, operational and management responsibility. Mrs. Verdegem joined United Zion Retirement Community July 2018. She holds a Master of Business Administration's degree from Alvernia University. Mrs. Verdegem also holds a Nursing Home Administrators license.

Ellen Haupt, Nursing Home Administrator, joined United Zion Retirement Community in September 2018. Mrs. Haupt has a Nursing Home Administrators license, is a graduate of Saint Joseph's Hospital School Nursing and Millersville University with a Bachelor of Nursing Degree. She also has a certification as a PA Nurse Aide Instructor through Penn State. She oversees and supports planning, organizing, and directing of Healthcare and Personal Care.

Janet Henry-Isaac, Director of Nursing at United Zion Retirement Community, has responsibility for oversight of the resident's medical management, clinical care and their overall wellbeing. She directs and oversees the Nursing Department. She joined United Zion Retirement Community in September 2021. Ms. Henry-Isaac is a Registered Nurse and has a diploma from St. Joseph's University and holds certificates in Legal Nursing and Infection Control Prevention. She has also obtained her Certified Nursing Director of Long-Term Care from the Pennsylvania Director of Nurses Association. Under Janet's leadership, United Zion Retirement Community has received Accelerated Care Plus Certification for Cardiopulmonary Rehabilitation, a cutting-edge, evidence-based approach that supports individuals living with heart and lung conditions. Our commitment to care excellence for older adults is also evident by our National Level 2 recognition as an Age-Friendly Health System.

Miranda Troyer, Director of Personal Care at United Zion Retirement Community, has responsibility for oversight of resident concerns, health and overall wellbeing in Personal Care and joined United Zion Retirement Community in July 2020. Mrs. Troyer is a Licensed Practical Nurse and holds a current Personal Care Home Administrator certificate in Pennsylvania. She also holds training certifications in the DHS Medication Administration program, which trains new Medication Technicians, is a nationally certified dementia practitioner educator, and a certified Eden associate trainer.

Tina Cressman serves as the Residential Living Director at United Zion Retirement Community. In this role, she provides leadership and oversight for resident concerns within Residential Living apartments and cottages, guides overall communication efforts, and is responsible for policy development and implementation, including the Emergency

Response Plan. She also oversees Life Enrichment programming designed to enhance the engagement and well-being of Residential Living residents. Tina is a Certified Dementia Practitioner and joined United Zion Retirement Community in March 2021.

DESCRIPTION

United Zion Retirement Community includes a two story building with a lower level. This building contains 27 residential living apartments, 27 personal care units and 59 nursing beds. All skilled nursing rooms are private rooms or private rooms with a shared bath. Common areas, including dining rooms, activity rooms, library, and wellness center, are located in this same building. United Zion also has 27 one story cottages, each with a daylight basement.

In 2025, a new Residential Living apartment building, Cedar Heights, was added at 724 Furnace Hills Pike, Lititz, PA 17543, and connected to the main building. Cedar Heights features 45 thoughtfully designed one-bedroom, one-bedroom plus den, and two-bedroom apartments, ranging in size from 725 to 1,170 square feet. Each apartment offers open layouts that maximize living space, luxury vinyl plank flooring, spacious bathrooms with low-threshold walk-in showers, and the convenience of modern appliances including an in-home washer and dryer and dishwasher. All apartments also include a private balcony or patio. The first floor includes a café, fitness center, and activity space for the enjoyment of all residents in the community.

Seven types of cottages are offered, four styles of which include two bedrooms, one style has one bedroom and two styles have one bedroom plus den. They contain 1 or 1 and 1/2 bathrooms, full kitchens with cabinetry, refrigerator, stove/oven unit, microwave and a deck. Twenty of the units have a garage.

Each cottage includes:

- Wall to wall carpeting (vinyl flooring in kitchens and bath(s))
- Response call system
- Washer and dryer
- Individual temperature control
- Daylight basement

SERVICES

Services are provided in accordance with the terms of the Residential Living Residency and Care Agreement, a copy of which is attached as Exhibit B. Services provided by United Zion without additional charge include:

- Grounds keeping, snow and trash removal
- Maintenance of the cottages and apartments
- Local transportation as is scheduled in group recreational programs
- Water, sewer, electric and gas
- 24 hour response system
- Social, recreational and spiritual programs
- Thirteen housekeeping services per year for cottages
- Twenty-five housekeeping services per year for apartments
- Internet and satellite TV services for apartments

Residential Living residents may purchase meals in the community's dining room or café. There is a $50 monthly Café credit for Residential Living residents. In apartments, telephone service is available, but not included in the fees. In the cottages, telephone service, internet and satellite TV services are available but not included in the fees and would be billed directly to the resident by the service provider. Section 2 of the Residency and Care Agreement provides additional details concerning these services as well as other optional services that are available for an additional charge.

Residents requiring temporary or long term nursing care or personal care receive priority admission to United Zion's personal care and nursing facilities, conveniently located on the same campus. Additional details concerning the nursing and personal care services are included in Section 3 of the Residency and Care Agreement.

ENTRANCE FEES AND MONTHLY SERVICE FEES

Residents of United Zion Retirement Community pay a one-time Entrance Fee and a recurring Monthly Service Fee. To reserve an available cottage or apartment, a reservation deposit equal to ten (10) percent of the Entrance Fee upon execution of the Residency and Care Agreement. The entrance fee remainder is due upon occupancy.

The standard entrance fee is refundable over a period of 50 months (just over 4 years), with the amount of the refund reduced by 2 percent for each month of occupancy in the residence. Please refer to Exhibit C for a listing of the various entrance fee plans, pricing and the refund options. Section 11 of the Residency and Care Agreement provides details and restrictions concerning the refund of the Entrance Fee.

A current schedule of Entrance Fees and Monthly Service Fees is attached as Exhibit C. It is expected that the Monthly Service Fee will be increased periodically to cover increases in the cost of providing services to residents as well as for other reasons specified in Section 4 of the Residency and Care Agreement.

NEW DEVELOPMENT

United Zion Retirement Community is anticipating groundbreaking in 2027 for a new cottage community on the 13.8 acres of land connected to the west side of our current campus. United Zion looks to continue to provide exceptional value by maintaining monthly fees at a reasonable level compared to its competitors. UZRC has retained RGS Associates as the civil engineer but has yet to identify an architect and construction company.

FINANCIAL INFORMATION

Exhibit D presents the Pro Forma Statement for fiscal year 2026. Exhibit E presents the audited financial statements for the Provider for the past two years as well as the CPA Qualification Letter.

Matthew Musser, the Chief Financial Officer is available to meet with you and/or your advisors to discuss the financial information presented in this Disclosure Statement or to respond to your questions.

EXHIBIT A

BOARD OF TRUSTEES

UNITED ZION RETIREMENT COMMUNITY

BOARD OF TRUSTEES

Shannon Sensenig, Chair
722 Furnace Hills Pike
Lititz, PA 17543

John E. Fry, Treasurer
722 Furnace Hills Pike
Lititz, PA 17543

Eunice Metzler, Secretary
722 Furnace Hills Pike
Lititz, PA 17543

Justine Marsula
722 Furnace Hills Pike
Lititz, PA 17543

Bishop Rick Martin
Non-Voting Church Rep
722 Furnace Hills Pike
Lititz, PA 17543

Bishop Miguel Gonzalez
Non-Voting Church Rep
722 Furnace Hills Pike
Lititz, PA 17543

Roger Gerhart
722 Furnace Hills Pike
Lititz, PA 17543

Susana Tercero
722 Furnace Hills Pike
Lititz, PA 17543

Clarence Spohn
722 Furnace Hills Pike
Lititz, PA 17543

Warren Hackman
722 Furnace Hills Pike
Lititz, PA 17543

Bishop Kenneth Fox
Non-Voting Church Rep
722 Furnace Hills Pike
Lititz, PA 17543

EXHIBIT B

RESIDENTIAL LIVING
RESIDENCY AND CARE AGREEMENT

RESIDENCY AND CARE AGREEMENT

FOR

UNITED ZION RETIREMENT COMMUNITY

Example

TABLE OF CONTENTS

Page

Definitions of Words and Phrases v

SECTION 1: RESIDENCE AND FACILITIES 1
1.1 Living Accommodations and Term 1
1.2 Description of Residence 1
1.3 Optional Furnishings or Fixtures 1
1.4 Structural Changes and Redecoration 2
1.5 Common Facilities 2
1.6 Priority Access 2
1.7 Designated Occupancy Date 2

SECTION 2: SERVICES 3
2.1 Utilities 3
2.2 Telephone 3
2.3 Cable Television and Internet Services 3
2.4 Maintenance and Repair of Equipment 3
2.5 Maintenance of Grounds 3
2.6 Property Insurance 3
2.7 Administration 4
2.8 Assessments 4
2.9 Meals 4
2.10 Housekeeping 4
2.11 Transportation 4
2.12 Activities 4
2.13 Response Call System 4
2.14 Scope of Services Included in the Monthly Fee 4
2.15 Other Services 4

SECTION 3: NURSING AND PERSONAL CARE SERVICES 5
3.1 Healthcare Center and Personal Care Center 5
3.2 Private Duty Nursing or Companion Services in the Residence 5
3.3 Health Care Services and Liability for Health Care Costs 6
3.4 Liability for Health Care Services 6
3.5 Future Use of Facilities 6

SECTION 4: FEES 6
4.1 Entrance Fee 6

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

4.2 Use of Entrance Fee....6
4.3 Amortization of Entrance Fee....7
4.4 Limitations on Increases in the Entrance Fee....7
4.5 Monthly Fee....7
4.6 Other Charges....8
4.7 Co-Resident's Fee Responsibility....8
4.8 Late Charges and Cost of Collection....8
4.9 Inability to Pay....8

SECTION 5: FINANCIAL DISCLOSURE....9

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS....9
6.1 Non-Resident....9
6.2 Other Resident....10
6.3 Divorce/Separation of Married Co-Residents....10
6.4 Separation of Unmarried Co-Residents....11

SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE....11
7.1 Option After Occupancy....11
7.2 Costs of Election to Move....11
7.3 Option to Move Addendum....12

SECTION 8: HEALTHCARE RESERVE....12
8.1 Creation of Healthcare Reserve....12
8.2 Utilization of Healthcare Reserve....13
8.3 Possible Refund of Healthcare Reserve....13
8.4 Eligibility for Financial Assistance....13

SECTION 9: TERMINATION OF AGREEMENT....14
9.1 Termination by You....14
9.2 Termination by Us....14
9.3 Termination Upon Permanent Transfer to an Outside Care Facility....15
9.4 Termination by Death....15
9.5 Surrender....15
9.6 Further Obligations and Release Upon Termination....16
9.7 Failure to Vacate and Surrender Residence....16

SECTION 10: TRANSFER FOR OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY....16
10.1 Essential Requirements of Tenancy....16
10.2 Decision to Transfer....16

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

10.3 Charges Related to Transfer 17
10.4 Release of or Return to Residence After Transfer 18

SECTION 11: REFUND OF ENTRANCE FEE 19
11.1 Termination Before Occupancy 19
11.2 Termination After Occupancy 19
11.3 Double Occupancy – Limitation on Availability of Refund 20
11.4 Possible Exhaustion of Healthcare Reserve Prior to Termination 20
11.5 No Accrual of Interest 21
11.6 Conditions and Due Date for Refund Payments 21

SECTION 12: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE 21
12.1 Legal Guardian 21
12.2 Power of Attorney 21

SECTION 13: RIGHTS AND OBLIGATIONS OF RESIDENT 22
13.1 Right to Receive Disclosure Statements 22
13.2 Rights to Property/Subordination 22
13.3 Inspection of Residence and Right of Entry 22
13.4 Housekeeping/Housecleaning Responsibilities 22
13.5 Health Insurance 23
13.6 Vehicle Registration 23
13.7 Insurance Requirements 23
13.8 Reduction of Income or Other Resources 23
13.9 Responsibility for Property Damage to Community 24
13.10 Release Regarding Conduct of Other Residents or Guests 24
13.11 Responsibility for Your Personal Property 24
13.12 Rules, Regulations, Policies, and Procedures 25
13.13 Your Rights are Personal and Non-transferable 25
13.14 Right of Self-Organization 25
13.15 Pets 25
13.16 Smoking/Tobacco 25
13.17 Firearms/Weapons 25

SECTION 14: CASUALTY LOSS 25

SECTION 15: RENOVATION OF RESIDENCE 26

SECTION 16: SEVERABILITY 27

SECTION 17: ACTS OF FORBEARANCE 27

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

SECTION 18: ENTIRE AGREEMENT 27

SECTION 19: INDEMNIFICATION 27

SECTION 20: GRIEVANCE PROCEDURE 27
20.1 Reporting Complaints 28
20.2 Voluntary Mediation 28
20.3 Mandatory, Binding Arbitration 28

SECTION 21: NOTICE 31

SECTION 22: AVERAGE ANNUAL COST OF PROVIDING SERVICES 32

SECTION 23: MISCELLANEOUS PROVISIONS 32
23.1 Your Continuing Disclosure Obligation 32
23.2 Receipt of Disclosure Statement and Resident Handbook 32
23.3 Community's Modification of Agreement and Policies 32
23.4 Binding Effect 33
23.5 Consent to Assignment 33
23.6 Governing Law 33
23.7 Headings 33
23.8 Non-waiver of the Continuing Care Provider Registration and Disclosure Act of 1984 33
23.9 Limitations on Private Cause of Action 33

AGREEMENT AUTHORIZATIONS AND SIGNATURES 34

NOTICE OF RIGHT TO RESCIND 35

EXHIBIT "A" 36

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

DEFINITIONS OF WORDS AND PHRASES

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

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

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

CO-RESIDENT: One of two individuals who signs a residency and 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.

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

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

ESSENTIAL REQUIREMENTS OF TENANCY: The health, safety and related requirements for continued Occupancy of the Residence.

HEALTHCARE CENTER: The licensed nursing care facility of Community.

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

in the Healthcare Center or Personal Care Center.

LIFE PLAN COMMUNITIES: Retirement communities are also known as Life Plan Communities.

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

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

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

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

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.

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

SINGLE OCCUPANCY: One individual initially residing in a residence.

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

RESIDENCY AND CARE AGREEMENT

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

RECITALS:

We operate a continuing care retirement community also known as a Life Plan 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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

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, a community center, walkways, dining facilities, beauty/barber shop, exercise equipment, and meeting accommodations. The common facilities are available to you in accordance with our policies and procedures as reflected in the Resident Handbook and any other publications of the Community, which are subject to change from time to time at our discretion.

1.6 Priority Access. You will receive priority access to Routine Nursing Care Services 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.

In instances of new construction, the Designated Occupancy Date may be extended or delayed due to unforeseen circumstances. In such case, we will provide notice of the

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

Designated Occupancy Date, which will be no later than thirty (30) days after completion of construction.

SECTION 2: SERVICES

2.1 Utilities. We shall provide water, heat, air conditioning, electricity, 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, if requested. All telephone service charges, including connection charges, are not included in the Monthly Fee and shall be paid by you.

2.3 Cable Television and Internet Services.

(a) Apartments. We shall provide your Residence with access to cable television service with at least one cable connection and internet services. Basic cable service and internet services, as explained in the Resident Handbook, are included in the Monthly Fee for apartment residents. Expanded pay channel service charges are not included in the Monthly Fee and shall be paid by you.

(b) Cottages. We shall provide your Residence with access to cable television service with at least one cable connection. Cottage residents are billed separately by the cable/internet provider for cable television and internet services.

2.4 Maintenance and Repair of Equipment. We shall provide necessary repairs, maintenance, and replacement of our property, equipment, and appliances. Repairs, maintenance, and replacement of your property and furnishings are your responsibility and are not included in the 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. Reference should be made to the Resident Handbook for additional details.

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

cost of such insurance. Reference should be made to the Resident Handbook for renters insurance requirements.

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

2.8 Assessments. Property taxes are included in the Monthly Fee.

2.9 Meals. Meals are available at an additional charge.

2.10 Housekeeping. We shall provide light housekeeping services, which are included in the Monthly Fee, as detailed in the Resident Handbook.

2.11 Transportation. We shall provide local transportation for shopping in accordance with the policy and schedule established by us, which are subject to change from time to time. Details are available in the Resident Handbook.

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

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

2.15 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 Fee Schedule, which is subject to change from time to time.

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

SECTION 3: NURSING AND PERSONAL CARE SERVICES

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

3.2 Private Duty Nursing or Companion Services in the Residence. 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 Essential Requirements of Tenancy. 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 Essential Requirements of Tenancy. In exchange for our consent to your request for the services of a private duty nurse, companion, or other assistant, you shall execute, if requested by us, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. We reserve the right to terminate your authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that you do not comply with the requirements of this Section or

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

the Aging-in-Place Addendum, or require transfer to another level of care. If transfer to another level of care is required, then we reserve the right to transfer you to another level of care within the Community or to such other external care facility as we deem appropriate.

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

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

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

SECTION 4: FEES

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

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

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

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

4.3 Amortization of Entrance Fee.

(a) Standard Plan. ____,____ (initial)

The Entrance Fee shall be amortized by us at a rate of two percent (2%) per month for 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 the Community, and you will not be entitled to a refund of any portion of the Entrance Fee.

(b) 50% Refund Plan. _____(initial)

The Entrance Fee shall be amortized by us at a rate of one percent (1%) per month for 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, fifty percent (50%) of the Entrance Fee shall be earned by the Community. The remaining fifty percent (50%) of the Entrance Fee shall not be subject to amortization and will be available as a refund in accordance with Section 11.

(c) Modified Plan. _____ (initial)

The Entrance Fee shall be amortized by us at a rate of two percent (2%) per month for 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 the Community, and you will not be entitled to a refund of any portion of the Entrance Fee.

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

4.5 Monthly Fee.

(a) Amount. Per your choice in Section 4.3 above, you shall pay to us a Monthly Fee of $_____ [____,____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Double Occupancy Fee in the amount of $_____ [____ *initials*], which is based on the number of occupants, is added to and included in the Monthly Fee.

(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.

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

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

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

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

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

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

4.9 Inability to Pay. It is our policy not to terminate this Agreement solely because of your inability to pay the Monthly Fee and other charges, so long as you qualify for and we are capable of providing financial assistance. The financial information provided in your Application for Residency, in documents subsequently requested by us, or with your request for financial assistance, must not contain any material misrepresentations or omissions. It is your responsibility to look to all other available sources of financial assistance such as family, church and other agencies, including the Pennsylvania Department of Human Services ("DHS") which administers the Medical Assistance

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

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.

SECTION 5: FINANCIAL DISCLOSURE

You agree to provide updated financial information at the request of the Community. If level of care or residence change, financial information will be requested prior to move approval.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 **Non-Resident.** In the event that you desire to marry or have another person enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay fifty percent (50%) of the then current Entrance Fee for the Residence. The amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Monthly Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement as described in Section 4.7 of this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

6.2 Other Resident. In the event that you desire to marry or cohabit with another resident admitted under a separate Residency and 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 Residency and Care Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident and each Co-Resident shall become jointly and severally liable for each other's financial obligations and for all payments due under this Agreement and any applicable addenda, and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for Double Occupancy of the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized by us. Upon transfer, the Monthly Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly Fee, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

6.3 Divorce/Separation of Married Co-Residents. In the event that Co-Residents, who were married to each other at the time of the execution of this Agreement,

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

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

6.4 Separation of Unmarried Co-Residents. In the event that one Co-Resident terminates this Agreement for any reason, the terminating Co-Resident must ensure that the Co-Resident who remains at the Community retains and maintains sufficient assets/resources to provide for his/her future care. Consultation with the Community shall be necessary to determine the amount of resources needed for future care. As described in Section 4.7 and Section 9.6 of this Agreement, the departing Co-Resident will remain jointly and severally liable for the financial obligations of the remaining Co-Resident.

SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

7.1 Option After Occupancy. After Occupancy, you may request to exercise a limited option to move to another Residence on the Community's premises, if and when another Residence becomes available, in accordance with our 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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

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. 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 and applicable relocation fees.

SECTION 8: HEALTHCARE RESERVE

8.1 Creation of Healthcare Reserve.

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

8.2 Utilization of Healthcare Reserve.

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

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

8.3 Possible Refund of Healthcare Reserve.

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

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

SECTION 9: TERMINATION OF AGREEMENT

9.1 Termination by You.

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

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

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

9.2 Termination by Us.

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

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

9.3 Termination Upon Permanent Transfer to an Outside Care Facility. In the case of Single Occupancy, if you are permanently transferred to another facility, this Agreement shall terminate and the Residence shall be surrendered to us. 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 pay the Monthly Fee for Single Occupancy. No refund shall be due so long as the remaining Co-Resident continues to reside in the Residence and until all other conditions for a refund have been satisfied.

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

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

Entrance Fee shall cease upon Surrender and any applicable refund or Healthcare Reserve amount (as the case may be) will be calculated as of that time.

9.6 Further Obligations and Release Upon Termination. Upon termination of this Agreement, we are released from any further obligations to you except for the delivery of personal property as limited by this Agreement, and the payment of any refund, if any refund is due. You are released from any further obligations to the Community after all of your financial and indemnification obligations have been met under this Agreement. The provisions of Section 4.7 addressing joint and several liability for the financial obligations of Co-Residents and the indemnification provision reflected in Section 19 survive the termination of this Agreement and shall remain in full force and effect.

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

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

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

10.2 Decision to Transfer. With the concurrence of our care team, we may transfer you from and between the Residence and the Healthcare Center, Personal Care Center or any other appropriate care facility if we determine that such a move should be made for your health, safety, or welfare, or for the proper operation of the Community, or because you no longer satisfy the Essential Requirements of Tenancy of the Residence. If you are transferred permanently to the Healthcare Center, Personal Care Center or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us at our sole discretion, with the concurrence of our care team, 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.

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

10.3 Charges Related to Transfer.

(a) Single Occupancy.

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

(ii) Permanent Transfer.

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

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

(b) Double Occupancy.

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

(ii) Permanent Transfer.

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

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

10.4 Release of or Return to Residence After Transfer.

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

(b) Permanent Transfer. If you are permanently transferred to the Healthcare Center, Personal Care Center or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Essential Requirements of Tenancy of a Residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a Residence with a floor

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

plan comparable to the one relinquished. In the event you occupy a Residence after being permanently transferred to the Healthcare Center or Personal Care Center, then you shall execute an addendum with us and pay the then current Monthly Fee. If you become eligible to occupy a Residence after being permanently transferred to another facility, then you shall execute a new Residency and Care Agreement with us and pay the then current Entrance Fee and the then current Monthly Fee.

SECTION 11: REFUND OF ENTRANCE FEE

11.1 Termination Before Occupancy. Any Entrance Fee payments will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of this Agreement by your death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event you are precluded from taking Occupancy because of illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we will make a full refund of all Entrance Fee payments less any amounts deducted to cover expenses incurred by us at your specific written request. If you do not terminate this Agreement within the seven (7) day rescission period, but do terminate prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity, or death; then we will retain five percent (5%) of the Entrance Fee. The balance of any Entrance Fee payments will be refunded to you, less any amounts deducted to cover expenses incurred by us at your specific written request, in accordance with the refund provisions of this Agreement. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not constitute termination of this Agreement, and no refund shall be due. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we shall make a full refund of all Entrance Fee payments.

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

(a) Standard Plan. Subject to the provisions of Section 8 of this Agreement, in the event of termination during the amortization period, you will be entitled to a refund of the unamortized portion of the Entrance Fee, less deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 11.6. After the

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

lapse of the amortization period, you will not be entitled to a refund of any portion of the Entrance Fee.

(b) **50% Refund Plan.** Subject to the provisions of Section 8 of this Agreement, 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 any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 11.6.

(c) **Modified Plan.** Subject to the provisions of Section 8 of this Agreement, in the event of termination during the amortization period, you will be entitled to a refund of the unamortized portion of the Entrance Fee, less deductions for any financial assistance provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 11.6. After the lapse of the amortization period, you will not be entitled to a refund of any portion of the Entrance Fee.

11.3 **Double Occupancy – Limitation on Availability of Refund.** It is the intention of the parties that any applicable refund will only be made in accordance with Section 11.6 after the last surviving Co-Resident vacates and surrenders the Residence, and this Agreement is terminated. In situations of Double Occupancy where one Co-Resident is transferred to the Healthcare Center and becomes eligible for Medical Assistance, no potential future refund shall be available to pay for Routine Nursing Care Services. If, however, DHS construes any potential future refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 11.6 is contrary to law or Medical Assistance eligibility requirements, then we shall make available the amount determined by DHS or other appropriate tribunal as an available resource as a refund, and apply such refund to the payment of Routine Nursing Care Services for the particular Co-Resident.

11.4 **Possible Exhaustion of Healthcare Reserve Prior to Termination.** The unamortized portion and, if applicable, the refundable portion of the Entrance Fee are subject to the provisions of Section 8 related to the maintenance of the Healthcare Reserve. In such event, all or part of the Healthcare Reserve may be utilized for payment

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

for nursing and/or personal care services. In the event the Healthcare Reserve has been exhausted prior to termination, then no refund of any kind or amount shall be due to you or your estate.

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

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

SECTION 12: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

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

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

SECTION 13: RIGHTS AND OBLIGATIONS OF RESIDENT

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

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

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

13.5 Health Insurance. We expect that some of the cost of medicines, medical or nursing services or equipment provided for you under this Agreement will be paid by present or future federal, state, municipal, or private plans or programs of medical/surgical insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance programs known as "Medicare A, B and D" or an equivalent policy. Acquisition of equivalent Medicare benefits from a managed care organization ("MCO") will satisfy the insurance requirement under this Agreement. Proof of such insurance must be provided at the time of application and prior to admission.

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

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

of care within the Community, and you shall not be eligible for financial assistance. Our decision not to terminate this Agreement shall not be construed as a waiver of our right to terminate at a later date.

13.9 Responsibility for Property Damage to Community.

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

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

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

13.11 Responsibility For Your Personal Property.

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

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

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

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

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

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

13.17 Firearms/Weapons. Under limited circumstances as approved by us, firearms and weapons are allowed on our campus. We reserve the right to rescind approval of the firearm or weapon, in accordance with our firearms policy described in the Resident Handbook, which is subject to change from time to time.

SECTION 14: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, which will provide an opportunity for the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 11 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Fee shall be reduced proportionately, unless a vacant Residence is available for temporary Occupancy by you. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

SECTION 15: RENOVATION OF RESIDENCE

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

then current Monthly Fee. All costs associated with relocation to the renovated Residence or the building in which the Residence is located shall be paid by you.

SECTION 16: SEVERABILITY

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

SECTION 17: ACTS OF FORBEARANCE

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

SECTION 18: ENTIRE AGREEMENT

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

SECTION 19: INDEMNIFICATION

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

SECTION 20: GRIEVANCE PROCEDURE

20.1 Reporting Complaints. If you believe that you are being mistreated in any way or your rights have been or are being violated by staff or another resident, you shall make your complaint known to us. You must first notify us of any such complaints, and provide

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

us with sixty (60) days to resolve the complaint satisfactorily to you before you may pursue mediation and/or arbitration.

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

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

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) eviction proceedings initiated by us; (3) collection actions initiated by us for non-payment of stay which results in a financial loss to us; and (4) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us. It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 20.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.

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

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

(d) Right to Legal Counsel. You have the right to be represented by legal counsel, at your own cost, in any proceedings initiated under this arbitration provision. Because this arbitration provision addresses important legal rights, we encourage and

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

recommend that you obtain the advice and assistance of legal counsel to review the legal significance of this mandatory arbitration provision prior to signing this Agreement.

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

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

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

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

(h) Limited Resident Right to Rescind this Mandatory, Binding Arbitration Clause (Section 20.3(a-l) of this Agreement). You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to the Community, and the notice must be post-marked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by you or your authorized representative.

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

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

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

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

SECTION 21: NOTICE

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

To Community:

Administrator of Residential Living
United Zion Retirement Community
722 Furnace Hills Pike
Lititz, PA 17543

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

To Resident (Before Occupancy): _____

_____

_____

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

SECTION 22: AVERAGE ANNUAL COST OF PROVIDING SERVICES

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

SECTION 23: MISCELLANEOUS PROVISIONS

23.1 Your Continuing Disclosure Obligation. The information regarding your age and financial affairs and your ability to meet the Essential Requirements of Tenancy 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 Essential Requirements of Tenancy before and after Occupancy. We may from time to time request verified financial statements and copies of tax returns from you. The failure to make such disclosure may, in our judgment, constitute grounds to terminate this Agreement.

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

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

© 2019 LATSHA DAVIS & MARSHALL, P.C.

Example

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

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

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

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

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

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

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

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

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:	United Zion Retirement Community
_____	_____
Witness	UZRC Representative
Date: _____	Date: _____
_____	_____
Witness	Resident/Co-Resident
Date: _____	Date: _____
_____	_____
Witness	Co-Resident
Date: _____	Date: _____

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20__. You may rescind and terminate your Residency and 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 Residency and Care Agreement within this seven (7) day period.

To rescind your Residency and 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:

United Zion Retirement Community
722 Furnace Hills Pike
Lititz, PA 17543

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

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

Date:_____

PROSPECTIVE RESIDENT'S SIGNATURE

_____

_____

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

EXHIBIT "A"

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

- Kitchen stove
- Refrigerator
- Garbage disposal
- Washer and dryer
- Mini Blinds
- Floor coverings

Example

© 2019 LATSHA DAVIS & MARSHALL, P.C.

EXHIBIT C

SCHEDULE OF ENTRANCE FEES
AND MONTHLY SERVICE FEES

CEDAR HEIGHTS: Fee Schedule (1 Bedroom and 1 Bedroom+Den)

See page 18 for detailed explanation of plans

Rates effective January 1, 2026

Style	Sq. Ft.	Floor Plan	# In Building	Plans		
				Fee	Standard	50%
Clay I	725-735	1 Bed/1 Bath	6	Entrance	$204,750	$297,150
				Monthly	$1,662	$1,662
Clay II	771	1 Bed/1 Bath	2	Entrance	$211,050	$305,550
				Monthly	$1,662	$1,662
Millport	820	1 Bed/1 Bath	1	Entrance	$231,000	$334,950
				Monthly	$1,662	$1,662
Elm	883	1 Bed+Den/1.5 Baths	3	Entrance	$246,750	$358,050
				Monthly	$1,922	$1,922
Newport	904	1 Bed+Den/1 Bath	1	Entrance	$252,000	$365,400
				Monthly	$1,922	$1,922
Rothsville	916	1 Bed+Den/1 Bath	1	Entrance	$254,625	$369,600
				Monthly	$1,922	$1,922
Brunnerville	950	1 Bed+Den/1.5 Baths	4	Entrance	$262,500	$381,050
				Monthly	$1,922	$1,922
Penryn	971	1 Bed+Den/1.5 Baths	3	Entrance	$265,125	$384,300
				Monthly	$1,922	$1,922
Amortization of Entrance Fee (% per mo. over 50 mos.)					2%	1%
Refundable Portion - After 50 mos.					Fully Amortized	50%

Rates are subject to change

Second Person Monthly Fee: add $257

Ground Floor Apartments: Additional $7,000

Monthly Fee includes:

- Maintenance of interior & exterior
- Snow & trash removal
- Housekeeping (2x month)
- Water, sewer, gas & electricity
- Real estate taxes
- Building insurance
- Ground care
- TV and Internet
- $50 Cafe Credit *(per person)*
- Fitness Center
- Scheduled group transportation
- In-home washer and dryer

It is the policy of United Zion Retirement Community to accept persons regardless of race, age, sex, color, national origin, ancestry, religious creed, handicap or disability.

CEDAR HEIGHTS: Fee Schedule (2 Bedroom)

See page 18 for detailed explanation of plans

Rates effective January 1, 2026

Style	Sq. Ft.	Floor Plan	# In Building	Plans		
				Fee	Standard	50%
Cocalico I	1,044-1,065	2 Bed/2 Bath	10	Entrance	$288,750	$418,950
				Monthly	$2,026	$2,026
Cocalico II	1,066	2 Bed/2 Bath	3	Entrance	$288,750	$418,950
				Monthly	$2,026	$2,026
Brookfield	1,091	2 Bed/2 Bath	4	Entrance	$294,000	$426,300
				Monthly	$2,026	$2,026
Cocalico III	1,113	2 Bed/2 Bath (Larger Balcony)	2	Entrance	$309,750	$449,400
				Monthly	$2,078	$2,078
Warwick	1,160	2 Bed/2 Bath	3	Entrance	$309,750	$449,400
				Monthly	$2,078	$2,078
Cocalico IV	1,170	2 Bed/2 Bath	2	Entrance	$309,750	$449,400
				Monthly	$2,078	$2,078
Amortization of Entrance Fee (% per mo. over 50 mos.)					2%	1%
Refundable Portion - After 50 mos.					Fully Amortized	50%

Rates are subject to change

Second Person Monthly Fee: add $257

Ground Floor Apartments: Additional $7,000

Monthly Fee includes:

- Maintenance of interior & exterior
- Snow & trash removal
- Housekeeping (2x month)
- Water, sewer, gas & electricity
- Real estate taxes
- Building insurance
- Ground care
- TV and Internet
- $50 Cafe Credit *(per person)*
- Fitness Center
- Scheduled group transportation
- In-home washer and dryer

It is the policy of United Zion Retirement Community to accept persons regardless of race, age, sex, color, national origin, ancestry, religious creed, handicap or disability.

HILLTOP COTTAGES: Fee Schedule

See page 19 for detailed explanation of plans

Rates effective January 1, 2026

Style	Sq. Ft.	Floor Plan	Plans Fee	Standard	50%
Blue Jay	780	1 Bed/1 Bath	Entrance	$203,500	$284,900
			Monthly	$1,058	$1,058
Falcon	787	1 Bed/Den/1 Bath	Entrance	$212,300	$297,000
			Monthly	$1,098	$1,098
Cardinal	850	2 Bed/1 Bath/Garage	Entrance	$260,700	$365,200
			Monthly	$1,236	$1,236
Owl	1,023	1 Bed/Den/1.5 Baths/Garage	Entrance	$279,400	$391,600
			Monthly	$1,450	$1,450
Raven	1,023	2 Bed/1.5 Baths/Garage	Entrance	$289,300	$404,800
			Monthly	$1,450	$1,450
Heron	1,068	2 Bed/1.5 Baths/Garage	Entrance	$322,300	$451,000
			Monthly	$1,526	$1,526
Eagle	1,200	2 Bed/1.5 Baths/Garage	Entrance	$326,700	$457,600
			Monthly	$1,526	$1,526
Finished Basement (Additional Fees)			Entrance	Varies	Varies
			Monthly	$48	$48
Amortization of Entrance Fee (% per mo. over 50 mos.)				2%	1%
Refundable Portion - After 50 mos.				Fully Amortized	50%

Second Person Monthly Fee: add $106

Monthly Fee includes:

- Maintenance of interior & exterior
- Snow & trash removal
- Housekeeping (1x month)
- Water, sewer, gas & electricity
- Real estate taxes
- Building insurance
- Ground care
- Recreational programming
- Use of common areas
- Fitness Center
- Scheduled group transportation
- In-unit washer and dryer

Rates are subject to change with a 30 day notice (except for level of care changes). It is the policy of United Zion Retirement Community to accept persons regardless of race, age, sex, color, national origin, ancestry, religious creed, handicap or disability.

LEXINGTON APARTMENTS: Fee Schedule

See page 19 for detailed explanation of plans

Rates effective January 1, 2026

Style	Sq. Ft.	Floor Plan	Fee	Plans: Standard	Plans: 50%	Plans: Modified
Hummingbird (2nd Floor)	350	1 Bed/1 Bath	Entrance	$72,000	$101,000	$36,000
			Monthly	$1,015	$1,015	$1,624
Finch (2nd Floor)	410	1 Bed/1 Bath	Entrance	$82,000	$115,000	$41,000
			Monthly	$1,167	$1,167	$1,868
Finch (Main Level)	410	1 Bed/1 Bath/Porch	Entrance	$92,000	$129,000	$46,000
			Monthly	$1,167	$1,167	$1,868
Sparrow (2nd Floor)	550	1 Bed/1 Bath	Entrance	$106,000	$148,000	$53,000
			Monthly	$1,511	$1,511	$2,417
Sparrow (Main Level)	550	1 Bed/1 Bath/Porch	Entrance	$116,000	$162,000	$58,000
			Monthly	$1,511	$1,511	$2,417
Amortization of Entrance Fee (% per mo. over 50 mos.)				2%	1%	2%
Refundable Portion - After 50 mos.				Fully Amortized	50%	Fully Amortized

Second Person Monthly Fee: add $257

Monthly Fee includes:

- Maintenance of interior & exterior
- Snow & trash removal
- Housekeeping (2x month)
- Real estate taxes
- Building insurance
- Ground care
- Recreational programming
- Water, sewer, gas & electricity
- Use of common areas & laundry
- Internet and cable TV
- Storage unit
- Fitness Center
- Scheduled group transportation
- Assigned parking space

We love our home & neighbors. We love it here! Praise the Lord!
- Faye



Rates are subject to change with a 30 day notice (except for level of care changes). It is the policy of United Zion Retirement Community to accept persons regardless of race, age, sex, color, national origin, ancestry, religious creed, handicap or disability.

GARDEN & VISTA APARTMENTS: Fee Schedule

See page 19 for detailed explanation of plans

Rates effective January 1, 2026

Style	Sq. Ft.	Floor Plan	Plans			
			Fee	Standard	50%	Modified
Wren (2nd Floor)	525	1 Bed/1 Bath	Entrance	$115,500	$161,700	$57,750
			Monthly	$1,026	$1,026	$2,052
Quail (1st Floor)	670	1 Bed/1 Bath /Patio	Entrance	$154,350	$216,300	$77,700
			Monthly	$1,248	$1,248	$2,496
Goldfinch (2nd Floor)	680	1 Bed/1 Bath	Entrance	$161,700	$226,800	$80,850
			Monthly	$1,269	$1,269	$2,538
Starling (2nd Floor)	688	1 Bed/1 Bath	Entrance	$168,000	$235,200	$84,000
			Monthly	$1,275	$1,275	$2,551
Dove (1st Floor)	725	1 Bed/1 Bath /Patio	Entrance	$183,750	$257,250	$92,400
			Monthly	$1,353	$1,353	$2,705
Kingbird (1st Floor)	788	1 Bed/1 Bath /Patio	Entrance	$207,900	$290,850	$103,950
			Monthly	$1,530	$1,530	$3,060
Oriole (1st Floor)	840	1 Bed/1 Bath /Patio	Entrance	$221,550	$309,750	$111,300
			Monthly	$1,530	$1,530	$3,060
Amortization of Entrance Fee (% per mo. over 50 mos.)				2%	1%	2%
Refundable Portion - After 50 mos.				Fully Amortized	50%	Fully Amortized

Second Person Monthly Fee: add $257

Monthly Fee includes:

- Maintenance of interior & exterior
- Snow & trash removal
- Housekeeping (2x month)
- Water, sewer, gas & electricity
- Real estate taxes
- Building insurance
- Internet and cable TV
- Storage unit
- In-unit washer and dryer
- Ground care
- Recreational programming
- Use of common areas
- Fitness Center
- Scheduled group transportation
- Assigned parking space



Rates are subject to change with a 30 day notice (except for level of care changes). It is the policy of United Zion Retirement Community to accept persons regardless of race, age, sex, color, national origin, ancestry, religious creed, handicap or disability.

RESIDENTIAL LIVING ADDITIONAL SERVICES

Rates effective January 1, 2026

Second person monthly fee		
• Cottages	$106	
• Apartments	$257	
Telephone service (apartments only)	$44	per month (US long distance included)
Garage rental	$88	per month (limited availability)
Meal delivery to residence	$5	per delivery (meal not included)
Personal laundry service	$37	per person, per month
Additional housekeeping services	$19	per half hour
Maintenance assistance	$24	per half hour, per team member
Hair salon	Varies	based on services rendered
Response call system pendant replacement	$230	per pendant
Key card replacement	$31	
Key replacement	$18	
Transportation		
• Base charge for first 30 minutes	$33.18	
• Additional beyond first 30 minutes	$11.94	per additional 30 minutes or less
Relocation fee	$7,453	applies if transferring to another residential unit with equal or lesser entrance fee.
Pet Fee	$300	per residence
Voicemail Fee (one time setup fee)	$25	

Rates are subject to change with a 30 day notice (except for level of care changes). It is the policy of United Zion Retirement Community to accept persons regardless of race, age, sex, color, national origin, ancestry, religious creed, handicap or disability.

EXHIBIT D

2026 PRO FORMA
STATEMENT OF INCOME

United Zion Retirement Community
Proforma Statement of Income
For the year ending December 31, 2025

	2026 Budget	2025 Budget	2025 Actual	% Change	Explanation of Significant Differences
Operating Revenues					
Net resident service revenues	16,059,139	13,455,291	14,216,065	5.35%	Over budget due to higher occupancy, including a lower percentage of residents needing benevolent care and medical assistance
Other revenues, net	604,818	620,297	788,373	21.32%	Consists of Mobile Home rental park revenues and other misc. revenues, over budget due to residential living option revenue related to the Cedar Heights project
Dividends and interest	481,431	367,267	569,233	35.48%	Over budget due to higher than anticipated dividends and interest, including from delay in receiving IRS ERC payments
Realized gains	-	-	242,343	100.00%	Not budgeted
Contributions	150,000	150,000	154,971	3.21%	Slightly over budget due to higher than anticipated giving
Net assets released from restrictions	95,080	84,890	256,237	66.87%	Based on return and spending policy, percentage released was budgeted and released at 4%. This also included released contributions from the finished Cedar Heights project.
Total Operating Revenues	17,390,468	14,677,745	16,227,222		
Operating Expenses					
Nursing	6,636,295	6,111,975	6,314,544	-3.21%	Higher wage costs due to two full time staff on light duty as well as outsourced RNAC costs
Dietary	2,290,887	1,927,550	1,932,140	-0.24%	Dietary expense approximated budget
Housekeeping and laundry	573,797	454,604	471,868	-3.66%	Increased staffing due to Cedar Heights project
Social services and activities	741,493	626,363	717,801	-12.74%	Slightly over budget due to being fully staffed in these areas and offering additional resident transportation options as well as significant repair and maintenance costs
Plant operations	1,565,866	1,281,247	1,498,022	-14.47%	Outsourced grounds and higher than anticipated repair and maintenance costs
General and administrative	2,262,759	2,167,788	2,191,382	-1.08%	General and administrative expense approximated budget
Pennsylvania nursing home assessment	171,910	176,012	169,596	3.78%	Nursing home assessment expense approximated budget
Loss on disposal of property and equipment	-	-	3,169	-100.00%	Not budgeted
Depreciation	2,328,087	1,428,206	1,711,415	-16.55%	Actual capitalization of new project costs higher than anticipated relating to Cedar Heights project
Interest	1,493,594	870,405	1,039,990	-16.31%	Lower than anticipated debt drawn for Cedar Heights project
Total Operating Expenses	18,064,688	15,044,150	16,049,927		
Operating Income	(674,220)	(366,405)	177,295		
Other Income (Expense)					
Change in interest rate swap liability	-	-	(305,006)	-100.00%	Not budgeted
Unrealized gains on investments	-	-	1,471,904	-100.00%	Not budgeted
Other Income, Net	-	-	1,166,898		
Change in Net Assets without Donor Restrictions	(674,220)	(366,405)	1,344,193		
Net Assets with Donor Restrictions					
Contributions			2,930		
Dividends and interest			74,152		
Realized gains, net			93,824		
Unrealized gains, net			310,149		
Net assets released from restrictions			(256,237)		
Change in value of beneficial interest in perpetual trusts			7,587		
Change in Net Assets with Donor Restrictions			232,405		
Change in Net Assets			1,576,598		
Net assets at Beginning of Year			15,568,620		
Net assets at End of Year			17,145,218		

EXHIBIT E

AUDITED FINANCIAL STATEMENTS
AND
AUDITOR LETTERS

rkl ADVISORS for WHAT'S NEXT

United Zion Retirement Community

Financial Statements

December 31, 2025 and 2024

United Zion Retirement Community

Table of Contents
December 31, 2025 and 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Balance Sheet	3 and 4
Statement of Income	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7 and 8
Notes to Financial Statements	9 to 28

Independent Auditor's Report

To the Board of Directors
United Zion Retirement Community
Lititz, Pennsylvania

Opinion

We have audited the accompanying financial statements of United Zion Retirement Community (the Community), which comprise the balance sheet as of December 31, 2025 and 2024, and the related statements of income, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community as of December 31, 2025 and 2024, and the results of its operations, changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Community's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

1800 Fruitville Pike, Lancaster, PA 17601 717.394.5666 717.394.0693 rklcpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Community'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 Community's ability to continue as a going concern for a reasonable period of time.

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

RKL LLP

April 27, 2026
Lancaster, Pennsylvania

United Zion Retirement Community

Balance Sheet

	December 31, 2025	2024
Assets		
Current Assets		
Cash and cash equivalents	**$ 595,439**	$ 918,272
Assets whose use is limited	**11,851,947**	2,628,715
Accounts receivable, net of allowances of $26,591 in 2025 and $32,933 in 2024	**658,548**	469,867
Employee retention tax credits receivable	**-**	700,221
Inventory	**31,695**	33,977
Prepaid expenses and other current assets	**239,357**	150,374
Total Current Assets	**13,376,986**	4,901,426
Investments	**15,222,346**	12,727,579
Statutory Minimum Liquid Reserves Requirement	**1,145,800**	637,560
Property and Equipment, Net	**41,250,383**	27,973,032
Beneficial Interest in Perpetual Trusts	**95,266**	87,679
Total Assets	**$ 71,090,781**	$ 46,327,276

See accompanying notes.

United Zion Retirement Community

Balance Sheet (continued)

	December 31, 2025	2024
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	**$ 6,579,810**	$ 420,320
Accounts payable	**382,461**	1,730,640
Accrued expenses	**1,083,976**	900,335
Current portion of charitable gift annuities	**11,600**	11,600
Total Current Liabilities	**8,057,847**	3,062,895
Long-Term Debt, Net	**28,756,869**	21,431,147
Deferred Revenue from Entrance Fees	**14,038,667**	4,234,682
Interest Rate Swap Liability	**305,006**	-
Refundable Entrance Fees and Deposits	**2,741,849**	1,981,153
Charitable Gift Annuities	**45,325**	48,779
Total Liabilities	**53,945,563**	30,758,656
Net Assets		
Without donor restrictions		
Undesignated	**14,332,442**	12,988,249
With donor restrictions	**2,812,776**	2,580,371
Total Net Assets	**17,145,218**	15,568,620
Total Liabilities and Net Assets	**$ 71,090,781**	$ 46,327,276

See accompanying notes.

United Zion Retirement Community

Statement of Income

	Years Ended December 31, 2025	2024
Operating Revenues		
Net resident service revenues	**$ 14,216,065**	$ 13,403,798
Other revenues, net	**788,373**	681,049
Dividends and interest	**569,233**	637,308
Realized gains	**242,343**	32,959
Contributions	**154,971**	154,445
Net assets released from restrictions	**256,237**	46,064
Total Operating Revenues	**16,227,222**	14,955,623
Operating Expenses		
Nursing	**6,314,544**	5,895,502
Dietary	**1,932,140**	1,854,713
Housekeeping and laundry	**471,868**	378,966
Social services and activities	**717,801**	651,578
Plant operations	**1,498,022**	1,539,691
General and administrative	**2,191,382**	2,072,238
Pennsylvania nursing home assessment	**169,596**	163,333
Loss on disposal of property and equipment	**3,169**	-
Depreciation	**1,711,415**	1,398,793
Interest	**1,039,990**	887,318
Total Operating Expenses	**16,049,927**	14,842,132
Operating Income	**177,295**	113,491
Other Income (Expense)		
Change in interest rate swap liability	**(305,006)**	-
Unrealized gains on investments	**1,471,904**	684,732
Other Income, Net	**1,166,898**	684,732
Change in Net Assets without Donor Restrictions	**$ 1,344,193**	$ 798,223

See accompanying notes.

United Zion Retirement Community

Statement of Changes in Net Assets

	Years Ended December 31, 2025	2024
Net Assets without Donor Restrictions		
Change in net assets without donor restrictions	**$ 1,344,193**	$ 798,223
Net Assets with Donor Restrictions		
Contributions	**2,930**	8,635
Dividends and interest	**74,152**	72,989
Realized gains, net	**93,824**	7,445
Unrealized gains, net	**310,149**	153,410
Net assets released from restrictions	**(256,237)**	(46,064)
Change in value of beneficial interest in perpetual trusts	**7,587**	5,763
Change in Net Assets with Donor Restrictions	**232,405**	202,178
Change in Net Assets	**1,576,598**	1,000,401
Net Assets at Beginning of Year	**15,568,620**	14,568,219
Net Assets at End of Year	**$ 17,145,218**	$ 15,568,620

See accompanying notes.

United Zion Retirement Community

Statement of Cash Flows

	Years Ended December 31, 2025	2024
Cash Flows from Operating Activities		
Change in net assets	**$ 1,576,598**	$ 1,000,401
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**1,711,415**	1,398,793
Amortization of deferred finance costs and bond premium	**43,028**	9,680
Credit loss expense	**17,547**	34,463
Change in interest rate swap liability	**305,006**	-
Loss on disposal of property and equipment	**3,169**	-
Net realized and unrealized gains	**(2,118,220)**	(878,546)
Amortization of entrance fees	**(744,159)**	(644,951)
Proceeds from nonrefundable entrance fees, existing units	**625,000**	607,000
Changes in value of charitable gift annuities	**(3,454)**	(6,804)
Change in value of beneficial interest in perpetual trusts	**(7,587)**	(5,763)
(Increase) decrease in assets		
Accounts receivable	**(206,228)**	90,788
Employee retention tax credits receivable	**700,221**	2,212,256
Inventory	**2,282**	(7,150)
Prepaid expenses and other current assets	**(88,983)**	(2,689)
Increase (decrease) in liabilities		
Accounts payable	**(107,941)**	(308,557)
Resident deposits	**(1,058,004)**	1,050,333
Accrued expenses	**183,641**	(175,858)
Net Cash Provided by Operating Activities	**833,331**	4,373,396
Cash Flows from Investing Activities		
Purchase of investments assets whose use is limited	**(4,452,416)**	(1,850,000)
Proceeds from sale of investments and assets whose use is limited	**3,567,629**	623,807
Purchase of property and equipment	**(16,232,173)**	(5,804,266)
Net Cash Used in Investing Activities	**(17,116,960)**	(7,030,459)
Cash Flows from Financing Activities		
Principal payments on long-term debt	**(430,000)**	(410,000)
Payment of deferred financing costs	**(666,965)**	-
Proceeds from issuance of long-term debt	**14,539,149**	4,622,573
Proceeds from nonrefundable entrance fees, new units	**10,055,000**	-
Proceeds from refundable entrance fees	**1,818,700**	-
Refunds of entrance fees	**(131,856)**	(52,800)
Net Cash Provided by Financing Activities	**25,184,028**	4,159,773
Net Increase in Cash, Cash Equivalents, and Restricted Cash	**8,900,399**	1,502,710
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	**3,546,987**	2,044,277
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$ 12,447,386**	$ 3,546,987

See accompanying notes.

	Years Ended December 31, 2025	2024
Supplementary Cash Flows Information		
Cash paid for interest	**$ 1,448,636**	$ 934,811
Supplementary Schedule of Noncash Investing and Financing Activities		
Accounts payable, capital related	**$ 236,084**	$ 1,476,322
Reconciliation of Cash, Cash Equivalents, and Restricted Cash Reported Within the Balance Sheet to Cash, Cash Equivalents, and Restricted Cash in the Statement of Cash Flows		
Cash and Cash Equivalents	**$ 595,439**	$ 918,272
Assets Whose Use is Limited		
Entrance fee escrow account required by bond agreement	**10,334,479**	1,170,854
Funds restricted by bond and trust indentures	**1,517,468**	1,457,861
	11,851,947	2,628,715
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	**$ 12,447,386**	$ 3,546,987

Note 1 - Nature of Operations

United Zion Retirement Community (the Community) operates a continuing care retirement community providing housing, health care, and other related services to elderly residents through the operation of a nursing facility, personal care, and independent living units. The Community's operations are located in Lititz, Pennsylvania. Its primary service area includes Lititz, Pennsylvania and surrounding communities in Lancaster County, Pennsylvania.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, 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

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

Accounts Receivable and Allowances for Credit Losses

Resident service fees are generally billed monthly in advance and resident skilled nursing and personal care services are billed monthly in arrears. Accounts receivable are recorded net of an allowance for credit losses to reserve for potential uncollectible amounts. Receivables are generally due 30 days after billed. The allowance for credit losses is the Community's best estimate of the amount of probable credit losses in the Community's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expense.

Inventory

Inventory is stated at the lower of cost (determined on a first-in, first-out basis) or net realizable value and consists of dietary, nursing, and other supplies.

Note 2 - Summary of Significant Accounting Policies (continued)

Investments and Assets Whose Use is Limited

Investments are presented at fair value which is determined using quoted market prices as determined by a national exchange. Investment income or loss is included in operating income unless the income or loss is restricted by donor or law. A decline in market value of any investment below cost that is deemed to be other than temporary results in a reduction in carrying value to fair value. The impairment is charged to realized loss and a new cost basis for the investment is established. Contributed investments are initially valued at the quoted fair value on the date received, which is then treated as cost.

Assets whose use is limited include assets held by a bond trustee under a trust indenture and an entrance fee escrow account required by a bond agreement. Amounts available to meet current liabilities of the Community have been classified as current assets in the accompanying balance sheet.

Property and Equipment

Property and equipment are recorded at cost. The Community's policy is to capitalize property and equipment in excess of $1,500. Construction in progress is stated at cost and represents costs incurred on projects that were not completed as of the end of the balance sheet date. These costs are not being depreciated until the underlying assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (land improvements - 10 to 15 years, buildings and building improvements - 5 to 40 years, furniture and equipment - 3 to 25 years). Maintenance and repairs or property and equipment are charged to operations and major improvements are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Property and equipment are reviewed 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 the 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 believes that no impairment is necessary at December 31, 2025 or 2024.

Deferred Financing Costs and Bond Premium

Costs incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related debt using the straight-line method (which approximates the effective interest method) and charged to interest expense. Gross deferred financing costs totaled $1,358,755 and $691,790 as of December 31, 2025 and 2024, respectively. Accumulated amortization was $220,474 and $164,067 at December 31, 2025 and 2024, respectively.

Proceeds in excess of the stated par value of long-term debt issues (original issue premium) are deferred and amortized over the term of the related debt using the straight-line method (which approximates the effective interest method) and charged to interest expense. The Community recognized a bond premium in the amount of $401,390 during 2017 (see Note 6). Accumulated amortization of the premium was $108,152 and $94,773 at December 31, 2025 and 2024, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Community recognizes resident service revenue at the amount that reflects the consideration the Community expects to receive in exchange for the services provided. Amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Resident service revenue is recognized as performance obligations are satisfied as determined based on the nature of the services provided.

The Community provides housing for residents under the terms of a resident services agreement, which generally renew monthly at the election of the resident. Residents are required to pay a monthly service fee while residing in independent or personal care facilities. The Community also provides skilled nursing care and personal care services under daily fees for service arrangements. The Community considers the monthly and daily service fees to represent a performance obligation, which is satisfied over the time period the services are provided to residents. Ancillary resident services and chargeable therapy and prescription services are recognized at the time the service is provided to residents.

The Community's residency agreements generally require payment of an entrance fee to secure occupancy and future access to continuing care services within the Community. Entrance fees are generally refundable for a stated time period following occupancy, declining over a period of 28 to 100 months. Certain entrance fee plans contain a guaranteed refund component equal to 50% of the total entrance fee, which is payable upon reoccupancy of the vacated unit but no later than one year after the unit has been vacated. The amount of the entrance fee expected to be refunded to residents is recorded as a liability and is not amortized to income. The Community considers the nonrefundable portion of entrance fees to represent a performance obligation that is satisfied over a period of time equal to the lifetime expectation of residency in the Community. Accordingly, nonrefundable entrance fees are amortized into income using the straight-line method over the monthly adjusted estimated remaining life expectancies of the residents and are classified as deferred revenues.

The Community has agreements with third-party payors that provide for payments to the Community at amounts different from its established rates. The Community records revenue based on the estimated transaction price based on the terms of the contract with the third-party payor, historical payment trends, other correspondence, and retroactive adjustment, if any.

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

Medical Assistance: Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments. Approximately 14% and 15% of the Community's net resident service revenues for the years ended December 31, 2025 and 2024, respectively, were derived from the Medical Assistance program.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Medicare: Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments. Approximately 15% of the Community's net resident service revenues in the years ended December 31, 2025 and 2024 were derived from the Medicare Part A and Part B programs.

Net resident service revenue by payor is summarized as follows for the years ended December 31:

	2025	2024
Medical Assistance	**$ 1,949,277**	$ 2,006,503
Medicare	**2,063,453**	1,949,634
Private pay and other	**10,203,335**	9,447,661
	$ 14,216,065	$ 13,403,798

The Community has determined (at a contract level) that contracts for resident services do not contain a significant financing component and has elected the practical expedient within Financial Accounting Standards Board Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, to exclude from adjustment performance obligations that are expected to be satisfied within one year of customer payment. The Community has also elected the practical expedient within ASC 340, *Other Assets and Deferred Costs*, to expense incremental costs of obtaining contracts when the related amortization period is one year or less.

Disaggregation of Revenues

The Community disaggregates revenue by categories that best depict how the nature, amount, timing, and uncertainty of cash flows are affected by economic factors. Disaggregation of the Community's significant revenue categories, by payor, are as follows for the year ended December 31, 2025:

	Independent Living	Personal Care	Skilled Nursing	Total
Private-pay	**$ 1,855,431**	**$ 2,194,890**	**$ 6,153,014**	**$ 10,203,335**
Third-party payors	**-**	**-**	**4,012,730**	**4,012,730**
	$ 1,855,431	**$ 2,194,890**	**$ 10,165,744**	**$ 14,216,065**

The Community has not further disaggregated other revenues as the economic factors affecting the nature, amount, timing, and uncertainty of cash flows do not significantly vary within the respective revenue category.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contract Balances

The Community records amounts of revenue collected in advance as deferred revenue until the related performance obligations are satisfied. These amounts primarily include entrance fees, which are collected in advance of unit occupancy. The Community had total deferred revenues from resident entrance fees of $14,038,667 and $4,234,682 at December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, the Community recognized $548,996 and $639,607, respectively, of revenue that was included in unearned entrance fees as of January 1, 2025 and January 1, 2024, respectively. Contractual refund obligations under existing resident agreements are $11,046,780 and $1,514,019 at December 31, 2025 and 2024, respectively.

As provided in ASC 606, the Community elected not to disclose amounts attributable to remaining performance obligations that are expected to be satisfied within one year.

Donated Services

A significant number of volunteers annually donate their services to the Community. The value of these donated services is not reflected in the financial statements.

Split-Interest Agreements

The Community has received as contributions various types of split-interest agreements, including charitable gift annuities and perpetual trusts.

Under the charitable gift annuity arrangements, the Community has recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Community to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as unrestricted revenue, unless otherwise restricted by the donor.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Charity Care

The Community provides care to residents who meet certain criteria at amounts less than its established rates. Because the Community does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenues. The Community maintains records to identify the cost of providing charity care based upon the direct and indirect costs identified with the specific charity care provided. The level of charity care provided amounted to approximately $1,697,000 and $1,801,000 for the years ended December 31, 2025 and 2024, respectively, including costs related to the Medicaid program of approximately $1,425,000 and $1,475,000 in December 31, 2025 and 2024, respectively.

Donor-Restricted Gifts

The Community reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of income 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 unrestricted contributions in the accompanying financial statements.

Net Assets

There are two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that may be met either by actions of the Community and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by the Community.

The Community reports gifts of property and equipment (or any other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor 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, the Community reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

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

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Community follows the provisions of accounting for uncertainty in income taxes, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The provision also provides guidance on de-recognition, classification, interest and penalties, and disclosures. Management has determined that these provisions do not have a material impact on the financial statements. With few exceptions, the Community is no longer subject to income tax examinations by the U.S. Federal, state, or local authorities for years before 2022.

Derivatives

The Community uses a non-hedging derivative to manage risks related to interest rate movements. An interest rate swap agreement is used as part of the Community's broader strategy to manage interest rate risk and fund capital projects and is not used for speculative purposes. The interest rate swap agreement is recognized as either an asset or liability on the balance sheet and is measured at fair value. Interest rate swap agreements are often held for the life of the strategy but may reflect significant interim unrealized gains or losses depending on the change in value since the inception of the agreement. All unrealized and realized gains and losses from the interest rate swap agreement are reflected in the statement of income. Refer to Note 7 for more detail.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions or other designations limiting their use, within one year of the balance sheet date, comprise the following as of December 31:

	2025	2024
Cash and cash equivalents	**$ 595,439**	$ 918,272
Accounts and other receivables, net	**658,548**	1,170,088
Assets whose use is limited	**11,851,947**	2,628,715
Investments	**15,222,346**	12,727,579
Total Financial Assets	**28,328,280**	17,444,654

Note 3 - Liquidity and Availability (continued)

	2025	2024
Amounts that are internally designated or externally restricted		
Resident deposits	**$ (146,629)**	$ (1,204,633)
Entrance fee escrow account required by bond agreement	**(10,334,479)**	(1,170,854)
Funds restricted by bond and trust indentures	**(1,517,468)**	(1,457,861)
Pledged funds for the letter of credit	**(276,717)**	(1,259,638)
Donor time and purpose-restricted funds	**(6,901)**	(174,578)
Donor-restricted endowment funds	**(2,710,609)**	(2,318,114)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	**$ 13,335,477**	$ 9,858,976

As part of the Community's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Community manages its resources available to meet general expenditures by operating within a prudent range of financial stability and sustaining adequate liquid assets among cash and investments.

Endowment funds consist of donor-restricted gifts, which are maintained in perpetuity and are not available for general expenditure. Investment earnings on the endowment fund investments are considered time-restricted net assets, which are available to be used in operations only in accordance with the Community's endowment spending policy. See Note 9 for further details.

Note 4 - Fair Value Measurements, Investments and Assets Whose Use is Limited, and Other Financial Instruments

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

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs.

Note 4 - Fair Value Measurements, Investments and Assets Whose Use is Limited, and Other Financial Instruments (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation techniques were used to measure the fair value of assets and liabilities in the tables below on a recurring basis:

Mutual funds and common stocks - Fair value of mutual funds and common stocks was based on quoted market prices for the identical securities.

Beneficial interest in perpetual trusts - The beneficial interest in perpetual trusts is valued at fair value based on the Community's interest in the fair values of the underlying assets, which approximate the present value of estimated cash flows to be received from the trusts. The present value measured is utilized as the underlying assets of each individual trust are not in the control of the Community.

Interest rate swap agreement - Fair value of the interest rate swap was based on observable market data, including contractual terms, interest rate curves, credit spreads, and other inputs derived from or corroborated by observable market information.

The following tables present financial instruments measured at fair value at December 31:

	2025			
	Fair Value	Level 1	Level 2	Level 3
Reported at Fair Value				
Assets				
Investments and assets whose use is limited				
Cash and cash equivalents	$ 13,595,733	$ 13,595,733	$ -	$ -
Common stocks				-
Communication services	195,312	195,312	-	-
Consumer discretionary	162,170	162,170	-	-
Consumer staples	380,235	380,235	-	-
Financial	105,072	105,072	-	-
Health care	337,302	337,302	-	-
Industrials	716,320	716,320	-	-
Materials	255,378	255,378	-	-
Technology	3,429,027	3,429,027	-	-
Utilities	205,193	205,193	-	-
Mutual funds				
ETFs				
Bonds	4,242,864	4,242,864	-	-
Commodities	1,237,392	1,237,392	-	-
Digital assets	196,788	196,788	-	-
Large-cap	460,054	460,054	-	-
Mid-cap	297,957	297,957	-	-
Small-cap	694,575	694,575	-	-
Fixed income	1,708,721	1,708,721	-	-
	28,220,093	28,220,093	-	-

Note 4 - Fair Value Measurements, Investments and Assets Whose Use is Limited, and Other Financial Instruments (continued)

	2025			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Beneficial interest in perpetual trusts	**$ 95,266**	**$ -**	**$ -**	**$ 95,266**
Total Assets	**$ 28,315,359**	**$ 28,220,093**	**$ -**	**$ 95,266**
Liabilities				
Interest rate swap agreement	**$ 305,006**	**$ -**	**$ 305,006**	**$ -**

	2024			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Reported at Fair Value				
Assets				
Investments and assets whose use is limited				
Cash and cash equivalents	$ 5,451,027	$ 5,451,027	$ -	$ -
Common stocks				
Communication services	102,523	102,523	-	-
Consumer discretionary	213,522	213,522	-	-
Consumer staples	201,827	201,827	-	-
Financial	97,036	97,036	-	-
Health care	321,478	321,478	-	-
Industrials	644,425	644,425	-	-
Materials	208,570	208,570	-	-
Technology	2,285,274	2,285,274	-	-
Utilities	248,117	248,117	-	-
Mutual funds				
ETFs				
Bonds	3,284,150	3,284,150	-	-
Commodities	656,784	656,784	-	-
Digital assets	272,449	272,449	-	-
Large-cap	301,358	301,358	-	-
Mid-cap	112,965	112,965	-	-
Small-cap	461,353	461,353	-	-
Fixed income	1,130,996	1,130,996	-	-
	15,993,854	15,993,854	-	-
Beneficial interest in perpetual trusts	87,679	-	-	87,679
Total Assets	$ 16,081,533	$ 15,993,854	$ -	$ 87,679

Note 4 - Fair Value Measurements, Investments and Assets Whose Use is Limited, and Other Financial Instruments (continued)

Investments and assets whose use is limited are presented together in the tables above as there are various investment and cash accounts that are allocated between the investment and assets whose use is limited lines on the balance sheet. Investments and assets whose use is limited are presented in the balance sheet as follows as of December 31:

	2025	2024
Assets whose use is limited	**$ 11,851,947**	$ 2,628,715
Investments	**15,222,346**	12,727,579
Statutory minimum liquid reserve	**1,145,800**	637,560
Total Investments and Assets Whose Use is Limited	**$ 28,220,093**	$ 15,993,854

Investment expense totaled $75,784 and $61,427 for the years ended December 31, 2025 and 2024, respectively.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Valuation Methodologies

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses included in the balance sheet approximate fair value due to the short-term nature of these instruments.

The fair value of charitable gift annuities is based on the net present value of expected future cash flows, which is calculated utilizing the terms of the original gift instrument, the life expectancy of the annuitant, and a discount rate that a market participant would demand.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

The Community evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2025 and 2024, there were no transfers in or out of Level 3.

Note 4 - Fair Value Measurements, Investments and Assets Whose Use is Limited, and Other Financial Instruments (continued)

Statutory Minimum Liquid Reserves

In compliance with Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82), the Board of Directors designated a portion of investments and assets whose use is limited as "reserved" to meet the requirements of Act 82. The designated funds amounted to $1,145,800 and $637,560 at December 31, 2025 and 2024, respectively. The reserve was calculated as follows at December 31, 2025:

Expenses Subject to Statutory Minimum Liquid Reserves for the Year Ended December 31, 2026		
Budgeted operating expenses	**$ 18,000,836**	
Budgeted depreciation and amortization expense	**(2,328,087)**	
Subtotal Expenses	**15,672,749**	
Percentage of independent living residents to total residents	**62.15%**	
Total (Rounded)	**9,740,500**	
Statutory requirement	**10%**	
Statutory Minimum Liquid Reserves Requirement (Rounded)	**$ 974,050**	**(a)**
Debt Service Requirements for the Year Ended December 31, 2026		
Principal payments due on long-term debt	**$ 450,000**	
Budgeted interest payments on long-term debt	**1,393,602**	
Total Debt Service Requirements	**1,843,602**	
Percentage of independent living residents to total residents	**62.15%**	
Statutory Minimum Liquid Reserves Requirement (Rounded)	**$ 1,145,800**	**(b)**
Greater of (a) or (b) Above	**$ 1,145,800**	

Note 5 - Property and Equipment

Property and equipment consist of the following as of December 31:

	2025	2024
Land	**$ 2,111,420**	$ 2,111,420
Land improvements	**4,018,634**	2,764,187
Buildings and building improvements	**43,387,625**	24,926,864
Furniture and equipment	**8,991,519**	7,970,827
Construction in progress*	**715,086**	7,503,177
	59,224,284	45,276,475
Accumulated depreciation	**(17,973,901)**	(17,303,443)
	$ 41,250,383	$ 27,973,032

* Not depreciated.

Construction in progress consists primarily of design and construction costs for various projects of the Community. The decrease in construction in progress in 2025 primarily relates to the completion of the Cedar Heights project and the transfer of those costs to depreciable assets placed in service. Cedar Heights consists of 45 apartments as well as a café, fitness center, and activity space to be enjoyed by all residents of the Community. Construction was completed in 2025.

Note 6 - Line of Credit, Long-Term Debt, and Commitments

Line of Credit

The Community had a $100,000 secured line of credit, which bore interest at SOFR plus 2.00%. This line of credit was closed during 2024.

Long-Term Debt

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

	2025	2024
Series A of 2017 Lancaster County Hospital Authority Tax-Exempt Revenue Bonds; original issue $19,145,000; payable in varying annual redemptions through December 2047; interest payable semi-annually at fixed rates ranging from 4.00% to 5.00%	**$ 17,020,000**	$ 17,450,000

Note 6 - Line of Credit, Long-Term Debt, and Commitments (continued)

Long-Term Debt (continued)

	2025	2024
Series A of 2024 Lancaster County Hospital Authority Tax-Exempt Revenue Bonds; original issue $13,000,000; payable in varying annual redemptions through December 2054; interest payable monthly at a variable rate of 79% of SOFR plus 2.10% (4.57% and 5.06% as of December 31, 2025 and 2024, respectively)	**$ 13,000,000**	$ 4,622,573
Series B of 2024 Lancaster County Hospital Authority Tax-Exempt Revenue Bonds; original issue $10,420,000; final maturity July 2029; principal payable in monthly installments as available from the entrance fee escrow account and due in full at maturity; interest payable monthly at a variable rate of 79% of SOFR plus 2.00% (4.49% at December 31, 2025)	**6,161,722**	-
Bond premium, net	**293,238**	306,617
Deferred financing costs, net	**(1,138,281)**	(527,723)
Current portion	**(6,579,810)**	(420,320)
	$ 28,756,869	$ 21,431,147

The aggregate amounts of principal maturities of debt outstanding, assuming no change in current terms, are as follows for the five years ending December 31:

	Principal	Deferred Bond Premiums	Deferred Debt Issue Costs	Net
2026	**$ 6,611,722**	**$ 13,380**	**$ (45,292)**	**$ 6,579,810**
2027	**570,000**	**13,380**	**(45,292)**	**538,088**
2028	**730,000**	**13,380**	**(45,292)**	**698,088**
2029	**765,000**	**13,380**	**(45,292)**	**733,088**
2030	**805,000**	**13,380**	**(45,292)**	**773,088**

On July 2, 2024, the Community issued Series A and B of 2024 Revenue Bonds through the Lancaster County Hospital Authority. The total bond proceeds were $13,000,000 and $10,420,000 for the Series A and B 2024 bonds, respectively. The 2024 bonds were issued to fund the Community's capital expansion projects. The Series 2024 Bonds were structured as draw-down loans whereby installments of the bond agreements proceeds will be advanced to the Community in accordance with the bond agreements. As of December 31, 2025, proceeds of $13,000,000 and $6,161,722 of the Series 2024 A and Series 2024 B bonds, respectively, have been advanced to the Community.

Note 6 - Line of Credit, Long-Term Debt, and Commitments (continued)

Long-Term Debt (continued)

On November 28, 2017, the Community issued Series A and B of 2017 Revenue Bonds through the Lancaster County Hospital Authority. The 2017 bonds were issued to refund and redeem all outstanding long-term debt and fund the Community's capital expansion projects. Proceeds in excess of stated par value of $401,390 were recorded as an initial issue premium and are being amortized over the life of the bonds (30 years). The Series B of 2017 Revenue Bonds were paid off during 2020.

The terms of the Series of 2017 Official Statement require, among other items, maintenance of a debt service reserve fund equal to the maximum annual debt service, adjusted annually as stated in the agreement. The Series of 2017 Master Trust Indenture requires the Community to meet certain financial covenants including debt service coverage and liquidity. The Community was in compliance with applicable financial covenants as of December 31, 2025 and 2024.

Interest expense on long-term debt charged to operations totaled $1,039,990 and $887,318 for the years ended December 31, 2025 and 2024, respectively, and includes amortization of deferred financing costs of $56,407 and $23,060, respectively, and amortization of bond premium of ($13,379) and ($13,380), respectively. Interest totaling $451,674 and $55,635 was capitalized for the years ended December 31, 2025 and 2024, respectively, as a component of the cost of property and equipment constructed for its own use.

Commitments

In June 2024, a standby letter of credit in the aggregate amount up to $1,091,704 was issued to the Community in connection with the Community's land development plan. In June 2025, the letter of credit was extended for an additional one-year period to June 5, 2026 and reduced to $202,428. The letter of credit is collateralized by certain investments pledged totaling $276,717 at December 31, 2025.

The Community entered into a contract for renovations and roof work on the Lexington portion of its building in 2025. At December 31, 2025, approximately $202,865 remained to be billed on this contract.

Note 7 - Interest Rate Swap

The Community entered into an interest rate swap agreement as of April 1, 2025 with BankUnited, N.A., with a maturity date of July 1, 2031 with an initial notional value of $13,000,000, to hedge its exposure of interest rate fluctuation on its variable interest rate debt. The swap agreement requires the Community to make or receive payment based on the difference between the fixed rate of 4.845% and the floating rate of 79% of SOFR plus 1.659%. In accordance with ASC Topic 815, the Community recorded a derivative liability of $305,006 as of December 31, 2025, which is included in interest rate swap liability on the balance sheet. The liability represents the present value of the decrease in interest over the remaining term of the long-term debt as valued by the financial institution. The Community recognized a corresponding change in interest rate swap liability on the statement of income.

Derivative financial instruments are subject to various risks similar to non-derivative financial instruments, including market, credit, and liquidity. Risks may arise from unanticipated movements in interest rates or the ability of the counterparty to meet its obligations under the swap contract due to the occurrence of a credit event.

Note 8 - Retirement Plan

The Community sponsors two defined contribution retirement plans. The Community's expenses related to the plans were $106,007 and $93,689 for the years ended December 31, 2025 and 2024, respectively. The United Zion Retirement Community 457 Plan was frozen as of December 31, 2015.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2025	2024
Subject to expenditure for specified purpose		
Other	**$ 6,901**	$ 174,578
Subject to the passage of time		
Endowment investment earnings	**539,679**	147,184
Perpetual in nature		
Endowment fund	**2,170,930**	2,170,930
Beneficial interest in perpetual trusts	**95,266**	87,679
	$ 2,812,776	$ 2,580,371

Note 10 - Net Assets in Endowment Fund

The Community's endowment consists of an individual fund established for benevolent care. Its endowment includes donor-restricted endowment funds only. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Community has interpreted the relevant Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Community classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the endowment fund with donor restrictions until those amounts are appropriated for expenditure by the Community in a manner consistent with the standard of prudence prescribed by the relevant Pennsylvania law. Unless specifically defined, the Community considers the following factors when a donor-restricted endowment fund is required by donor stipulation to accumulate or appropriate endowment funds:

- The duration and preservation of the fund
- The purposes of the Community and the donor-restricted endowment fund

Note 10 - Net Assets in Endowment Fund (continued)

Interpretation of Relevant Law (continued)

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Community
- The investment policies of the Community

The following schedule represents the changes in endowment net assets for the years ended December 31:

	2025	2024
Endowment Net Assets at Beginning of Year	**$ 2,318,114**	$ 2,128,749
Investment return		
Dividends and interest, net of investment expense	**74,152**	72,989
Realized gains, net	**93,824**	7,445
Unrealized gains, net	**310,149**	153,410
Total Investment Return	**478,125**	233,844
Appropriation of endowment assets for expenditure	**(85,630)**	(44,479)
	392,495	189,365
Endowment Net Assets at End of Year	**$ 2,710,609**	$ 2,318,114

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Community to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported within net assets with donor restrictions. There were no deficiencies reported at December 31, 2025 and 2024. The Community's Board of Directors has not adopted a spending policy with respect to underwater endowment funds.

Return Objectives and Risk Parameters

The Community has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to experience moderate long-term growth, while recognizing the need for diversification among asset classes to include both large-cap and small-cap domestic equities, international equities, and domestic fixed income.

Note 10 - Net Assets in Endowment Fund (continued)

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

Pennsylvania law requires distributions of restricted net assets between 2% and 7%. The Community elected to distribute 4% and 2% during December 31, 2025 and 2024, respectively. The amount needed to fund the distributions will first be taken from the accumulated excess earnings from prior years, then from the accumulated net capital gains of the endowment fund, and conversely, any undistributed income after the allocation of the total return distribution is added back to the endowment fund balance. The Community believes that the investment and spending policies in place will allow it to provide real growth through new gifts and investment return.

Note 11 - Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program and support functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocation of the Community's functional expenses were as follows for the years ended December 31:

	2025			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 6,459,243	$ 541,160	$ 75,709	$ 7,076,112
Payroll taxes and employee benefits	1,573,233	168,434	26,035	1,767,702
Purchased services	1,375,889	1,041	561	1,377,491
Depreciation and loss on disposal of property and equipment	1,557,287	137,572	19,725	1,714,584
Supplies	577,766	55,191	1,039	633,996
Interest	944,580	83,445	11,965	1,039,990
Professional services	1,360,969	389,155	2,478	1,752,602
Credit loss expense and fees	26,737	23,982	518	51,237
Real estate taxes	119,586	10,564	1,515	131,665
Insurance	167,620	14,808	2,123	184,551
Staff development and training	145,269	22,845	12,647	180,761
Marketing	139,236	-	-	139,236
Total Operating Expenses	$ 14,447,415	$ 1,448,197	$ 154,315	$ 16,049,927

Note 11 - Functional Expenses (continued)

	2024			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 6,064,022	$ 513,140	$ 68,885	$ 6,646,047
Payroll taxes and employee benefits	1,560,526	147,800	31,201	1,739,527
Purchased services	1,422,948	1,086	641	1,424,675
Depreciation	1,271,846	110,251	16,695	1,398,792
Supplies	539,274	52,822	20,203	612,299
Interest	806,790	69,937	10,591	887,318
Professional services	1,199,220	361,363	1,687	1,562,270
Credit loss expense and fees	44,344	21,170	951	66,465
Real estate taxes	122,129	10,587	1,603	134,319
Insurance	132,088	11,450	1,734	145,272
Staff development and training	49,126	21,578	25	70,729
Marketing	154,419	-	-	154,419
Total Operating Expenses	$ 13,366,732	$ 1,321,184	$ 154,216	$ 14,842,132

Note 12 - Medical Malpractice Claims Coverage

The Community maintains occurrence based professional liability coverage through a commercial insurance carrier. Management believes no incidents have occurred or will be asserted that will exceed the Community's insurance coverage or will have a material adverse effect on the financial statements.

Note 13 - Contingencies

Regulatory

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

Note 14 - Concentrations of Credit Risk

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

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

Note 15 - Reclassifications

Certain items in the 2024 financial statements have been reclassified to conform to the 2025 financial statement presentation. These changes did not affect net assets as of or for the year ended December 31, 2024.

Note 16 - Subsequent Events

The Community has evaluated subsequent events through April 27, 2026. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2025 were noted.

rkl ADVISORS for WHAT'S NEXT

Certified Public Accountant's Qualification Letter

To the Board of Directors
United Zion Retirement Community
Lititz, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of United Zion Retirement Community (the Community) as of December 31, 2025 and for the year then ended, and have issued our report thereon dated April 27, 2026, in connection therewith, we advise you as follows:

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

2. The engagement partner, who is a certified public accountant, has 22 years of experience in public accounting and is experienced in auditing continuing care retirement communities and has served as lead audit partner on this engagement for less than five years. Seventy-five percent of the members of the engagement team are certified public accountants and were assigned to perform tasks commensurate with their training and experience.

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

4. Our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Community 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, and changes in net assets and cash flows in accordance 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 irregularities 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 irregularities.

1800 Fruitville Pike, Lancaster, PA 17601 717.394.5666 717.394.0693 rklcpa.com

5. Because of the characteristics of irregularities, particularly those involving forgery and collusion, a properly designed and executed audit may not detect a material irregularity. In addition, an audit does not address the possibility that material errors or irregularities 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.

6. It is the responsibility of the management of the Community to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain an internal control structure that will, among other things, provide reasonable, but not absolute, assurance the 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 accordance with accounting principles generally accepted in the United States of America.

7. 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 auditor's report.

8. We will retain the workpapers prepared in the conduct of our audit until the Commonwealth of Pennsylvania Insurance Department has filed a Report of Examination covering the year ended December 31, 2025, but not longer than seven years and, on instructions from the Community, we will make them available for review by the Commonwealth of Pennsylvania Insurance Department.

9. The engagement partner is licensed by Pennsylvania and is a member in good standing of the American Institute of Certified Public Accountants.

10. To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the *Annual Financial Reporting Model Regulation* qualifications of independent certified public accountants.

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

RKL LLP

April 27, 2026
Lancaster, Pennsylvania