



**PENNYBYRN**  
at M A R Y F I E L D  
A Retirement Living Community

## **DISCLOSURE STATEMENT**

**Dated: December 15, 2019**

**NAME OF COMMUNITY:** Pennybyrn at Maryfield

**LOCATION:** 109 Penny Road  
High Point, North Carolina 27260

**TELEPHONE NUMBER:** (336) 821-4000

In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina:

- This Disclosure Statement may be delivered until revised, but not after May 14, 2021;
- Delivery of this Disclosure Statement to a contracting party before execution of a contract for continuing care is required;
- This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

**MARYFIELD, INC.**  
**d.b.a.**  
**“PENNYBYRN AT MARYFIELD”**  
**109 Penny Road**  
**HIGH POINT, NORTH CAROLINA 27260**

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**MARYFIELD, INC. d.b.a.**  
**“PENNYBYRN AT MARYFIELD”**  
**109 Penny Road**  
**HIGH POINT, NORTH CAROLINA 27260**

**I. ORGANIZATION**

**General**

Maryfield, Inc. d.b.a. Pennybyrn at Maryfield (the “Corporation”) was founded in November 1947 by the Poor Servants of the Mother of God, a Catholic Congregation of Sisters, and incorporated under the laws and regulations of the State of North Carolina as a non-profit organization in 1950 to provide housing and long-term care for the elderly.

The Corporation has been determined to be exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Corporation is also tax-exempt under North Carolina law.

The Corporation currently owns and operates a continuing care retirement community (“CCRC”) on a 72-acre campus in High Point, North Carolina consisting of a 131unit independent living apartment building (with attached community center and wellness center), 49 independent living cottages, 24 assisted living apartments, 24 assisted living memory support units and 125 skilled nursing care beds.

**Composition**

AFFILIATION

The Corporation is sponsored by the Poor Servants of the Mother of God, Mother House in Rome, Italy, and Generalate in Roehampton, London, England (“SMG”). The Corporation is not affiliated with or owned by any other religious, charitable or other non-profit organizations.

The Corporation is solely responsible for all the financial and contractual obligations incurred by the Corporation. The Corporation does not have subsidiaries and holds no ownership position in any other organization in the State of North Carolina.

The Corporation has memberships in the following trade associations: Leading Age, Leading Age North Carolina, Catholic Health Care Association, North Carolina Assisted Living Association, and the North Carolina Health Care Facilities Association.

## MEMBERS

Participation in the affairs of the Corporation is governed by the Members thereof. The bylaws of the Corporation provide that all Members of SMG who live at Pennybyrn at Maryfield or who render compensated or uncompensated services to the Corporation are automatically Members of the Corporation during the period of such residency or service. The Regional Superior and the local leader are also automatically Members of the Corporation. In addition, the Superior General of SMG may at any time, and from time to time, appoint any other member(s) of such religious order as Member(s) of the Corporation to serve at the discretion of the Superior General.

The current Members of the Corporation are as follows:

|                           |                 |
|---------------------------|-----------------|
| Sr. Mona Comaskey, SMG    | High Point, NC  |
| Sr. Julianne Cunnane, SMG | High Point, NC  |
| Sr. Anne Curran, SMG      | High Point, NC  |
| Sr. Lucy Hennessy, SMG    | High Point, NC  |
| Sr. Gabriella Hogan, SMG  | High Point, NC  |
| Sr. Loretta O'Connor, SMG | High Point, NC  |
| Sr. Rosarii O'Connor, SMG | London, England |
| Sr. Margaret Cashman, SMG | London, England |
| Sr. Kathleen Coleman, SMG | London, England |
| Sr. Margaret Herlihy, SMG | London, England |
| Sr. Meki Ngemu, SMG       | London, England |

## BOARD OF DIRECTORS OF THE CORPORATION

The Board of Directors of the Corporation establishes policy and goals and serves in an oversight capacity for the management and operation of the Corporation. Notwithstanding the foregoing, however, without the prior approval of at least a majority of the Members of the Corporation, the Board of Directors is not empowered or authorized to establish any policy or goal that is contrary to or in violation of the Ethical and Religious Directives for Catholic Health Care Services as approved by the U.S. Catholic Bishops in 1994.

Members of the Corporation appoint the members of the Board of Directors. The following are the current members of the Board of Directors:

### **Sister Lucy Hennessy, SMG, Chairperson**

109 Penny Road, High Point, NC 27260

Sr. Lucy is the current Chairman of the Board and Mission Leader of Pennybyrn at Maryfield. She is a member of the Congregation of the Poor Servants of the Mother of God, and holds a Bachelor of Science Degree in Business Administration from High Point University and a Master's Degree in Health Administration from St. Louis University. She was formerly the Treasurer of Maryfield, Inc., and the nursing home administrator for nearly 20 years. Sr. Lucy joined the Board in 1987.

**Mr. Kenneth Hughes, Vice Chairperson**

1410 Maryfield Court, High Point, NC 27260

Mr. Hughes is the current owner and President of K&S Tool & Manufacturing Company. He has been a resident of Pennybyrn at Maryfield's independent living community since 2009. Mr. Hughes currently serves on the Charlotte Foundation Board, High Point Community Foundation Board & Grants Committee, The Guilford County Workforce Board and many other organizations. He is very active in the community and is a member of numerous clubs and committees. Mr. Hughes joined the Board in 2012.

**Mr. Richard W. Newman, President**

109 Penny Road, High Point, NC 27260

Mr. Newman has been the Chief Executive Officer since 2017 and President of the Corporation since 2003. He had previously held the positions of Executive Vice President and Chief Financial Officer since 1997. He joined the Corporation after 12 years as an auditor with Ernst & Young, LLP. Mr. Newman holds a Bachelor of Science Degree in Accounting from the University of South Carolina. Mr. Newman joined the Board in 1997.

**Mr. Thomas E. Terrell, Jr., Secretary**

300 N. Greene Street, Ste. 1400, Greensboro, NC 27401

Mr. Terrell is an attorney for the law firm of Smith, Moore, Leatherwood in Greensboro. His legal concentration is on local government regulations affecting business expansion and other zoning and environmental matters. He is very involved in the High Point, NC community and is currently serving on the Board of Directors for the High Point City project. He has been on many boards including the High Point Chamber of Commerce, Winston Salem State University, UNC-CH General Alumni Association and Guilford College Board of Visitors. Mr. Terrell joined the Board in 2011.

**Mr. William Snow Bencini, Jr.**

1412 Trafalgar Drive, High Point, NC 27262

Mr. Bencini is a co-founder of Ultra-Mek, Inc. He is a past Mayor of High Point, NC and has served on many governmental committees and boards including High Point City Council, Order of the Long Leaf Pine, was a Guilford County Commissioner, and past liaison to the Furniture Market Authority. He has held various leadership positions on the Guilford County Board of Commissioners and many other organizations. He is currently a member of the Forward High Point Executive Committee and the PTI Airport Authority Board. Mr. Bencini joined the Board in February of 2019.

**Mr. Paul Breitbach**

320 Buckingham Road, Winston Salem, NC 27104

Mr. Breitbach began his career with Price Waterhouse in Chicago. He also held partnerships with Price Waterhouse in Indiana, the Carolinas and Eastern Tennessee. Upon retirement from Price Waterhouse, he became Executive Vice President of Finance and Corporate Development of Krispy Crème Doughnut Corporations. He is currently on the Board of Directors of Old Dominion Freight Line and serves on St. Leo's Finance Committee, Charlotte Diocese Investment Committee and Loras College Board of Regents. Mr. Breitbach joined the Board in 2014.

**Sister Margaret Cashman, SMG**

Maryfield Convent, Mount Angelus Road, Roehampton, London, SW154JA England

Sr. Margaret is a member of the Congregation of the Poor Servants of the Mother of God – the Congregation which for over sixty years has sponsored Maryfield, Inc. She is currently a member of the General Council of the Congregation. She is a Secondary Teacher by profession and has taught in Manor House School, Raheny, Dublin 5. She has served as Chairperson on the Boards of two primary schools and is currently on the Board of Manor House Secondary School, Raheny, Dublin 5. On retirement from teaching she was appointed as Registered Provider of two of the Congregations Nursing Homes in Dublin. At present she is a Director of the Frances Taylor Foundation-PSMG Property, Ltd. - Ireland. Sister Margaret joined the Board in 2012.

**Sr. Kathleen Coleman, SMG**

Maryfield Convent, Mount Angelus Road, Roehampton, London, SW154JA England

Sr. Kathleen is a member of the Poor Servants of the Mother of God, the Religious Congregation which has sponsored Maryfield, Inc., High Point, NC, since its foundation. She is a teacher by profession. She was a school principal in Ireland and has served on Boards of Governors of schools in both Ireland and the U.K. She was a member of the General Leadership of the Congregation and trustee from 2007 to 2012 and was re-elected as Congregational Leader in 2017. Sr. Kathleen joined the Board in 2018.

**Sr. Julianne Cunnane, SMG**

Maryfield Convent, 1315 Greensboro Road, High Point, NC 27260

Sr. Julianne is a member of the Congregation of the Poor Servants of the Mother of God, the Congregation which for over 68 years has sponsored Maryfield, Inc., High Point. She is a nurse by profession and has worked in hospitals in Liverpool England and Galway in Ireland. In the USA, she has worked in Norton, Virginia and Maryfield, High Point, NC. Currently, she is in her first term of three years as Regional Director in the USA. Sr. JuliaAnn joined the Board in 2012.

**Sr. Anne Curran, SMG**

Maryfield Convent, Mount Angelus Road, Roehampton, London, SW154JA England

Sr. Anne is a member of the Poor Servants of the Mother of God, the Religious Congregation which has sponsored Maryfield, Inc., High Point, NC, since its foundation. She is a nurse by profession and has been director of a care facility as well as member of the Regional Leadership team in the U.K. She has ministered in Kenya and was the Area Coordinator there when she was elected to the General Leadership of the Congregation in 2017. Sr. Anne joined the Board in 2018.

**Mr. Earl E. Congdon**

500 Old Dominion Way, Thomasville, NC 27360

Mr. Congdon is Executive Chairman of the Board of Old Dominion Freight Line, Inc. Mr. Congdon was past Vice President of the American Trucking Association, Inc. and was Past President of the North Carolina Trucking Association. Community and civic activities include High Point Regional Hospital, United Community Services, High Point Chamber of Commerce and High Point Country Club. Mr. Congdon joined the Board in February 2007 and served for nine years. He rejoined the Board in 2018.

**Mr. Wes Frye**

4312 Gelding Court, High Point, NC 27265

Mr. Frye retired from Old Dominion Freight Line, Inc. where he held the position of Senior Vice President and Chief Financial Officer. Nearly his entire career was spent at Old Dominion. Mr. Frye served for many years on the Finance Committee at Immaculate Heart of Mary Catholic Church in High Point, NC. He is also active in several committees at Pennybyrn. Mr. Frye joined the Board in 2017.

**Mr. Gerard R. Gunzenhauser, Jr.**

2814 Galsworth Drive, Winston Salem, NC 27106

Mr. Gunzenhauser previously served on the board of Maryfield, Inc. for fifteen years. He has remained a member of the Maryfield, Inc. Finance Committee. He is President of GRG Associates, Inc., Financial and Management Consulting and a retired CFO of R.J. Reynolds Tobacco Company. He is a member of the St. Leo Parish Finance Council and the Winston Salem Symphony Board of Directors and Winston Salem Symphony Chorus. Mr. Gunzenhauser rejoined the Board in February 2019.

**Sr. Margaret Herlihy, SMG**

Maryfield Convent, Mt. Angelus Road, Roehampton, London, SW 15 4JA, England

Sr. Margaret Herlihy, SMG is a member of the Congregation of the Poor Servants of the Mother of God – the Congregation which for sixty years has sponsored Maryfield, High Point. She is serving as Bursar General of the Congregation of the Poor Servants of the Mother of God. She has taught in Secondary Schools in Ireland and held the position of School Principal for twelve years of Manor House School, Raheny, Dublin, Ireland. At present she is a Director of the (i) Frances Taylor Foundation Chapelizod Ltd; (ii) PSMG Property, Ltd, Ireland. She is chairperson of the Board of Management of St. Aloysius' College, Carrigtwohill, Co. Cork, Ireland and a member of the Board of management of Manor House School Raheny, Dublin, Ireland. Sr. Margaret joined the Board in 2002.

**Dr. Alberta Haynes Herron**

2492 Zane Drive, Summerfield, NC 27358

Dr. Herron retired from High Point University where she was the Associate Vice President for Institutional Effectiveness. She was also founding Dean of the High Point University Graduate School. Prior to joining High Point University, she was Associate Vice President for Academic Affairs at Tennessee State University. She has been involved in many community services and associations including Communities in Schools of High Point Board member, Presbyterian Homes of High Point Foundation Board, Rotary Club of High Point, Oak Ridge First Baptist Church, Committee Chair of the Commission on Colleges of the Southern Association of Colleges and Schools and many other organizations. Dr. Herron joined the Board in 2013.

**G. Michael Hofmann**

7 Dovercrest Ct., Greensboro, NC 27407

Mr. Hofmann is Executive Vice President and Chief Operating Officer for Beaulieu Group, LLC. He has also held executive roles with Serta Simmons Bedding, LLC, Sealy, Inc. and Hill-Rom Company. Mr. Hofmann joined the Board in February 2019.



**Fr. Stephen Hoyt**

328-B Woodsway Lane, NW, Lenoir, NC 28645

Fr. Stephen is Pastor at St. Francis of Assisi Roman Catholic Church in Lenoir, NC. Fr. Stephen has administered in various ministries since ordination such as parish, hospital, retreat and spiritual direction. He served in New York, New Jersey, North Carolina and overseas in Africa. He has been in the Diocese of Charlotte for five years. Fr. Stephen joined the Board in 2014.

**Ms. Ann Kroupa**

25 Creswell Court, Greensboro, NC 27407

Ms. Kroupa retired in 1998 after spending most of her career with AT&T and Lucent in a range of positions including Human Resources, Sales, Marketing, Financial Management and others. Since her retirement, she has been active with a variety of Greensboro organizations. She has served on the Boards of Sterling South Bank (now Pinnacle Financial Partners), Greensboro Symphony Orchestra, University of North Carolina at Greensboro's Board of Visitors, and the Greensboro Historical Museum. She has also contributed time and energy to Leadership Greensboro and Leadership North Carolina. Ms. Kroupa joined the Board in 2013.

**Mr. Bill Lawler**

8200 Whitewater Drive, Clemmons, NC 27102

Mr. Lawler retired in 2009 from Ecolab where he was Vice President of Strategy and Business Development. He also held long-term positions at Rubbermaid and Scott Paper Company. He currently serves on several Boards including Member of the Board of Trustees at Belmont Abbey College. He is also active in several committees at Pennybyrn. Mr. Lawler joined the Board in 2017.

**Mr. Peter Mahler**

1418 Maryfield Court, High Point, NC 27260

Mr. Mahler the CEO of PAM Trading Corporation in Kernersville, NC. Mr. Mahler has served on the High Point Regional Hospital Endowment Board and High Point University Board of Trustees. Mr. Mahler resides in a cottage at Pennybyrn at Maryfield and joined the Board in 2014.

**Mr. David S. Miller**

1131 Foust Avenue, High Point, NC 27260

Mr. Miller is president and co-owner of D.S. Miller, Inc. He is currently Chairman of the High Point Community Foundation. He also serves on the Guilford Say Yes to Education board. He currently serves on and is past chair of Guilford Technical Community College, the DePaul Academy, Business High Point, Open Door Ministries and the United Way of Greater High Point. Mr. Miller volunteered extensively with Mother Teresa and the Missionaries of Charity at her various homes around the world. He is currently working with two area colleges developing residential programs for foster children in the 11th and 12th grades and for those continuing post-secondary education. He was selected High Point Citizen of the year in 1998 and High Point Chamber of Commerce Distinguished Citizen in 2016. Mr. Miller joined the Board in 2018.

**Ms. Bonnie Naas**

312 Quarterpath Lane, Jamestown, NC 27282

Ms. Naas recently retired from High Point Bank & Trust where she held the position of Vice President/Trust Consultant in Personal Trust Sales since 2007. Prior to that, she held management positions at several banks in North Carolina and Michigan. She has extensive expertise in consultative sales, collaborative planning and investment management. Ms. Naas is very active in the community and currently serves on the High Point Regional Health Foundation Board, Preservation Greensboro and the Greensboro Estate Planning Council. Ms. Naas joined the Board in 2014.

**Sr. Meki Ngemu, SMG**

Maryfield Convent, Mount Angelus Road, Roehampton, London, SW154JA England

Sr. Meki is a member of the Poor Servants of the Mother of God, the Religious Congregation which has sponsored Maryfield, Inc., High Point, NC, since its foundation. She is one of the congregation's first Kenyan Sisters. She is a teacher by profession and has been director of a facility for children with special educational needs. She was elected to the General Leadership of the Congregation in 2017. Sr. Meki joined the Board in 2018.

**Sr. Rosarii O'Connor, SMG**

Maryfield Convent, Mount Angelus Road, Roehampton, London, SW154JA England

Sr. Rosarii is a member of the Poor Servants of the Mother of God, the Religious Congregation which has sponsored Maryfield, Inc., High Point, NC, since its foundation. She is a teacher by profession and has been Principal of Secondary Schools in Ireland and Kenya. She was Congregational Leader and Trustee from 1990 – 2002. Subsequently, she returned to Kenya as Area Coordinator and later transferred to Rome. She was elected as Congregational Leader in 2017. Sr. Rosarii joined the Board in 2018.

## **MANAGEMENT STAFF**

The persons who manage Pennybyrn at Maryfield on a day-to-day basis are Sr. Lucy Hennessy, and Mr. Richard W. Newman as well as others serving in director level capacity, (collectively referred to herein as “Management”).

### **Sr. Lucy Hennessy, SMG, Mission Leader and Chairman of the Board**

Sr. Hennessy has been the Chief Executive Officer/Mission Leader of the Corporation since 2003. Prior to her role as CEO/Mission Leader, she held the position of President and Administrator since 1987. Sr. Hennessy is a Member of SMG and holds a Bachelor of Science Degree in Business Administration from High Point University and a Master’s Degree in Health Administration from St. Louis University. Sr. Hennessy was formally a Licensed Nursing Home Administrator and was Treasurer of the Corporation.

### **Mr. Richard W. Newman, Chief Executive Officer and President**

Mr. Newman has been the President and Community Leader since 2003, having previously held the position of Executive Vice President and Chief Financial Officer since 1997. He was also the Administrator of Record from 2003-2006. Mr. Newman joined the corporation after 12 years as an auditor with Ernst & Young, LLP. He holds a Bachelor of Science Degree in Accounting from the University of South Carolina and over his career has been a Certified Public Accountant, Certified Retirement Housing Professional and a Licensed Nursing Home Administrator.

### **Mr. Thaddeus Shalek, Chief Financial Officer**

Mr. Shalek has been the CFO since August of 2013. Mr. Shalek owned and operated Shalek & Associates, CPA’s Inc. for over 25 years before becoming the CFO for 2 publicly traded firms. Mr. Shalek holds a Bachelor of Science Degree in Accounting from John Carroll University, Cleveland, Ohio and an MBA from the University of Tampa. Mr. Shalek is licensed as a Certified Public Accountant in the State of Ohio.

### **Mr. Edward F. Cordick, Director of Development and Community Relations**

Mr. Cordick joined the Corporation in 2005 after serving 20 years in marketing, development and management for a number of nonprofit organizations in New York, Florida and North Carolina. He is a member of the Association of Fundraising Professionals and holds a Bachelor of Science Degree from the State University of New York.

### **Ms. Lynn Rivers Johnson, Director of Resident and Community Engagement**

Ms. Johnson has been the Director of Resident Services since 2005, having previously served as Retirement Counselor since 2000. Prior to joining the Corporation, Ms. Johnson held positions related to marketing nursing homes and assisted living facilities in the area. Ms. Johnson holds a Bachelor of Arts Degree from Columbia College, Columbia, South Carolina.

**Ms. Jamie Forbis**, Director of Administrative Services

Is Executive Assistant to Sister Lucy Hennessy and Richard W. Newman. Prior to joining the staff at Maryfield, Inc., Ms. Forbis held Executive Assistant positions in the oil and gas, medical, and airline industries. Ms. Forbis has served as recording secretary for Maryfield, Inc.'s Board of Directors since 2002.

**Melissa J Miller**, Director of Marketing

Melissa Miller has been the Marketing Leader since 2013. Prior to joining the Corporation her background included a career in sales, marketing, departmental management and project management in the banking and retirement industry. Melissa holds a Bachelor of Science in Management from Goldley-Beacom College, Wilmington Delaware

**Ms. Vonda Hollingsworth**, Vice President of Health Care Services

Ms. Hollingsworth has been Health Services Leader since late 2007 having previously held the position of Director of Human Resources since 1997. She is a Licensed Nursing Home Administrator and has a Professional Human Resource Certification.

**Mr. Robert Creel II**, Managing Director of Operations

Mr. Creel has been Operations Leaders since early 2009 having served as Dining Services Leaders since 2005. Mr. Creel graduated Magna Cum Laude from Johnson & Wales University in 1996. Since that time he has worked as an Executive Chef and Dining Service Director both in a Private Member Club and an upscale retirement community. He also works as a part time Culinary Instructor at Guilford Technical Community College.

**Kristie H. Catlin**, Director of Human Resources

Mrs. Catlin joined the organization in 1999 and has been the Human Resources Leader since 2013. Previously, she held the positions of Human Resources Generalist from 2003 – 2012, and Administrative Assistant from 1999 – 2002. She holds a Professional Human Resources Certification and is a member of the Society for Human Resource Management.

The Management Staff listed are not affiliated with any other organization.

**RELATED SERVICE PROVIDERS**

Pursuant to GS § 58-64-20(a)(3)(b), no owner, officer, or person managing the facility on a day to day basis has a 10% or greater interest in any other entity and no other entity has a 10% or greater interest in any owner, officer, or person managing the facility on a day to day basis that has or will provide \$500 or more in goods or services to the facility.

**CRIMINAL VIOLATION STATEMENT**

None of said Officers, Directors, Members or Management personnel (i) have been convicted of a felony or pleaded nolo-contendere to a felony charge or been held liable or enjoined in a civil action involved in fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunction or restrictive court order, or within the past five years had had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order of action arose out of or related to business activity of

health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged or facility subject to North Carolina General Statute § 58-64-20 (a)(3)(c) or similar law in another state.

**II. COMMUNITY INFORMATION A.**

**Location**

Pennybyrn at Maryfield is located at 109 Penny Road in High Point, North Carolina, 27260. It is located on the Corporation’s 72 acres of rolling, tree-filled fields and country-like atmosphere in a suburban area where High Point and Jamestown, North Carolina both meet Greensboro Road (US Highway 29-70).

Pennybyrn at Maryfield currently includes a 131 unit independent living apartment building (with attached community center and wellness center), 49 independent living cottages, 24 assisted living apartments, 24 assisted living memory support units and 125 skilled nursing care beds.

**B. Community Expansion**

On November 15, 2018, the Board of Directors approved a continuing Expansion and Development plan (the “Project). Further information is provided in Section V. B. on page 22 and in Section VII. C. page 28.

**C. Layout and Types of Accommodation**

The following table summarizes the type, number and square footage of the independent living units of the Community:

| <b>Unit Type</b>                 | <b>Unit Name</b>  | <b>Number of Units</b> | <b>Approximate Square Feet</b> |
|----------------------------------|-------------------|------------------------|--------------------------------|
| <b>Independent Living Units:</b> |                   |                        |                                |
| <i>Apartments:</i>               |                   |                        |                                |
| 1 Bedroom, 1 Bath                | Dogwood           | 10                     | 769                            |
| 1 Bedroom, 1 Bath, Den           | Redbud            | 9                      | 908                            |
| 1 Bedroom, 1 Bath, Den           | Periwinkle        | 35                     | 937                            |
| 2 Bedroom, 2 Bath                | Magnolia          | 41                     | 1,055                          |
| 2 Bedroom, 2 Bath                | Camellia          | 3                      | 1,181                          |
| 2 Bedroom, 2 Bath                | Wisteria          | 2                      | 1,178                          |
| 2 Bedroom, 2 Bath, Den           | Azalea            | 11                     | 1,333                          |
| 2 Bedroom, 2 Bath, Den           | Rose              | 8                      | 1,386                          |
| 2 Bedroom, 2 Bath, Den           | Holly             | 3                      | 1,580                          |
| 2 Bedroom, 2.5 Bath, Den         | Jasmine           | 9                      | 1,600                          |
| <b>Total / Weighted Average</b>  |                   | <b>131</b>             | <b>1,089</b>                   |
| 2 Bedroom, 2 Bath                | Shamrock –        | 2                      | 1,458                          |
| 2 Bedroom, 2 Bath, Den, +        | Shamrock – Deluxe | 18                     | 1,693                          |
|                                  | D - Heritage      | 2                      | 584                            |

|  |               |     |       |
|--|---------------|-----|-------|
| 1 Bedroom, 1 Bath                      | C - Heritage  | 5   | 735   |
| 2 Bedroom, 2 Bath                      | B - Heritage  | 7   | 1,162 |
| 2 Bedroom, 2 Bath                      | A2 - Heritage | 12  | 1,619 |
| 3 Bedroom, 2 Bath                      | A1 - Heritage | 3   | 2,595 |
| Total / Weighted Average Cottages      |               | 49  | 1,502 |
| Total Current Independent Living Units |               | 180 | 1,201 |

#### **D. Estimated Number of Residents**

At September 30, 2018, the approximate number of residents (the “Residents” or “Resident”) receiving services by Pennybyrn at Maryfield is 239 independent living Residents, 22 assisted living Residents, 22 memory support Residents and 110 Health Care Residents for a total of 393 Residents.

#### **E. Amenities**

Community Residents have the convenience of the following amenities:

- Central lobby and reception area
- Living room/parlor area
- Library
- Formal and Informal dining rooms
- Arts and crafts room
- Multi-purpose room(s)
- Barber and beauty salon
- Gift shop
- Business and communications center
- Pub
- Wellness Center with heated indoor pool, exercise and aerobics rooms
- Clinic with rehabilitation area
- Lounge areas
- Woodworking shop
- On-campus chipping and putting green
- Our “Par Excellence” golf amenity at the Jamestown Park Golf course which currently includes weekday greens fees (at no additional increase to your monthly service fee), personal membership card and other benefits. Please check with our IL Services Leader for details of the current program in place as program changes may be made from time to time.

### **III. SERVICES**

#### **A. Standard Services for Independent Living**

Pennybyrn at Maryfield agrees to provide the maintenance and services to Residents as outlined in the Pennybyrn at Maryfield **Residency and Care Agreement** (the “Agreement”) attached to this Disclosure Statement as **Exhibit A**. The Agreement sets forth the terms of the applicant’s relationship with Pennybyrn at Maryfield.

Each Resident is required to pay an upfront entrance fee (“Entrance Fee”) and also a monthly service fee (“Monthly Service Fee”) on an on-going basis as detailed in **Section V** below. These amounts entitle the Resident to occupy and use the Residence, common areas, amenities, programs and services of Pennybyrn at Maryfield during the term of his/her Agreement.

While the Resident occupies a Residence, the following services will be provided by the Corporation:

1. Living accommodation in a designated residential unit.
2. A credit for approximately thirty (30) meals per month for Independent Living Residents.
3. All utilities in the Apartments and Cottages, excluding telephone and cable television service.
4. Weekly housekeeping and flat linen service.
5. Regularly scheduled maintenance, trash removal, and landscaping.
6. Lighted surface parking for Resident’s vehicle.
7. Twenty-four hour emergency response system and security services.
8. Fifteen (15) grace days per year, cumulative to a maximum of 45 days, for a Resident’s temporary stay in the Health Care Residences.
9. Access to all of the Community’s common areas such as dining rooms, meeting rooms, indoor swimming pool, lounges, lobbies, library, business center, social and activity rooms, Wellness Center, and other common amenities.
10. Regularly scheduled transportation including, but not limited to, shopping trips to malls, medical appointments, and grocery shopping.
11. Activity programs.

#### **B. Services Available at an Extra Charge**

Services offered for an additional charge under the Agreement include, but are not limited to, the following:

1. Barber and beauty services.
2. Additional housekeeping.
3. Personal care and assistance services.

4. Personal laundry or dry cleaning.
5. Individualized transportation for appointments based on the Agreement in effect.
6. Guest meals and personalized catering events.
7. Nursing care and Assisted Living services and supplies. Such additional expenses are described in the attached Agreement.
8. Other additional maintenance and housekeeping services performed beyond the normal scope of services offered by Pennybyrn at Maryfield.

### **C. Health Services Available**

#### 1. Three Levels of Care in Health Care Residences

Pennybyrn at Maryfield has accommodations, equipment, staffing, programs, services, and supervision necessary for licensed assisted living, licensed assisted living for memory support and licensed nursing care (collectively, the “Health Care Residences”). The Health Care Residences and services are available to the Resident on a space available basis, if needed, as determined by Management. Residents of Pennybyrn at Maryfield have priority access to all Health Care Residences and services before non-residents. However, Pennybyrn at Maryfield cannot guarantee access to these areas, other than priority admission.

#### 2. Health Care Benefit (Grace Days)

Pennybyrn at Maryfield will provide services above those covered by Medicare or other third-party insurance to an independent living Resident in a Health Care Residence for fifteen (15) days annually. These grace days may be carried over into future years with a cumulative annual benefit not to exceed forty-five (45) days at no additional charge for each Resident, provided that the Resident remains an independent living Resident.

### **D. Personal Services Available**

#### 1. Modifications to Residences

Residents may make interior modifications to their Residence with prior written approval from Management. All costs for modifications are borne by the Resident and all changes become the property of the Corporation. The Corporation reserves the right to return the residence to its original standard configuration at resident’s cost. The value of such improvements will not be considered in computing entrance fee refunds, unless agreed to as an addendum to the Agreement. All Cottages must remain unchanged on the exterior façade in keeping with the present architectural scheme of the Community.

#### 2. Pets

Residents are permitted to bring pets into Pennybyrn at Maryfield, with the prior written approval of Pennybyrn at Maryfield. It is the responsibility of the Resident for their care, and they must abide by administrative rules regarding pets as outlined in detail in the Resident Handbook.



## **IV. POLICIES**

The following information summarizes the admission and approval for Residency to Pennybyrn at Maryfield. A full description of policies regarding residency are included in the Residency and Care Agreement.

### **A. Age Criteria**

Residents shall be sixty-two (62) years of age or older. If Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of occupancy.

### **B. Health Criteria**

Independent living Residents must be able to live independently with or without assistance for the normal activities of daily living. Appropriate medical history will be required of the applicant. Approval for residency in an independent living unit is conditioned upon review of such information by Pennybyrn at Maryfield.

### **C. Financial Criteria**

Applicants are required to provide a detailed **Confidential Financial Statement**, as well as a completed **Confidential Data Profile**. Using the information provided by the applicant, Pennybyrn at Maryfield will compare the applicant's income and assets against projected expenses over the applicant's life expectancy. The results of this comparison are used to determine the applicant's ability to meet future costs and to identify financial risk, if any, to Pennybyrn at Maryfield.

### **D. Insurance Criteria**

To ensure the Resident's ability to fully cover a Medicare-qualified stay in the Health Center, residents are required to maintain Medicare Part A, and Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to Pennybyrn at Maryfield. Supplemental insurance must cover Medicare co-insurance and deductibles. From time to time, Pennybyrn may require the Resident to furnish evidence of such insurance. Should the Resident's supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Health Center, or should the Resident fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Health Center, the Resident will be financially responsible to pay for deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in the Health Center.

### **E. Changes of Condition Prior to Occupancy**

If, after an approval for residency, but prior to occupancy of a Residence, a prospective Resident develops a medical condition that would normally disqualify the prospective Resident from residency to the Community, Pennybyrn at Maryfield will honor the approval for residency, provided the Resident meets all other admission criteria. Pennybyrn at Maryfield will provide the Resident with the Limited Health Care Benefit described in **Section III.C.2.** above and may, if appropriate, choose to move to a higher-level care such as assisted living or Health Care Center.

## **F. Termination by Resident**

1. **30-Day Right of Rescission.** The Resident may rescind the Agreement within 30 days following the later of the execution of the Residency Care Agreement or the receipt of this Disclosure Statement. These all meet the requirements of N.C.G.S. § 58-64-20 and 58-64-25(a)(1). The Resident will not be required to move into the Residence before the expiration of this 30-day rescission period. In the event of rescission, the Resident shall receive a refund of all monies transferred to Pennybyrn at Maryfield less (i) periodic charges specified in the Agreement and applicable only to the period a Residence was actually occupied by the Resident; (ii) any non-standard costs specifically incurred by Pennybyrn at Maryfield at the Resident's request and described in the Agreement or any Amendment signed by the Resident.

2. **Termination After 30-Day Rescission Period.** The Resident may terminate the Agreement for any reason after the 30-day rescission period and prior to Occupancy by giving written notice to Pennybyrn at Maryfield. In the event of such termination, the Resident will receive a refund of his/her ten percent (10%) deposit, less any non-standard costs specifically incurred by the Resident's request.

Any such refund described in **Sections IV.F.1.**, this section (**IV.F.2.**) and **IV.F.4** shall be paid by the Corporation within sixty (60) days following the receipt of written notification of such termination by Resident or legal representative of the Resident to:

Director of Marketing  
Pennybyrn at Maryfield  
109 Penny Road  
High Point, NC 27260

3. **Voluntary Termination by Resident After Occupancy.** Following expiration of the 30-day rescission period and after the Resident's occupancy of the Residence, the Resident may cancel his/her Agreement by providing at least thirty (30) days written notice to Pennybyrn at Maryfield. At the expiration of the notice period, the Resident must vacate the Residence. Any refund of Entrance Fee balances, which may be due to the Resident, shall be calculated and payable in accordance with **Section V.A.** below, and as more fully described in the attached Agreement.

4. **Termination Upon Death or Illness Prior to Occupancy.** If a Resident dies following the 30-day rescission period but prior to occupying a living unit (Residence) in the Community, or if, on account of illness, injury or incapacity, a Resident would be precluded from occupying a living unit ("Residence") in the Community under the terms of the Agreement, the Agreement is automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to Pennybyrn at Maryfield, as described in the second paragraph of **Section IV.F.2.**

5. **Termination Upon Death After Occupancy.** In the event of death of a single Resident, or the survivor of two Residents, at any time after Occupancy, this Agreement shall terminate and the refund of the Entrance Fee shall be determined in the same manner described in **Section V.A.**

## **G. Termination by Pennybyrn at Maryfield After Occupancy**

1. Pennybyrn at Maryfield may terminate the Agreement for cause, including but not limited to the following:

- a. Resident defaults, breaches or otherwise violates any terms of the Agreement or the Rules and Regulations of Pennybyrn at Maryfield;
- b. Resident makes material misrepresentations or omissions in the Agreement or application in connection with the Agreement;
- c. A condition or behavior of a Resident creates a significant threat to his/her own life, health, safety or peace, or that of other Residents or Pennybyrn at Maryfield staff, or interferes with the functioning of the Pennybyrn at Maryfield staff; or
- d. Resident's physical or mental condition becomes such that Resident requires care that Pennybyrn at Maryfield is unable to provide, does not routinely provide, or is prevented by law from providing.

In the event of such termination by Pennybyrn at Maryfield, any refund of Entrance Fee balances, which may be due to the Resident, shall be calculated as described in the Agreement.

## **H. Transfers or Changes in Levels of Care**

1. **Transfer to a Health Care Residence.** Pennybyrn at Maryfield recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. In cases of potential harm to the Resident or others, to assure the health and wellbeing of the Resident and others, or to provide for the highest quality of life possible, Management reserves the right to determine if Resident should be transferred from Residence to a Health Care Residence, or from one level of care to another within Pennybyrn at Maryfield. Such determination shall be based on the opinion of the Pennybyrn at Maryfield administration and/or the Pennybyrn at Maryfield Medical Director and shall be made after consultation with the Resident and the Resident's representative and attending physician. Such decisions shall be made only in the best interest of resident and the larger Community as determined by Pennybyrn at Maryfield.

2. **Temporary Health Care.** If the Resident is in need of temporary care in a Health Care Residence, it will be provided after consultation between the Pennybyrn at Maryfield Medical Director, the Resident's physician, the Resident, and Resident's spouse (if any) or the Resident's immediate family. Pennybyrn at Maryfield shall provide nursing care accommodation in the Health Center or assisted living care in the Assisted Living Facility, as deemed appropriate and only if space is available. The cost of such care would be in addition to the Resident's Monthly Service Fee, including the cost of any additional meals not already included in Resident's Monthly Service Fee, and any other charges described in **Section III.B.** herein.

3. **Transfer to Another Facility.** In the event that the Health Care Residences of Pennybyrn at Maryfield does not have available appropriate accommodations or other services, the Resident may, at their discretion and expense, and after consultation with Resident's physician, spouse (if any) and family, be moved to another facility. If a resident requires services beyond what can be provided by Pennybyrn at Maryfield – or the Community, the Resident, at their expense, may need to be transferred to a facility equipped to provide such services. Such transfer will be made only after consultation with Resident and/or their representative, and attending physician.

4. **Surrender of Residence.** If a determination is made by Management that any transfer described above is permanent, Resident agrees to surrender their present Residence. As soon as appropriate accommodations are available, Resident will have priority to move to such Health Care Residences, or another facility determined to best suit their needs.

5. It is understood that, in a single residency situation, once permanently moved into a Health Care Residence, the Resident relinquishes the right to reoccupy that Residence. In the event that the Resident again becomes able to live independently, Resident will be entitled to the first available Residence of the type accommodation last occupied by them.

## **I. Refunds**

All Entrance Fee refunds due after the 30-day rescission period will be paid within sixty (60) days of termination of the Agreement and upon the receipt of a replacement Entrance Fee for the vacated Residence. Any Entrance Fee refunds due will be decreased by the amount of amortization incurred per the schedules listed in **Section V.A.** below, any non-standard costs incurred by the Resident's request. In the case of dual occupancy, refunds will not be paid until both Residents have permanently vacated the Residence and removed their personal belongings.

Should a Resident move to a Health Care Residence on a permanent basis and the Resident selects a refundable entrance fee plan, the refundable portion of the Resident's Entrance Fee due to the Resident as a refund, may be applied to the cost of that care, provided that management agrees with demonstrated financial need and upon receipt of a replacement Entrance Fee for the Independent Living Residence most recently occupied by the resident. Entrance Fee refunds will not be paid directly to any other health care facility besides Pennybyrn at Maryfield.

## **J. Moves**

1. Moves from one Residence to another are permitted with a ninety (90) day advance approval of Pennybyrn at Maryfield. Residents agree to bear the costs of such moves. Charges and credits shall be assessed based upon differences in the Entrance Fees and Monthly Service Fees between the Residences, which are the subject of the move.
2. Pennybyrn at Maryfield may require Residents to move from their Residences to Assisted Living or Health Center units, on either a temporary or permanent basis. Such moves are to be made following consultation with Pennybyrn at Maryfield's medical staff, the Resident, family or legal representative, and Resident's attending physician.

## **K. Marriages/New Second Occupant**

In the event a Resident marries, remarries, or elects to share a Residence with another person, the new spouse or other cohabitant may become a Resident of the Community as long as the new potential Resident meets all of the Corporation's admission criteria. The new spouse/cohabitant must pay the then-prevailing second person Monthly Service Fee. If the Resident's spouse does not meet the requirements of Pennybyrn at Maryfield for residency as a Resident, the Resident may terminate the Agreement in the same manner as provided in **Section IV.F.3.** above with respect to a voluntary termination, or the Resident's spouse may be approved for residency under special circumstances as agreed to in writing by Pennybyrn at Maryfield.

In the event a Resident marries or elects to share a Residence with another person who is also a Resident of Pennybyrn at Maryfield, the two Residents may occupy either Residence and shall surrender the unoccupied Residence. The Residents will pay the Monthly Service Fee for two Residents upon Occupancy by both Residents in the chosen Residence. No Entrance Fee refunds shall be payable with respect to the unoccupied Residence. Refunds are made in accordance with **Section IV.I** above.

## **L. Inability to Pay**

It is the policy of Pennybyrn at Maryfield that a Resident will not be dismissed nor will the Agreement be terminated solely due to the financial inability of the Resident to pay the Monthly Service Fee, as long as such inability to pay is due to circumstances beyond the control of the Resident. Pennybyrn at Maryfield will make reasonable efforts to maintain the Resident's status within the community even if unexpected financial difficulties make it impossible for Resident to keep up with monthly obligations. As long as a Resident has acted in good faith in his/her dealings with Pennybyrn at Maryfield, and Management determines that the facts justify special consideration, Management will make reasonable efforts to work with the Resident toward a confidential plan that will secure Resident's status in the Community.

Residents agree and understand that Pennybyrn at Maryfield's policy of assisting Residents through times of financial hardship is conditioned upon the Resident's efforts as well. Along these lines, Residents must not voluntarily weaken their ability to pay in any material fashion, Residents agree to cooperate with Management in providing additional financial information upon request and Residents must take action to shift personal assets in order to pay outstanding balances due Pennybyrn at Maryfield. Failure to assist as described herein may result in Pennybyrn at Maryfield's movement of

the Resident to an alternative Residence or termination of the Agreement with such Resident. The Board of Directors determines the policies relating to financial assistance. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual.

## V. FEES

Prior to move-in, prospective Residents pay an initial, one-time Entrance Fee depending upon Residence type and payment plan selected. In return for the Entrance Fee and Monthly Service Fees, the Resident receives the right to occupy a Residence in the Community and the package of services noted above, including the limited Health Care Benefit.

### A. Entrance Fees

The Entrance Fee is a payment that assures the resident of a place in Pennybyrn at Maryfield, Inc. for life or until such time as the resident may choose to move; the details are identified in the Residency and Care Agreement, Exhibit A, included in this Disclosure Statement. Pennybyrn at Maryfield offers three Entrance Fee plans for occupancy of an independent living Residence. The Resident agrees to pay Pennybyrn at Maryfield an Entrance Fee as a condition of becoming a Resident. The Resident may choose from: a zero percent (0%) refundable entrance fee plan (“Plan A”) or the “Traditional Amortizing Entrance Fee Plan”); a fifty percent (50%) refundable entrance fee plan (“Plan B”), and a ninety percent (90%) refundable entrance fee plan (“Plan C”). The Resident shall choose one of the following Entrance Fee options and related amortization schedules:

| <b>Entrance Fee Option<sup>1</sup></b>          | <b>Amortization Schedule</b>   |
|---|--|
| 1. Plan A – Traditional Amortizing Entrance Fee | 2% per month for 49 months. After 49 months of occupancy, no refund is paid. |
| 2. Plan B – 50% Refundable Entrance Fee         | 2% per month for 24 months. Refund is never less than 50% to the Resident.   |
| 3. Plan C – 90% Refundable Entrance Fee         | 1% per month for 8 months. Refund is never less than 90% to the Resident.    |

<sup>1</sup> Entrance Fee plans are subject to the initial two percent (2%) non-refundable service fee.

Entrance Fees in effect for the independent living unit options are outlined below:

| Unit Type                                  |            | Plan A                                      | Plan B  | Plan C  |
|--|------------|---|---|---|
|  |            | 0% Amortizing<br>Entrance Fees <sup>1</sup> | 50%<br>Refundable<br>Entrance Fees <sup>1</sup> | 90%<br>Refundable<br>Entrance Fees <sup>1</sup> |
| <b>Independent Living Units – Project:</b> |            |   |   |   |
| <i>Apartments:</i>                         |            |   |   |   |
| 1 Bedroom, 1 Bath                          | Dogwood    | \$ 136,400                                  | \$ 187,200                                      | \$ 225,700                                      |
| 1 Bedroom, 1 Bath, Den                     | Redbud     | 168,400                                     | 229,100   | 273,900   |
| 1 Bedroom, 1 Bath, Den                     | Periwinkle | 185,450                                     | 247,850   | 296,450   |
| 2 Bedroom, 2 Bath                          | Magnolia   | 197,200                                     | 256,600   | 316,800   |
| 2 Bedroom, 2 Bath                          | Camellia   | 225,000                                     | 295,700   | 369,800   |
| 2 Bedroom, 2 Bath                          | Wisteria   | 225,000                                     | 295,700   | 369,800   |
| 2 Bedroom, 2 Bath, Den                     | Azalea     | 232,400                                     | 320,550   | 374,600   |
| 2 Bedroom, 2 Bath, Den                     | Rose       | 238,300                                     | 312,600   | 386,150   |
| 2 Bedroom, 2 Bath, Den                     | Holly      | 244,100                                     | 322,400   | 408,100   |
| 2 Bedroom, 2.5 Bath, Den                   | Jasmine    | <u>330,900</u>                              | <u>374,250</u>                                  | <u>461,550</u>                                  |
| Weighted Average Apartments                |            | \$ 218,315                                  | \$ 284,200                                      | \$ 348,285                                      |

**Cottages:**

|                           |          |            |            |            |
|---------------------------|----------|------------|------------|------------|
| 2 Bedroom, 2 Bath         | Standard | \$ 218,700 | \$336,100  | \$ 418,500 |
| 2 Bedroom, 2 Bath, Den, + | Deluxe   | 241,800    | 366,700    | 456,800    |
| Weighted Average Cottages |          | \$ 230,250 | \$ 351,400 | \$ 437,650 |

Average Entrance Fees in effect for the Heritage Cottage independent living unit options are as follows:

| Unit Type  | Unit Name | Plan A                                      | Plan B  | Plan C  |
|--|-----------|---|---|---|
|  |           | 0% Amortizing<br>Entrance Fees <sup>2</sup> | 50%<br>Refundable<br>Entrance Fees <sup>2</sup> | 90%<br>Refundable<br>Entrance Fees <sup>2</sup> |
| <b>Independent Living Heritage Cottages Residences:</b> <sup>2</sup> |           |   |   |   |
| 1 Bedroom, 1 Bath  | D         | \$ 99,500                                   | \$ 135,500                                      | \$ 186,800                                      |
| 1 Bedroom, 1 Bath  | C         | 96,360                                      | 134,440   | 180,020   |
| 2 Bedroom, 2 Bath  | B         | 149,000                                     | 200,450   | 242,930   |
| 2 Bedroom, 2 Bath  | A2        | 213,000                                     | 292,800   | 345,500   |
| 3 Bedroom, 2 Bath  | A1        | 252,450                                     | 344,200   | 430,900   |
| Total / Weighted Average Existing                                    |           | \$ 181,000                                  | \$ 231,450                                      | \$ 290,100                                      |

<sup>1</sup> The above Entrance Fees are those in effect as of October 1, 2019 and are subject to change.

<sup>2</sup> The Entrance Fees for the Heritage Residences are a weighted average based upon the grouping of similar-sized floor plans. The above Entrance Fees are those in effect as of October 1, 2019 and are subject to change.

## B. Monthly Service Fees

Monthly Service Fees for the project independent living unit options are as follows:

| Unit Type                           |            | Number of<br>Units | Approximate<br>Square Feet | Monthly<br>Service Fees<br>in FY 2020 <sup>1</sup> |
|-------------------------------------|------------|--------------------|----------------------------|--|
| Independent Living Units – Project: |            |                    |                            |  |
| <i>Apartments:</i>                  |            |                    |                            |  |
| 1 Bedroom, 1 Bath                   | Dogwood    | 10                 | 769                        | 3,012  |
| 1 Bedroom, 1 Bath, Den              | Redbud     | 9                  | 908                        | 3,333  |
| 1 Bedroom, 1 Bath, Den              | Periwinkle | 35                 | 937                        | 3,505  |
| 2 Bedroom, 2 Bath                   | Magnolia   | 41                 | 1,055                      | 3,841  |
| 2 Bedroom, 2 Bath                   | Camellia   | 3                  | 1,181                      | 4,302  |
| 2 Bedroom, 2 Bath                   | Wisteria   | 2                  | 1,178                      | 4,302  |
| 2 Bedroom, 2 Bath, Den              | Azalea     | 11                 | 1,333                      | 4,510  |
| 2 Bedroom, 2 Bath, Den              | Rose       | 8                  | 1,386                      | 4,733  |
| 2 Bedroom, 2 Bath, Den              | Holly      | 3                  | 1,580                      | 4,751  |
| 2 Bedroom, 2.5 Bath, Den            | Jasmine    | 9                  | 1,600                      | 5,148  |
| Total / Weighted Average Apartments |            | 131                | 1,089                      | \$ 3,778   |
| <i>Cottages:</i>                    |            |                    |                            |  |
| 2 Bedroom, 2 Bath                   | Standard   | 2                  | 1,458                      | \$ 4,144   |
| 2 Bedroom, 2.5 Bath, Den, +         | Deluxe     | 18                 | 1,693                      | 4,830  |
|                                     |            |                    | 1,670                      | \$ 4,487   |
| <i>Heritage</i>                     |            |                    |                            |  |
| 1 Bedroom, 1 Bath                   | D          | 2                  | 584                        | \$ 2,630   |
| 1 Bedroom, 1 Bath                   | C          | 5                  | 735                        | 2,561  |
| 2 Bedroom, 2 Bath                   | B          | 7                  | 1,162                      | 3,821  |
| 2 Bedroom, 2 Bath                   | A2         | 12                 | 1,619                      | 4,513  |
| 3 Bedroom, 2 Bath                   | A1         | 3                  | 2,595                      | 5,339  |
| Total / Weighted Average Existing   |            |                    | 1,386                      | \$ 3,965   |

<sup>1</sup> FY 2020 is from (10/01/19 to 9/30/20). Monthly service fees for a second person are \$1,226 for all project independent living cottages and apartments. All fees are subject to periodic increases.



**Below is a table that reflects Entrance Fees and Monthly Service Fess for the “Project” proposed Expansion Residences:**

|                                      | Units | Square Footage | Average Entrance Fees<br>(1)(2) | Monthly Fees (1) |
|--------------------------------------|-------|----------------|---------------------------------|------------------|
| One-Bedroom                          | 3     | 895            | \$167,777                       | \$3,365          |
| One-Bedroom Den                      | 11    | 1,134          | \$209,956                       | \$4,092          |
| Two-Bedroom Traditional              | 11    | 1,321          | \$240,875                       | \$4,622          |
| Two-Bedroom Den                      | 17    | 1,550          | \$274,053                       | \$4,981          |
| Total Project ILUs /weighted average | 42    | 1,311          | \$237,051                       | \$4,481          |
| Second person fee – IL               |       |                |                                 | \$1,226          |

Source Management

- (1) Entrance Fees and Monthly Fees shown are in 2019 dollars.
- (2) The Corporation will offer several refundable Entrance Fee plans. Fee shown are a weighted blend of those plans based on historical data on the popularity of each plan.

**C. Health Center Fees**

Licensed Nursing

The Health Center provides services to private-pay, Medicaid and Medicare Residents. The per diem charges currently in effect for the respective payor are presented in the following table.

| <b>Health Center Per Diem Charges</b> |                                      |
|---------------------------------------|--------------------------------------|
| <b>Payor Type</b>                     | <b>Per Diem Charges <sup>1</sup></b> |
| Private Pay                           |                                      |
| Private Room                          | \$ 339                               |
| Semi-private Room                     | 301                                  |
| Medicare                              | 514                                  |
| Medicaid                              | 157                                  |
| Hospice & Other                       | 157                                  |

<sup>1</sup> FY 2018 is from (10/01/18 to 9/30/19). All fees are subject to periodic increases.

### Assisted Living

Assisted living Residents will be charged a base monthly fee for services provided. For Residents who require additional services, there are additional levels of care provided. Services not included in the base monthly fee will be an additional charge. Additional levels of care include such services as: verbal instruction on activities of daily living; physical assistance with bathing or showering; periodic use of a hydro-tub; dressing, clothes selection and orientation; grooming, including but not limited to hair and teeth brushing, etc.; eating; walking, wheelchair propelling, and prescribed exercises; laundry services that are needed more often than one time a week (both personal and/or linen); and assistance with bladder and/or bowel incontinence. The cost of incontinence supplies will be billed separately to the Resident.

For Assisted Living, Pennybyrn at Maryfield agrees to provide services to Residents as outlined in either the **Multi-Unit Assisted Housing with Services Agreement** attached to this Disclosure Statement as **Exhibit B** or the **Licensed Assisted Living Agreement** attached to this Disclosure Statement as **Exhibit C** (depending on choice and availability of program).

Residents directly admitted from outside the community must pay, prior to move-in, an initial one-time Entrance Fee of \$14,200 or \$21,200 for a one or two-bedroom accommodation, respectively. This fee amortizes straight-line over one year (365 days) so that after one year of occupancy, no refund is paid.

Base level monthly fees for assisted living Residents are presented in the following table:

| <b>Assisted Living Units and Monthly Fee Rates</b>   |                        |  |
|--|------------------------|--|
| <b>Unit Type</b>                                     | <b>Number of Units</b> | <b>Monthly Fees in FY 2020<sup>1</sup></b> |
| 1 Bedroom – Multi-Unit Assisted Living with services | 12                     | \$ 5,824                                   |
| 1 Bedroom, 1 Bath                                    | 10                     | 6,130                                      |
| 2 Bedroom  | 2                      | 7,356                                      |
| Total / Weighted Average                             | 24                     | \$ 6,079                                   |

Monthly fees for memory support Residents are presented in the following table:

| <b>Memory Support Units and Monthly Fee</b> |                        |  |
|---|------------------------|--|
| <b>Unit Type</b>                            | <b>Number of Units</b> | <b>Monthly Fees in FY 2020<sup>1</sup></b> |
| 1 Bedroom Dementia Care                     |                        | \$ 7,268                                   |

<sup>1</sup> FY 2019/20 is from (10/01/19 to 9/30/20). All fees are subject to periodic increases. For a complete fee schedule for Multi-Unit Assisted Housing with Services and Licensed Assisted Living see the last pages of Exhibits B and C, respectively.

## **D. Application / Registration Fees**

Pennybyrn at Maryfield does not discriminate with regard to an applicant's gender, race, religion, national origin, or marital status. Each Resident will complete the following process:

- Complete an application
- Personal financial statement (self-reported)
- Personal health statement (self-assessed)
- Sign a receipt of Disclosure Statement
- Ten percent (10%) Entrance Fee deposit for chosen residence submitted
- Sign the Residency and Care Agreement
- Resident Review Committee reviews Application
- Notification of acceptance within thirty (30) days of submitting an application
- Apartment or Cottage selected and reserved
- Confirm intention to occupy unit and desired move-in date
- Update personal financial statement with attachments as required
- Update medical and physician's exam as required
- Move in scheduled
- Fifteen days (15) prior to date of occupancy, resident is required to pay remainder of Entrance Fee, unless otherwise agreed to in writing by Pennybyrn at Maryfield

In order to better evaluate the Resident's application, it may be necessary to provide additional information. The Residency Review Committee reviews the Application Forms when all requested Application Forms are completed.

1. **Deposit for Residences.** To select and reserve a Residence for occupancy, the Resident will complete the application process and it will be submitted to the Resident Review Committee for approval, pay a deposit equal to ten percent (10%) of the total Entrance Fee or a maximum of \$20,000 for their chosen Residence (less any previous deposits paid), and this Agreement will be signed by both parties. The Resident will receive notice of approval for residency within thirty (30) days of submitting the completed application.
2. **Balance of the Entrance Fee.** The remaining balance of the total Entrance Fee for the Residence will be due and payable fifteen (15) days prior to the Date of Occupancy, unless otherwise agreed to in writing by Pennybyrn at Maryfield.

Pennybyrn at Maryfield agrees to maintain the confidentiality of all information submitted and to disclose such information only to its Admissions Committee, or, where appropriate, its nursing or medical personnel.

**E. Notification of Fee Increases**

Pennybyrn at Maryfield may adjust periodic charges and fees as determined to be necessary by the Management in order to maintain the quality of service desired and to operate the Community on a fiscally sound basis. Proposed adjustments in charges and fees are normally developed as found necessary in the course of preparing the annual budget. The Agreement, however, does state that fees may be adjusted at any time with at least a thirty (30) day advanced notice to the Resident of any fee increases.

**F. Changes in Fees for the Previous Five Years**

For each of the five years ended September 30, 2019, 2018, 2017, 2016, 2015 the rate increase was 3.0% each year.

|        | Dollar amount of change |          | Dollar amount of change |          | Dollar amount of change |          | Dollar amount of change |  |
|--------|-------------------------|----------|-------------------------|----------|-------------------------|----------|-------------------------|--|
|        | Cottages                |          | Apartment Homes         |          | Assisted Living         |          | Skilled nursing         |  |
|        | MSF                     | Person 2 | MSF                     | Person 2 | MSF                     | Person 2 | DSF                     |  |
| 2014 - |                         |          |                         |          |                         |          |                         |  |
| 2015   | 106                     | 32       | 107                     | 32       | 167                     | 38       | 8                       |  |
| 2015 - |                         |          |                         |          |                         |          |                         |  |
| 2016   | 106                     | 34       | 110                     | 33       | 167                     | 40       | 8                       |  |
| 2016 - |                         |          |                         |          |                         |          |                         |  |
| 2017   | 112                     | 34       | 118                     | 34       | 172                     | 41       | 9                       |  |
| 2017 - |                         |          |                         |          |                         |          |                         |  |
| 2018   | 112                     | 34       | 104                     | 34       | 167                     | 43       | 9                       |  |
| 2018 - |                         |          |                         |          |                         |          |                         |  |
| 2019   | 115                     | 34       | 107                     | 34       | 165                     | 43       | 10                      |  |
| 2019 - |                         |          |                         |          |                         |          |                         |  |
| 2020   | 118                     | 36       | 110                     | 36       | 170                     | 45       | 9                       |  |

## **VI. FINANCIAL INFORMATION**

Management has assembled information for Residents to examine Pennybyrn at Maryfield's current and projected financial status. Provision of this information is also required by the North Carolina Department of Insurance, so that the financial stability of the Corporation may be appropriately monitored.

### **A. Audited Financial Statements**

Audited financial statements for Maryfield, Inc. are included as Exhibit **D**. The financial statements include a statement of financial position, statement of activities and changes in net assets and a statement of cash flows.

### **B. Projected Financial Statements**

A projection of Maryfield, Inc.'s financial statements over the next five years, including the related summaries of significant projection assumptions and accounting policies, is included as **Exhibit E**.

### **C. Comparison of Actual Results to Forecast**

A comparison of actual results for FY 2018 and the forecast for FY 2018 is included as **Exhibit F**. Comparisons are made for the Balance Sheet and Statement of Operations with brief explanations for variances over 10% and \$100,000.

### **D. Interim Financial Statements**

Interim financial statements (un-audited) have been provided for the one month ended October 31, 2019 as **Exhibit G**.

### **E. Reserves**

**Operating Reserve Requirement.** North Carolina General Statute Chapter 58, Article 64 sets forth minimum operating reserve requirements. Under this legislation, the Organization is required to maintain unrestricted cash and investments equal to 25% of forecasted total annual operating costs (less certain expenses; plus certain principle payments). At September 30, 2019 management estimates that approximately \$5,268,296 would be required to meet the operating reserve requirement and the Organization has sufficient resources to meet this requirement. Based upon recent data received from the North Carolina Department of Insurance, the Operating Reserve for fiscal year 2020 should be \$6,146,650.

## **F. Investment of Operating Reserve**

The Corporation recognizes a fiduciary responsibility in maintaining this operating reserve requirement. The funds will be invested with local banks and investment institutions, with the objective of long-term growth (equities for enhanced total return potential and fixed income bonds and money market funds).

The Maryfield, Inc. Investment Committee reviews the Corporation's investment decisions and the performance of investment mediums. Members of the Investment Committee are listed below:

**Sr. Lucy Hennessy, SMG**, Chief Executive Officer, Administrator  
(see persons who are Members of the Corporation).

**Mr. Richard W. Newman**, President, Community Leader  
(see persons who manage Pennybyrn at Maryfield).

**Mr. Ted Shalek**, Chief Financial Officer, Finance Leader  
(see persons who manage Pennybyrn at Maryfield).

**Mr. Paul Breitbach**, retired Executive VP of Finance, Krispy Crème Doughnut Corporations. (see persons who are Members of the Board of Directors).

**Mr. Gerard R. Gunzenhauser, Jr.**, President of GRHG Associates, Inc. (see persons who are Member of the Board of Directors).

**Ms. Bonnie Naas**, retired Vice President/Trust Consultant in Personal Trust, High Point Bank & Trust. (see persons who are Members of the Board of Directors).

**Mr. Wes Frye**, retired Senior VP and CFO of Old Dominion Freight Line, Inc. (see persons who are Members of the Board of Directors).

## **VII. OTHER MATERIAL INFORMATION**

### **A. Litigation and Other Legal Matters**

The Corporation has no past or current litigation, bankruptcy filings, receivership, liquidation, anticipated actions or perils of any manner significant to be reported herein.

### **B. Long Term Debt**

On April 29, 2015, through the North Carolina Medical Care Commission (the Commission), the Maryfield, Inc. issued \$66,135,000 Series 2015 First Mortgage Revenue Bonds to refinance the then current outstanding bonds maturing in October 2020 through October 2035, with interest rates ranging from 4% to 5%. The Series 2015 bonds are collateralized by a security interest in all gross receipts, accounts, equipment, general intangibles, inventory, documents,

instruments and chattel paper currently owned or hereafter acquired, and all proceeds thereof, excluding contract rights consisting of charitable pledges. The trust indentures and loan agreements underlying the bonds contain certain covenants and restrictions.

The Bonds were secured by a deed of trust on substantially all land, buildings, equipment and furnishings and fixtures owned by the Corporation.

For additional information please reference the audited financial statements in **Exhibit D**.

### **C. Expansion Project**

Management is planning an expansion project (the "Project") to consist of the construction of 42 additional independent living units ("New Independent Living Units"), and the construction of a new Transitional Rehabilitation Center that will include 24 private rooms and state of the art therapy facility. The Transitional Rehabilitation Rooms will be located in a new facility that will follow the existing rate structure. The project also includes additions and improvements in the independent living, assisted living, healthcare areas as well as upgrades and refurbishment to the exteriors of the buildings on the campus. Management has commenced marketing the New Independent Living Units and collecting priority deposits.

The 42 New Independent Living Units will include one and two-bedroom units with square footage ranging from 895 to 1,550 square feet. The monthly service fees for ne units will range from \$3,365 to \$4,981. Additional details are presented on page 22, Section V. B., of this document.

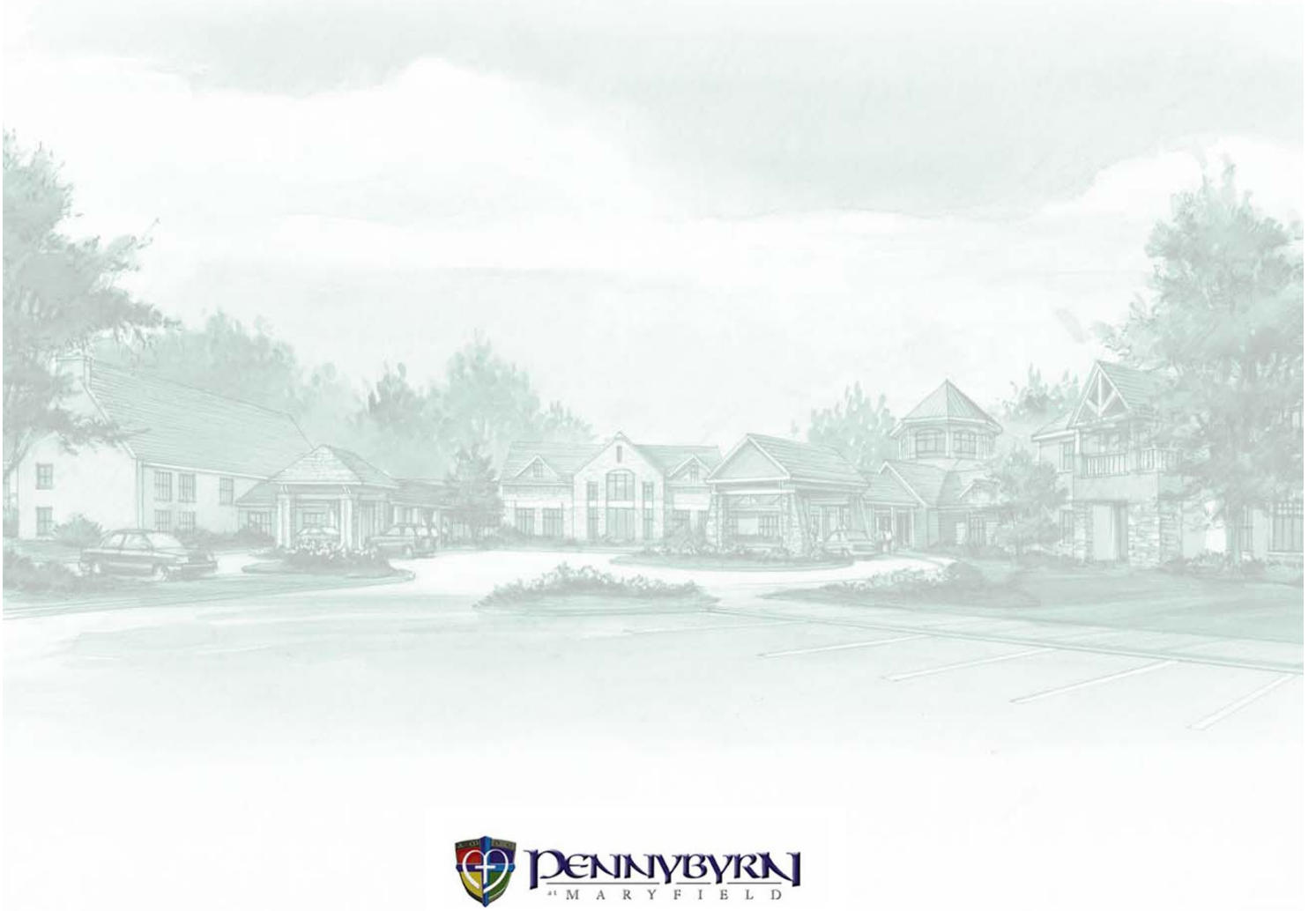
The 24 private room, Transitional Rehabilitation Center, will be constructed on land previously acquired by Pennybyrn and the Per Diem Rates will be the same as those presented on page 22, Section V. B., of this document,

The construction of the new buildings is expected to begin in April 2020, the refurbishment to the exteriors of the buildings began in October, 2019 with estimated completion in November 2020. The construction of the new buildings is expected to be competed in May of 2021.

The cost of the entire project is estimated to be \$53,560,000 to be financed by issuance of \$42,127,000 of tax-exempt bonds, \$7,500,000 of fund raising and \$3,933,000 of funds from existing reserves and routine capital expenditures.

# Exhibit “A”

## Residency and Care Agreement





**PENNYBYRN AT MARYFIELD**  
**A Continuing Care Retirement Community**  
**High Point, North Carolina**

**RESIDENCY AND CARE AGREEMENT**

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**PENNYBYRN AT MARYFIELD**  
**A Continuing Care Retirement Community**  
**High Point, North Carolina**

**RESIDENCY AND CARE AGREEMENT**

This Residency and Care Agreement (hereinafter called “the Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_, by and between Maryfield, Inc., a North Carolina non-profit corporation d.b.a. Pennybyrn at Maryfield (hereinafter called “Pennybyrn at Maryfield”), and \_\_\_\_\_ (hereinafter called “Resident”, “You”, or “Your”).

Residences in Pennybyrn at Maryfield consist of 131 Apartments (“Apartment”) and 49 cottages (“Cottages”). The residences and common areas and amenities described below are collectively referred to as the “Community”.

You and Pennybyrn at Maryfield agree as follows:

**I. RESIDENCE, COMMON AREAS AND AMENITIES, PROGRAMS AND SERVICES**

- A. Your Residence.** You shall have the exclusive non-transferable right to occupy, use, and enjoy unit number \_\_\_\_\_, a (an) \_\_\_\_\_ (Apartment or Cottage), located within Pennybyrn at Maryfield (hereinafter called the “Residence”). You are not given exclusive possession of the Residence as against Pennybyrn at Maryfield, and it is understood that this Agreement is not a lease or easement and does not transfer or grant to you any interest in real property owned by Pennybyrn at Maryfield. Your rights under this Agreement are not assignable, and no rights or benefits hereunder shall inure to the use or benefit of your heirs, legatees, assignees or representatives. The Residence is for independent living only and shall not be used for business or profession, nor in any manner in violation of zoning restrictions.
- B. Furnishings in Your Residence.** Pennybyrn at Maryfield will provide wall-to-wall carpeting, vinyl flooring in entries, kitchens and bathrooms, blinds, refrigerator, stove, microwave, oven, hood vent, washer and dryer and other features and fixtures as described in current Pennybyrn at Maryfield literature. All other furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided by You.
- C. Options and Custom Features in Your Residence.** If You choose to add any custom features to Your Residence, they must first be approved in writing and then a charge would be determined. The cost of options and custom features selected will be paid by You at the time of selection and will become part of the

Residence and the property of Pennybyrn at Maryfield. The value of such improvements will not be considered in computing Entrance Fee refunds, unless specifically agreed to in an Addendum to this Agreement. Pennybyrn at Maryfield must approve all custom features in advance of the changes made.

**D. Common Areas and Amenities.** Pennybyrn at Maryfield common areas and amenities are for the use and benefit of all Residents, in common with others and in accordance with the rules and regulations set forth by Pennybyrn at Maryfield. Such areas include a central dining room, private dining room, casual dining area, chapels, library, mail boxes, multi-purpose rooms, lounges, activity areas, hobby room, Residents' business center, beauty/barber shop, an indoor pool, exercise room and equipment, locker rooms, a massage room, a wellness clinic, walking areas, an assisted living center, a dedicated memory support assisted living center, and the Health Center for nursing care with a dedicated area for licensed nursing memory support care.

**E. Parking.** Pennybyrn at Maryfield will provide lighted surface parking areas for Your personal vehicle.

**F. Services and Programs.**

**1. Utilities.**

- The Monthly Service Fee for a residence shall include the cost of heating, air conditioning, electricity, water, sewer, trash removal, and standard municipal services.
- All Residents will be responsible for the costs related to telephone, cable television and internet service.

**2. Meals.**

- Apartment Residents will each receive thirty (30) meals per month included in the Monthly Service Fee.
- Cottage Residents' will each receive twenty (20) meals per month included in the Monthly Service Fee.
- Unused meals do not carry over to subsequent months. Residents may elect to utilize ten (10) meals per month for guests.

**3. Housekeeping Services.** The Monthly Service Fee includes housekeeping services weekly, including vacuuming, dusting, change and laundering of linens, and cleaning of baths and kitchens.

4. **Transportation.** The Monthly Service Fee will include scheduled transportation for Residents on a regular, scheduled basis for doctor and medical appointments, shopping and activities as outlined in the Resident Handbook.
5. **Activities.** Pennybyrn at Maryfield will provide scheduled programs of recreational, spiritual, educational and cultural activities; arts and crafts; exercise, health and wellness programs; and other activities designed to meet Residents' interests.
6. **Grounds Keeping.** Pennybyrn at Maryfield will furnish basic grounds keeping service; including lawn, tree, and shrubbery care as part of the Monthly Service Fee. Subject to written approval by Pennybyrn at Maryfield, You may plant and maintain certain garden areas as outlined in the Resident Handbook.
7. **Maintenance and Repairs.** Pennybyrn at Maryfield will maintain and repair each Residence including improvements, furnishings, appliances, and equipment owned by Pennybyrn at Maryfield as part of the Monthly Service Fee. You will be responsible for the cost of repairing damage to property of Pennybyrn at Maryfield caused by You or any of Your guests, excluding normal wear and tear.
8. **Security.** Pennybyrn at Maryfield will provide:
  - Twenty-four (24) hour security service
  - An emergency call system throughout the Community
  - Smoke detectors in each Residence
  - Fire alarm system.
9. **Other Services and Programs at Additional Charge.** Other services and programs will be available to You at Your expense, including, but not limited to those previously mentioned:
  - Beauty and barber services
  - Personal care and assistance services
  - Personal laundry or dry cleaning
  - Private transportation for personal or special group trips.
  - Additional housekeeping
  - Catering
  - Guest meals
  - Repairs of personal property
  - Other special services performed for You beyond the normal scope of services offered by Pennybyrn at Maryfield.

10. **Health Care Accommodations and Services.** Pennybyrn at Maryfield will provide health care accommodations and services as follows:
- a. **Three Levels of Care in Health Care Residences.** Pennybyrn at Maryfield will have accommodations, equipment, staffing, programs, services, and supervision necessary for licensed Assisted Living, licensed Assisted Living for Memory Support and licensed nursing care (collectively, the “ Health Care Residences”). The Health Care Residences and services are available to You on a space available basis, if needed, as determined by Pennybyrn at Maryfield. Residents of Pennybyrn at Maryfield have priority access to all Health Care Residences and services before non-residents. However, Pennybyrn at Maryfield cannot guarantee access to these areas, other than priority admission.
  - b. **Health Care Benefit. (Grace days)** Pennybyrn at Maryfield will provide services above those covered by Medicare or other third party insurance to an independent living Resident in a Health Care Residence for fifteen (15) days annually. These grace days may be carried over into future years with a cumulative annual benefit not to exceed forty-five (45) days at no additional charge for each Resident, provided that the Resident remains an independent living Resident. The Resident will pay for additional meals not covered in the Monthly Service Fee at the then current rate for additional meals and any additional charges for additional services.
  - c. **Clinic.** A clinic for health consultations will be available for rehabilitation services, screenings, and appointments as well as to certain members of the community at large. You will incur all costs associated with these visits or You may instruct that they be billed directly to Your insurance provider.
  - d. **Staffing.** Twenty-four (24) hour licensed nursing staff will be maintained in the Health Care Residences.
  - e. **Medical Director.** The overall coordination and supervision of health care services within Pennybyrn at Maryfield will be provided by a Medical Director, who will be a licensed physician selected by Pennybyrn at Maryfield.
  - f. **Health Care Services for an Additional Fee.** Other health services may be available to You at Your expense, including, but not limited to, pharmacy services, personal care and assistance services, laboratory tests, physical, occupational, and speech therapy, therapeutic activities, rehabilitative treatments, and other

medical equipment and supplies. The costs of such services are in addition to the charges described in **Section III.F.1.**

- g.** **Personal Physician.** In the event that You need to be hospitalized, Residents will choose a personal physician who has admission privileges at a local hospital. You are responsible for the cost of physician services.

**II. DATE OF OCCUPANCY AND OCCUPANCY**

- A. **Date of Occupancy.** You will choose a Date of Occupancy that will be within ninety (90) days after the Date of Deposit. You will be expected to take Occupancy of the Residence and begin paying the Monthly Service Fee as of the Date of Occupancy.
  
- B. **Occupancy.** As used in this Agreement, “Occupancy” will have occurred when You have signed the Agreement, completed the application process and been approved for residency, paid the Entrance Fee in full, and begin paying the Monthly Service Fee

**III. FINANCIAL ARRANGEMENTS**

**A. Entrance Fee Options.** You agree to pay to Pennybyrn at Maryfield an Entrance Fee as a condition of becoming a Resident. You shall choose one of the following entrance fee options and related amortization schedules.

| <u>Entrance Fee Option</u>                   | \$ <u>Amount of Entrance Fee</u> | <u>Amortization Schedule</u>  |
|--|----------------------------------|---|
| Plan A – Traditional Amortizing Entrance Fee | \$ _____                         | 2% earned upon occupancy and an additional 2% per month for 49 months, after 49 months of occupancy, no refund is paid. |
| Plan B – 50% Refundable Entrance Fee         | \$ _____                         | 2% earned upon occupancy and an additional 2% per month for 24 months, Refund is never less than 50% to the resident.   |
| Plan C – 90% Refundable Entrance Fee         | \$ _____                         | 2% earned upon occupancy and an additional 1% per month for 8 months, Refund is never less than 90% to the resident.    |

You agree to pay to Pennybyrn at Maryfield an amount equal to ten percent (10%) of Entrance Fee Option Plan\_\_\_\_ for Your chosen Residence # \_\_\_\_\_ in the amount of \$\_\_\_\_\_. You may notify Pennybyrn at Maryfield in writing of Your selection of the above chosen Entrance Fee Option on or before the date that the balance of the Entrance Fee is due as provided in **Section III.B.2** below. Without the prior written approval of Pennybyrn at Maryfield, You may not change the option selected after the date the balance of the Entrance Fee is due.

**B. Terms of Payment of the Entrance Fee.** The terms of payment of the Entrance Fee shall be as follows:

- 1. Deposit for Residence.** To select and reserve Your Residence for occupancy, You will complete the application and submit it to the Resident Review Committee, pay a deposit equal to the lesser of ten percent (10%) of the total Entrance Fee Option Plan for Your chosen Residence or a maximum of \$20,000 (less any previous deposits paid), and this Agreement will be signed by both parties. You will receive notice of approval for residency within thirty (30) days of submitting Your completed application.



2. **Balance of the Entrance Fee.** The remaining balance of the total Entrance Fee for the Residence will be due and payable prior to occupying the residence. The remaining balance must be paid prior to the commencement of any modifications to the residence.
  
- C. **Monthly Service Fee.** In addition to the Entrance Fee, You agree to pay the current Monthly Service Fee of \_\_\_\_\_ and the second person monthly service fee of \_\_\_\_\_ upon Occupancy and until such time as You have vacated the Residence, and the Residence is available to be occupied. The Monthly Service Fee shall be payable in advance by the fifth (5<sup>th</sup>) day of each month. You are responsible for the payment of the Monthly Service Fee regardless of whether you are voluntarily absent from the Residence for any length of time.
  
- D. **Adjustments in the Monthly Service Fee.** The Monthly Service Fees are paid to provide the facilities, programs, and services described in this Agreement and are intended to cover costs of the expenses associated with the operation and management of Pennybyrn at Maryfield. Pennybyrn at Maryfield, with the approval of its Board of Directors, may increase the Monthly Service Fee during the term of this Agreement as required, consistent with operating on a sound financial basis and maintaining quality service all as determined in the discretion of Pennybyrn at Maryfield. You will receive notice of any such increases in the Monthly Service Fee, or other charges, at least thirty (30) days before such increase. Pennybyrn at Maryfield will endeavor to make such increases not more than once a year.
  
- E. **Monthly Statements.** Pennybyrn at Maryfield will furnish to You a monthly statement showing the Monthly Service Fee payable for the month in advance, and any additional charges from the previous month, payable by the fifth (5<sup>th</sup>) day of the current month. Pennybyrn at Maryfield may charge interest at a rate of one and one-half percent (1-1/2%) per month on any unpaid balance owed by You thirty (30) days after the monthly statement is furnished.
  
- F. **Health Care Charges.**
  1. **Fee for Services.** Upon permanently occupying a Health Care Residence, You will surrender the Residence and will no longer pay the Monthly Service Fee for that Residence. Instead You will pay the published, current, per diem fees for such Health Care Residence. Such per diem fees shall cover the cost of services described in **Section I.F.10.** In addition, You may pay other charges for ancillary services as more fully described below.

- 2. Use of Refundable Portion of the Entrance Fee.** Should You move to a Health Care Residence on a permanent basis and you selected a refundable entrance fee plan, the refundable portion of your Entrance Fee due to You as a refund, may be applied to the cost of that care, provided that management agrees with demonstrated financial need and upon receipt of a replacement Entrance Fee for the Independent Living Residence most recently occupied by the resident. Entrance Fee refunds will not be paid directly to any other health care facility besides Pennybyrn at Maryfield.
- 3. Additional Charges for Ancillary Health Care Services.** You will be responsible for additional charges for ancillary health care services provided at Pennybyrn at Maryfield. Ancillary services will include all services not provided by the staff of Pennybyrn at Maryfield and are therefore not included in the per diem fees. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs, or other medical equipment or supplies.
- 4. Care in Another Facility.** In the event that the Health Care Residences of Pennybyrn at Maryfield do not have available appropriate accommodations or other services, You may, at Your discretion, and after consultation with Your physician, spouse (if any) and family, need to be moved to another facility. You shall pay the costs of services provided at such facility. Policies regarding transfers to another facility are further described in **Section VI.C.** of this Agreement.

#### IV. **RESIDENCY REQUIREMENTS AND PROCEDURES**

- A. **Age.** Residents shall be sixty-two (62) years of age or older. If Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of Occupancy.
- B. **Application Forms.** You will submit an **Application for Residency**, a **Personal Health History**, and a **Confidential Financial Statement**, all on forms (the “Application Forms”) furnished by Pennybyrn at Maryfield for approval by the Community Leader / Executive Director.
- C. **Residency Review.** Upon receipt of the completed Application Forms, the Residency Committee will review the information You submitted as a basis for initial approval for residency. The Resident Review Committee will approve or deny the application for initial residency within thirty (30) days after receiving the completed forms, and will provide you with a written decision within ten (10) additional days.
- D. **Financial Requirements.** You must have assets and income sufficient to pay Your financial obligations under this Agreement and to meet Your ordinary living expenses. Pennybyrn at Maryfield may require You to furnish additional or updated financial information prior to Occupancy. Supplemental financial assistance may be available after Occupancy to Residents who qualify, as determined by Pennybyrn at Maryfield. The policies relating to financial assistance are determined by the Board of Directors. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual.
- E. **Representations.** You affirm that the representations made in the Application for Residency, Confidential Data Profile, Personal Health History, Confidential Financial Statement and are true and correct and may be relied upon by Pennybyrn at Maryfield as a basis for entering into this Agreement.
- F. **Statement as to Non-Discrimination.** Pennybyrn at Maryfield shall not limit residency to persons on the basis of gender, race, religion, national origin, or marital status.

V. **TERMS OF RESIDENCY**

- A. **Rights of Resident.** Subject to the terms and provisions of this Agreement, You have the right to occupy, use, and enjoy the Residence, common areas, amenities, programs and services of Pennybyrn at Maryfield during the term of this Agreement. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by Pennybyrn at Maryfield other than the rights and privileges as described in this Agreement.
- B. **Policies and Procedures.** All residents shall abide by Pennybyrn at Maryfield policies and procedures, including such amendments, modifications and changes of the Resident Handbook as may be adopted by Pennybyrn at Maryfield. Such Resident Handbook shall be published and made readily available to You at the time of Occupancy.
- C. **Changes in the Residence.** Pennybyrn at Maryfield has the right to change the Residence to meet requirements of any applicable statutes, laws, or regulations. The Residence may not be used in any matter in violation of any zoning ordinances or other governmental law or regulation.
- D. **Move to Another Residence.** You have the option to move from the Residence identified in this Agreement to another Residence within Pennybyrn at Maryfield, if available and approved by Pennybyrn at Maryfield. Your request for the change must be submitted in writing at least ninety (90) days prior to Your anticipated move in order to allow time for proper arrangements.

A moving charge to cover refurbishment costs for the vacated Residence, lost Monthly Service Fees, and other related costs will be agreed to in writing prior to the move. You will be responsible to pay such charges and for making the arrangements for and paying the expenses of the move, including the hiring and costs of a licensed, professional mover.

If You should want to move to another Residence with a higher or lower Entrance Fee than the current Entrance Fee for the Residential Unit identified in this Agreement, any additional charge or refund will be determined by written agreement between You and Pennybyrn at Maryfield at that time. You agree to sign a new Agreement for the new Residence.

- E. **Loss of Property.** Pennybyrn at Maryfield shall not be responsible for the loss of any property belonging to You due to theft, mysterious disappearance, fire or any other cause. You will be responsible for securing personal property insurance.

- F. Medical Insurance.** You are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Health Center. Such supplemental insurance should cover Medicare co-insurance and deductibles. You will furnish to us such evidence of coverage as we may from time to time request. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Health Center, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Health Center, you will be financially responsible to pay for deductibles, co-insurance amounts, and any other costs for each Medicare-qualified stay in the Health Center.
- G. Right of Entry.** You authorize employees or agents of Pennybyrn at Maryfield to enter the Residence for the purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency. Pennybyrn at Maryfield will always endeavor to maintain Your privacy and the privacy of the Residence.
- H. Residents' Organizations.** Residents of Pennybyrn at Maryfield are members of a Residents' Association that is open to all Residents. Such organization elects representatives, officers, and other positions to engage in activities of interest to all residents.
- I. Occupancy by Two Residents.** When two (2) Residents occupy a Residence, upon the permanent transfer or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, the Agreement shall continue in effect for the remaining Resident. The remaining Resident will thereafter pay the Monthly Service Fee for one Resident associated with the Residence. No Entrance Fee refunds shall be paid to the remaining Resident until the Residence is vacated and a replacement Entrance Fee for the Residence is received by Pennybyrn at Maryfield.
- J. Marriage During Occupancy.**
- 1. Marriage to Another Resident** - Should You marry a person who is also a Resident of Pennybyrn at Maryfield, the two of You may occupy either Residence and shall surrender the unoccupied Residence. You will pay the Monthly Service Fee for two residents upon Occupancy by both of You in the chosen Residence. No Entrance Fee refunds shall be payable with respect to the unoccupied Residence. Refunds are made in accordance with **Sections III.A. and VII.G** of this Agreement.
  - 2. Marriage to Non-Resident** - If You should marry a person who is not a Resident of Pennybyrn at Maryfield, Your spouse may become a Resident if your spouse meets all the requirements for admission and enters into an Agreement with Pennybyrn at Maryfield. You and Your spouse shall pay the Monthly Service Fee for two Residents. If Your spouse does not meet

the requirements of Pennybyrn at Maryfield for admission as a Resident, You may terminate this Agreement in the same manner as provided in **Section VII.B.** of this Agreement with respect to a voluntary termination, or Your spouse may be approved for admission under special circumstances as agreed to in writing by Pennybyrn at Maryfield and You. Refunds are made in accordance with **Sections III.A. and VII.G.** of this Agreement.

- 3. Other Shared Occupancy Arrangements -** In the event that a Resident wishes to share occupancy with another person and the shared occupancy is approved in writing by Pennybyrn at Maryfield, the provisions of **Section V.J.1.** of this Agreement for **Marriage to Another Resident** above shall apply.

In the event that you wish to share occupancy with a Non-Resident and the shared occupancy is approved in writing by Pennybyrn at Maryfield, the new Resident will be required to meet all normal admission requirements and enter into an Agreement with Pennybyrn at Maryfield for the dwelling unit to be occupied.

**VI. TRANSFERS OR CHANGES IN LEVELS OF CARE**

- A. **Transfer to a Health Care Residence.** Pennybyrn at Maryfield recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's representative in all decisions related to transfers and changes in level of care. In cases of potential harm to Yourself or others, to assure the health and well being of You and others, or to provide for the highest quality of life possible, management reserves the right to determine if You should be transferred from Residence to a Health Care Residence, or from one level of care to another within Pennybyrn at Maryfield. Such determination shall be based on the opinion of the Pennybyrn at Maryfield administration and/or the Pennybyrn at Maryfield Medical Director and shall be made after consultation with You and Your representative and attending physician. Such decisions shall be made only in Your best interest and in the best interest of the larger Community as determined by Pennybyrn at Maryfield.
- B. **Temporary Health Care.** If You are in need of temporary care in a Health Care Residence, it will be provided after consultation between the Pennybyrn at Maryfield Medical Director, Your physician, You, and Your spouse (if any) or Your immediate family. Pennybyrn at Maryfield shall provide nursing care accommodation in the Health Care Center or assisted living care in the Assisted Living Facility, as deemed appropriate and only if space is available. The cost of such care would be in addition to Your Monthly Service Fee, including the cost of any additional meals not already included in Your Monthly Service Fee, and any other charges described in **Section I.F.10.** herein.
- C. **Transfer to Another Facility.** In the event that the Health Care Residences of Pennybyrn at Maryfield do not have available appropriate accommodations or other services, You may, at Your discretion, and after consultation with Your physician, spouse (if any) and family, be moved to another facility either on a temporary basis until such time as an appropriate Health Care Residence becomes available or a permanent basis. The costs of services provided at such facility shall be paid by You.

If it is determined by Pennybyrn at Maryfield that You need care beyond that which can be provided by Pennybyrn at Maryfield, You may be transferred to a hospital or facility equipped to provide such care at Your expense. Such transfer will be made only after consultation with You and/or Your representative, and Your attending physician.

**D. Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** Pennybyrn At Maryfield is not designed to care for persons who have an active psychiatric illness, a dangerous communicable disease or who require treatment for drug or alcohol abuse. Should Pennybyrn At Maryfield, in consultation with the Medical Director, determine that your physical or psychiatric illness or that your condition as a result of drug or alcohol abuse, is such that your continued presence is either dangerous or detrimental to your life, health, safety or peace, or the life, health, safety or peace of others in the community, then Pennybyrn At Maryfield may transfer you to another facility of your choosing or require you to terminate your residency at Pennybyrn At Maryfield.

**E. Surrender of Residence.** If a determination is made by Pennybyrn at Maryfield that any transfer described in **Section VI.A.** is permanent, You agree to surrender Your present Residence. You will have priority to move to such Health Care Residences, or another facility determined to best suit Your needs, as soon as the appropriate accommodations are available.

It is understood that, if You are the only Resident in Your Residence, once You permanently move into a Health Care Residence, You relinquish the right to reoccupy that Residence. In the event that You again become able to live independently, You will be entitled to the first available Residence of the type accommodation last occupied by You.



## **VII. TERMINATION AND REFUND PROVISIONS**

### **A. 30-Day Right of Rescission.**

This Agreement may be rescinded by You within 30 days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of N.C.G.S. § 58-64-20. You will not be required to move into Your Residence before the expiration of this 30-day rescission period. In the event of rescission, You shall receive a refund of all monies transferred to Pennybyrn at Maryfield less (i) periodic charges specified in this Agreement and applicable only to the period a Residence was actually occupied by You; (ii) any non-standard costs specifically incurred by Pennybyrn at Maryfield at Your request and described in this Agreement or any Amendment signed by You.

### **B. Termination After 30-Day Rescission Period.**

This Agreement may be terminated by You for any reason after the thirty-day rescission period and prior to Occupancy by giving written notice to Pennybyrn at Maryfield. In the event of such termination, You will receive a refund of Your ten percent (10%) deposit , less any non-standard costs specifically incurred by Your request.

Any such refund described in **Sections VII.A.** and **VII.B.** above shall be paid by Pennybyrn at Maryfield within sixty (60) days following receipt of written notification of such termination by You to:

Director of Marketing  
Pennybyrn at Maryfield  
109 Penny Road  
High Point, NC 27260

### **C. Voluntary Termination by Resident After Occupancy.** At any time after Occupancy and the 30-day rescission period, You may terminate this Agreement by giving Pennybyrn at Maryfield written notice of Your intention to cancel Residency by hand-delivery or certified mail at least thirty (30) days prior to the date of termination. The amount of refund due to You shall be determined according to the Entrance Fee amortization schedule described in **Section III.A.** and **VII.G.**

**D. Termination Upon Death or Illness Prior to Occupancy.** If a Resident dies following the 30-day rescission period but prior to occupying a living unit (Residence) in the Community, or if, on account of illness, injury or incapacity, a Resident would be precluded from occupying a living unit (Residence) in the Community under the terms of this Agreement, this Agreement is automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred to Pennybyrn at Maryfield, within sixty (60) days following receipt of written notification of such termination by Resident or legal representative of the

Resident to:

Director of Marketing  
Pennybyrn at Maryfield, Inc.  
109 Penny Road  
High Point, NC 27260

- E. Termination Upon Death After Occupancy.** In the event of death of a single Resident, or the survivor of two Residents, at any time after Occupancy, this Agreement shall terminate and the refund of the Entrance Fee shall be determined in the same manner described in **Section III.A. and VII.G.** above.
- F. Termination by Pennybyrn at Maryfield After Occupancy.** Pennybyrn at Maryfield may terminate this Agreement at any time if there has been a material misrepresentation or omission made by You in Your Application for Residency, Personal Health History, Confidential Financial Statement, or ; if You fail to make payment to Pennybyrn at Maryfield of any fees or charges due within sixty (60) days of the date when due; or if You do not abide by the rules and regulations adopted by Pennybyrn at Maryfield, or breach any of the terms and conditions of this Agreement. In the event of termination due to any of such causes, the refund of the Entrance Fee paid by You shall be determined in the same manner described in **Section III.A. and VII.G.**
- G. Payment of Refunds.** All Entrance Fee refunds due after the 30-day rescission period will be paid within sixty (60) days from the termination of Your Agreement so long as Pennybyrn at Maryfield has received a replacement Entrance Fee, paid in full, for the Independent Living Residence most recently occupied by the Resident. Any applicable refund is subject to the following deductions: 1) any financial assistance subsidy provided to Resident by Pennybyrn at Maryfield, 2) and/or any amounts necessary to cover costs incurred by Pennybyrn at Maryfield to refurbish, restore or repair the Residence in the event of unreasonable wear, and tear. In the case of dual occupancy, refunds will not be paid until both Residents have permanently vacated the Residence and removed their personal belongings. Resident acknowledges and agrees that any transfer from one level of care to another within Pennybyrn At Maryfield (including without limitation a transfer from Resident's current Living Accommodation to assisted or skilled nursing) shall not be deemed a termination of this Agreement nor entitle Resident to a refund or partial refund of their Entrance Fee.
- H. Condition of Residence.** Upon vacating the Residence, You shall leave it in good condition except for normal wear and tear. You, or Your estate shall be liable to Pennybyrn at Maryfield for costs required to restore the Residence to good condition or standard condition, except for normal wear and tear. Pennybyrn at Maryfield reserves the right to charge You or Your estate for any expenses incurred in returning the Residence to its original condition, normal wear and tear excepted. Such costs may be deducted from the refundable portion of the Entrance Fee due to You, if any.

## **VIII. FINANCIAL ASSISTANCE**

It is the policy of Pennybyrn at Maryfield that a Resident will not be dismissed nor will the Agreement be terminated solely due to the financial inability of the Resident to pay the Monthly Service Fee, as long as such inability to pay is due to circumstances beyond the control of the Resident. Pennybyrn at Maryfield will make reasonable efforts to maintain the Resident's status at Pennybyrn at Maryfield, even if unexpected financial difficulties make it impossible for Resident to keep up with monthly obligations. As long as a Resident has acted in good faith in his/her dealings with Pennybyrn at Maryfield, and management determines that the facts justify special consideration, management will make reasonable efforts to work with the Resident toward a confidential plan that will secure Resident's status in the Community.

Residents agree and understand that Pennybyrn at Maryfield's policy of assisting Residents through times of financial hardship is conditioned upon the Resident's efforts as well. Along these lines, Residents must not voluntarily weaken their ability to pay in any material fashion, Residents agree to cooperate with management in providing additional financial information upon request and Residents must take action to shift personal assets in order to pay outstanding balances due Pennybyrn at Maryfield. Failure to assist as described herein may result in Pennybyrn at Maryfield's movement of the Resident to an alternative Residence or termination of the Agreement with such Resident. The policies relating to financial assistance are determined by the Board of Directors. The amount of assistance is determined on an individual basis and there is no guarantee of assistance to any individual.

## **IX. GENERAL**

- A. **Assignment.** Your rights and privileges under this Agreement to the Residence, common areas and amenities, services and programs of Pennybyrn at Maryfield are personal to You and may not be transferred or assigned by You.
- B. **Pet Policy.** You may bring such pets into Pennybyrn at Maryfield as you now own, with the prior written approval of Pennybyrn at Maryfield and pay the current Pet Deposit. "Pets" shall be defined as household dogs, cats, tropical fish, and caged birds or other acceptable pet as determined by Pennybyrn at Maryfield. No other animals shall be permitted. Each pet must be viewed and approved by Pennybyrn at Maryfield before the pet can be brought into the Community. Pets may not be a nuisance or pose a health or safety threat to other Residents or Pennybyrn at Maryfield and must be properly cared for at all times. Failure to comply with any rules and regulations regarding pets may necessitate the removal of such pet from the Community. If a pet is not removed from the Community after Pennybyrn at Maryfield requests such removal, Pennybyrn at Maryfield reserves the right to terminate this Agreement. You shall be responsible for all damages caused by your pet. Pets will be leashed or carried and in the control of the owner at all times when outside of your Residence and are not allowed in the Community Center. Further rules and regulations regarding pets will be found in the Resident Handbook.
- C. **Guest Privileges.** Guests may stay with you in the Residence at no additional charge other than for meals, etc., but such stays shall be limited to fourteen (14) consecutive days. The maximum number of guests allowed will be at the discretion of Pennybyrn at Maryfield.
- D. **Management of Pennybyrn at Maryfield.** The absolute rights of management are reserved by Pennybyrn at Maryfield, its Board of Directors, and its administrators as delegated by the Board of Directors. Pennybyrn at Maryfield reserves the right to accept or reject any person for residency. Residents do not have the right to determine admission or terms of admission for any other Resident.
- E. **Entire Agreement.** This Agreement and addenda, if any, constitutes the entire contract between Pennybyrn at Maryfield and You. Pennybyrn at Maryfield shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent Pennybyrn at Maryfield, unless such statements, representations, or promises are set forth in this Agreement or its Addenda.
- F. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Pennybyrn at Maryfield and Your heirs, executors, administrators, and assigns.

- G. Transfer of Property.** You agree not to make any gift or other transfer of property for the purpose of evading Your obligations under this Agreement or if such gift or transfer would render You unable to meet such obligations.
- H. Affiliation with Religious Organization.** Pennybyrn at Maryfield is affiliated with the Poor Servants of the Mother of God. This organization has no financial responsibility for any of the contractual obligations of Pennybyrn at Maryfield under this Agreement.
- I. Tax Disclosure Statement.** A portion of your Entrance Fee and Monthly Fee *may* be deductible on your personal income tax return as an itemized deduction for medical expenses and/or real estate taxes. Pennybyrn at Maryfield will inform you of the amount of your Entrance Fee and Monthly Service Fee that *may* be deductible. If You need assistance in preparing or filing your taxes, it is Your responsibility to engage a qualified tax professional. Pennybyrn At Maryfield cannot provide tax advice or guidance.
- J. Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- K. Ad Valorem Taxes.** Pennybyrn at Maryfield shall be responsible for payment of any ad valorem property taxes against the Residence that may be assessed in the future. The amount of such taxes shall be added to the Monthly Service Fee for the Residence.
- L. Guardianship.** If the Resident becomes legally incompetent, or is unable to properly care for himself or herself or his or her property, and if the Resident has made no other designation of a person or legal entity to serve as his or her guardian, then the Resident hereby agrees that Pennybyrn at Maryfield or its designee may initiate legal proceedings relating to Resident's competence and may act as Resident's legal guardian when qualified according to law. Resident agrees to pay to Pennybyrn at Maryfield and its designee any attorneys' fees and other expenses incurred in connection with any such guardianship upon demand.

**IN WITNESS WHEREOF**, Pennybyrn at Maryfield and the Resident have executed this Agreement, the Resident has received a copy of the current Pennybyrn at Maryfield Disclosure Statement, and the ten percent (10%) deposit has been paid as of the day and year first above written.

Addenda Attached:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

MARYFIELD, INC.

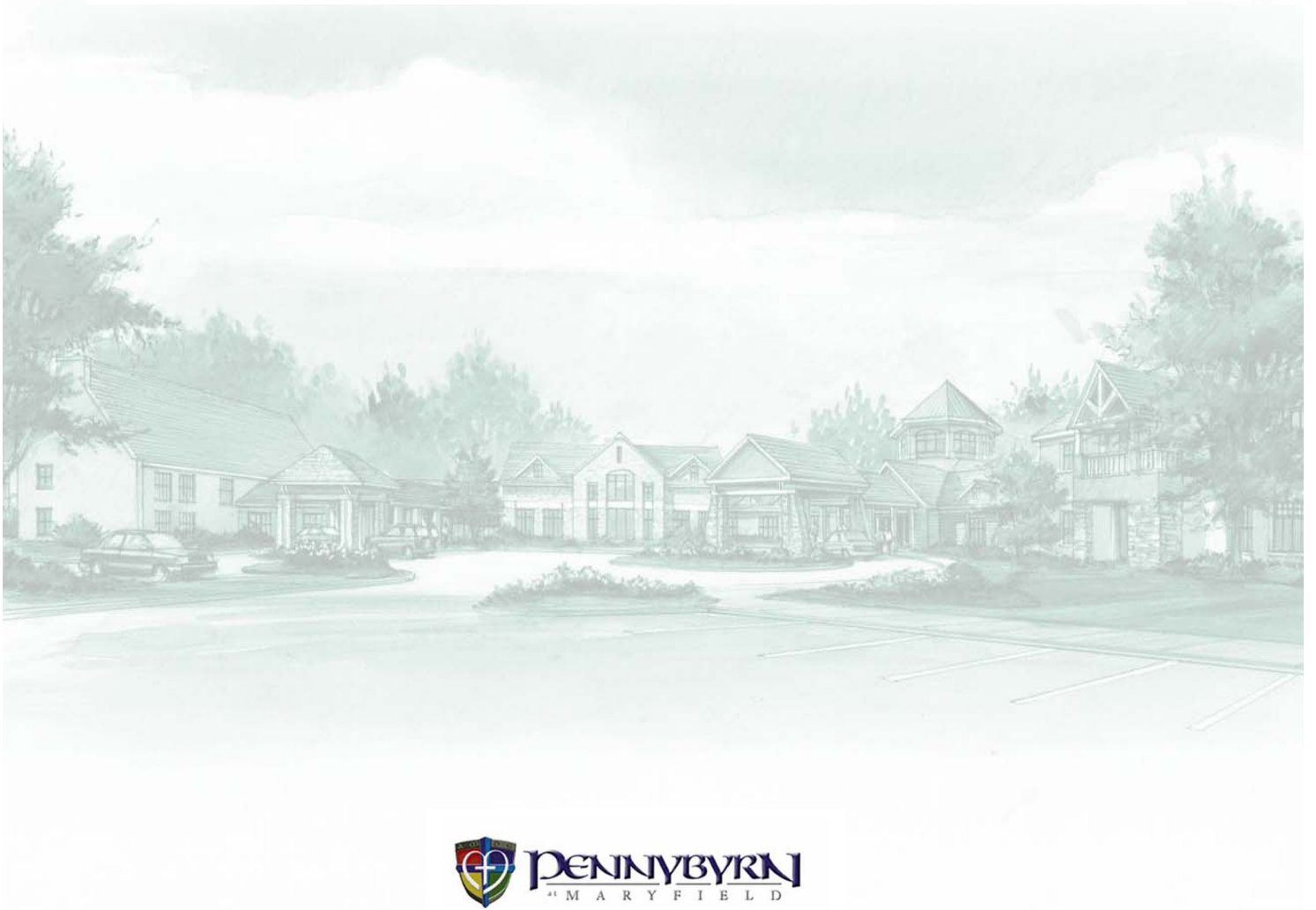
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

# Exhibit “B”

## Multi-Unit Assisted Housing with Services Agreement





**PENNINGTON**  
at M A R Y F I E L D  
A Retirement Living Community

**TAYLOR VILLAGE**

**CATERED LIVING**

**(MULTI-UNIT ASSISTED  
LIVING WITH SERVICES)**

**AGREEMENT TO RESIDE**



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**Pennybyrn at Maryfield Taylor Village  
Multi-Unit Assisted Housing with Services Residency and Care Agreement**

THIS ADMISSION AGREEMENT ("Agreement"), dated as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, specifies the terms and conditions governing the admission of \_\_\_\_\_ ("Resident") as a resident of Taylor Village, Pennybyrn at Maryfield's multi-unit assisted housing with services. The parties to this Agreement are Maryfield, Inc. d/b/a Pennybyrn at Maryfield, a North Carolina Not-For-Profit Corporation, with its principal place of business at 1315 Greensboro Road, High Point, NC 27260, the Resident, and the Resident's Responsible Party, if applicable. The parties hereby agree as follows:

**1. COMMENCEMENT AND ADMISSIONS CRITERIA**

The term of this Agreement shall begin on the date of admission of Resident to TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES ("Admission Date"). Resident's Admission Date to the TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is \_\_\_\_\_. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES can refuse to admit or retain as a resident any person who (a) poses a threat to his or her own health or safety, or the health and safety of others at TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES including associates, (b) who requires greater care than TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is safely able to provide or (c) if TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is unable to meet Resident's needs.

Resident and/or Responsible Party are solely responsible for obtaining Resident's own personal physician, prior to admission. Although TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will exercise reasonable care regarding Resident's known condition, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES cannot and does not guarantee or assume responsibility or liability for Resident's medical care.

**2. MULTI-UNIT ASSISTED HOUSING SERVICES AND OBLIGATIONS**

(a) TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall provide:

1. A one (1) or two (2) bedroom apartment. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall endeavor to honor reasonable requests of Resident with respect to apartment assignment when practicable. Resident's initial apartment assignment is \_\_\_\_\_. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES has the right to move Resident immediately to a different apartment whenever a change is in the best interest of the health and safety of Resident or another Resident of TAYLOR VILLAGE MULTI-

UNIT ASSISTED HOUSING WITH SERVICES, and with a thirty day notice for reasons related to other Resident or TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES issues.

2. Three prepared meals each day served in the dining room, with the availability of no salt added, low fat, vegetarian, and no concentrated sweets as menu selections, when requested. The management of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall determine the food menu and service time, and shall use a licensed dietitian or qualified nutritionist to develop the culinary plan. Specialty diets other than those listed above will require a physician's order and be directed as treatment for a medical condition.
3. The availability of an on site laundry service.
4. Weekly routine housekeeping services:
  - a. general dusting of horizontal surfaces (bric-a-brac feather dusted, not removed);
  - b. vacuuming of carpets in traffic areas;
  - c. mirrors cleaned;
  - d. bathroom cleaning (tub, shower, sink, tiles, countertop, commode, floor); and kitchenette (countertop, floor, sink and exterior appliances)
  - e. small trash removal and linen (bed and bath) changed and laundered.
5. Participation in TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES activity program including providing or arranging transportation to and from planned activities and social functions. Taylor Village associates shall assist Resident with finding transportation for social, leisure, and spiritual activities, other than planned activities and social functions of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. The cost of such transportation, if any, shall be borne by Resident.
6. Apartment maintenance (basic repairs). Maintenance required as a result of damage caused by Resident, as opposed to normal wear and tear, is not included in the rent and will be billed to Resident.
7. All utilities excluding cable service and telephone service.

8. Assistance with securing personal care services through a licensed home care agency. Taylor Village offers personal care services through its Catered Comfort Program. Charges for personal care services are in addition to the basic monthly fee and are the responsibility of the Resident.
9. Assistance with obtaining appropriate medical, dental, nursing or mental health services (the cost of such services is borne by Resident). The MULTI-UNIT ASSISTED HOUSING WITH SERVICES associates shall assist Resident with finding transportation for medical and other health related appointments. The cost of such transportation, other than scheduled group transportation, shall be borne by Resident.
10. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will assist in arranging for physical, speech, and occupational therapy when ordered by a physician and approved for reimbursement by Medicare Part B, or other third party payer, or the resident or responsible party. It is the Resident's and or the Resident's Responsible Party to pay costs for such care directly to the provider. TAYLOR VILLAGE may assist the Resident in submitting documents for his or her reimbursement documents to third party payers.
11. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES associates will be trained in evacuation and emergency response procedures. A call system in each room is available for Resident to indicate the need for assistance. A TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES associate is available at all times and can request assistance from emergency services. The evacuation procedure is available for Resident or Responsible Party to review.
12. In an emergency situation, and/or when ordered by the attending physician, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall arrange for Resident's transfer to a hospital, at the Resident's expense. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall promptly notify the Responsible Party as soon as practicable after the transfer. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall maintain transfer arrangements with one or more hospitals to facilitate such transfers.
13. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall be organized, staffed, and equipped as necessary to meet TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES obligations and services.

3. **RESIDENT AND RESPONSIBLE PARTY OBLIGATIONS**

Resident and Responsible Party agree as follows:

- (a) Resident and Responsible Party shall provide any and all information (health and financial) regarding Resident as requested by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. Said information may include, but shall not be limited to:
  - (i) Medical history.
  - (ii) Report of current physical examination, current physician's orders, including diet, treatment, and current medications.
  - (iii) A physician's statement that Resident is free from a communicable disease within 30 days prior to admission of Resident. If Resident is suffering from a communicable disease, Resident will provide a physician's certificate that the disease is not in a transferable stage.
- (b) The Resident may elect to obtain the services of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES Medical Director as resident's private/attending physician. If so, the agreement will be private between the physician and Resident and does not imply any legal responsibility by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. Resident and Responsible Party shall pay for the services of any physician that are billed by the physician to Resident or Responsible Party and for medications ordered by the physician and billed by the dispensing pharmacy.
- (c) Resident and Responsible Party shall pay all applicable fees and charges described in this Agreement in accordance with the terms provided herein. Resident and Responsible Party shall reimburse TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES for any and all damages (replacement costs) to furnishings, contents, and the property of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES or other residents or employees of TAYLOR VILLAGE caused by Resident or Resident's guest, other than normal wear and tear.
- (d) Resident and Responsible Party shall provide or be responsible for Resident's personal items of clothing, toiletries, and incidental expenses.
- (e) Resident and Responsible Party agree to sign out of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES upon leaving the Assisted Living Building for any reason. Resident and Responsible Party acknowledge that TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES does not have any responsibility for Resident while Resident is out of, and away from TAYLOR VILLAGE. The resident shall sign in upon

returning from an outside visit. Guests of the Resident visiting TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will sign-in and out of the building and will wear a “Family and Friend” name tag for the safety of all Residents.

- (f) Resident and Responsible Party shall abide by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES policies, rules and regulations. These policies are attached hereto as Exhibit E and incorporated by this reference.
- (g) PENNYBYRN AT MARYFIELD and its employees are not responsible for the loss, destruction, or theft of personal belongings, valuables, or money left with Resident, and Resident and Responsible Party hereby agree to indemnify PENNYBYRN AT MARYFIELD and its employees against, and to hold PENNYBYRN AT MARYFIELD and its employees harmless from, any and all claims regarding such loss, destruction or theft. Resident and Responsible Party shall work with TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES to clearly mark all personal items of Resident with Resident’s identification and acknowledge Resident and Responsible Party have been advised that any valuable possessions in Resident’s possession should be retained in the lockable space provided to resident. PENNYBYRN AT MARYFIELD will not reimburse the Resident or the Resident’s Responsible party for lost or misplaced items.

4. **FINANCIAL ARRANGEMENTS**

Resident and Responsible Party agree to pay fees and charges as specified below:

- (a) Monthly Fee. The rate set forth below is referred to as the Monthly Fee.
  - One bedroom apartment A: \$\_\_\_\_\_
  - One bedroom apartment B: \$\_\_\_\_\_
  - Two-bedroom apartment: \$\_\_\_\_\_
  - Second Person fee: \$\_\_\_\_\_
- (b) Additional Charges. Resident and Responsible Party agree to pay additional charges for all items and services not covered by the monthly fee. Charges for such additional items and services are due within ten (10) days of the billing. **Exhibit A** to this Agreement contains a list of some of the services and supplies available at TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES but not covered by the Monthly Fee and a list of the current charges for those services and supplies. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall provide written notification to Resident or

Responsible Party of any changes in **Exhibit A** not less than thirty (30) days in advance of the effective date of the change.

- (c) **Cost.** Resident and Responsible Party shall pay, or shall reimburse PENNYBYRN AT MARYFIELD for all costs and expenses incurred by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES on Resident's behalf, and shall be directly responsible to any providers of ancillary services that are utilized by Resident, including expenses for discharge, transfer, and ambulance transportation.
- (d) **Refund Policy.** Resident or Responsible Party is entitled to a prorated refund of the monthly fee based on a daily rate after all charges, including the cost of documented damages to the room caused by Resident and resulting from circumstances other than normal use, have been paid to TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES for any unused portion of payment beyond the latter of the termination date or the date the room is actually vacated, and cleared of all of Resident's personal possessions. All documented damages shall be identified and a list provided to Resident or Resident's Responsible Party. The refund shall occur within sixty (60) days of receipt of a written notice of termination; however, in no case shall it be required that a refund be made before the room is vacated.
  - (i) Except in the case of death or discharge due to medical reasons, including mental health, the refund shall be computed in accordance with the Termination of Agreement, Discharge and Transfer requirements specified in Section 5 of this Agreement.
  - (ii) In case of death or discharge due to medical reasons, including mental health, the notice of termination requirement in this Agreement is waived, and all refunds shall be computed in accordance with the Termination of Agreement, Discharge and Transfer requirements specified in Section 5 of this Agreement. Notwithstanding the foregoing provisions, refunds may be withheld until all outstanding bills have been paid.
- (e) **Physician Fees and Medications.** Resident and Responsible Party shall pay for the services of any physician that are billed by the physician directly to Resident or Responsible Party and for medications ordered by the physician and billed by the dispensing pharmacy.
- (f) **Pet fees.** Residents that agree to abide by the TAYLOR VILLAGE Pet Policy may bring a pet with them to live at TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES provided that there is only one dog, cat, or bird that is house broken, and does not disturb other residents. Resident must be capable of properly caring for the animal and keep all vaccinations current, up to date and on file with the Assisted Living Leader. A *Pet Owner Agreement Form* must be signed by owner.



5. **TERMINATION OF AGREEMENT, DISCHARGE AND TRANSFER**

- (a) By Resident. Resident may terminate this Agreement by giving TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES written notice of his or her desire to withdraw from TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES at least thirty (30) days in advance of Resident's departure from TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. Resident shall be responsible for all fees and charges for all services performed by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES up to the latter of the date of termination specified in such notice or the date on which Resident's room is actually vacated and cleared of all of Resident's personal possessions.
- (b) By TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES may terminate this Agreement and transfer, discharge or refuse to readmit Resident if: (i) TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES cannot properly provide for Resident's health or safety, (ii) for the health and or safety of other residents of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES, (iii) for the health and safety of the associates of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES, (iv) for nonpayment of fees, charges or costs, or (v) if Resident's continued residence at TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES would cause a violation of any applicable law or regulation or any order or requirement of any governmental agency having jurisdiction over TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES for nonpayment of a bill for care received, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall give Resident thirty (30) days advance written notice prior to Resident's transfer or discharge. In the event Resident has no person to represent Resident, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall be responsible for making referral to an appropriate social service agency for placement.
- (c) Non-emergency Transfer Provision. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will transfer a resident who, upon recommendation of his/her physician needs additional health care. The transfer will take place within five (5) working days, and progress of the transfer will be recorded or noted on Resident's chart. If, based upon a functional assessment, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES finds that Resident is no longer appropriate for MULTI-UNIT ASSISTED HOUSING WITH SERVICES, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall inform Resident and/or Responsible Party, if applicable. If a voluntary discharge or transfer of Resident is not arranged by

Resident, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall provide written notice to Resident and to Resident's Responsible Party, giving Resident thirty (30) days' notice of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES intent to discharge and transfer the Resident to an appropriate care level or provider. This procedure will precede all other notice requirements.

- (d) Emergency Management Services will be summoned by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES when:
  - (i) Emergency transfer or discharge is mandated by Resident's immediate health needs; or
  - (ii) The transfer or discharge of Resident is necessary for the physical safety of Resident or other residents.
- (e) Upon Death or Change in Mental or Physical Health. If a resident dies or is compelled to leave TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES by a change in mental or physical health, this Agreement and all obligations under it shall terminate immediately. If Resident has previously signed a Residency and Care Agreement, termination of this Agreement will be pursuant to the terms of the Residency and Care Agreement signed by Resident.

6. **RESPONSIBLE PARTY**

If Resident has a Responsible Party, Resident or Responsible Party shall provide TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES written documentation of Responsible Party's appointment by a court or Resident. Responsible Party may be any person legally responsible for Resident, including a guardian, a person holding a durable power of attorney, or a health care proxy. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will not recognize a Responsible Party for health or financial decisions of Resident unless TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES has a copy of the legal documentation appointing Responsible Party, and such legal documentation gives Responsible Party, the right to make appropriate decisions for Resident. If a court or Resident has designated a Responsible Party, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is authorized and entitled to rely upon and follow the directions of the Responsible Party, and will be held harmless for doing so. Resident and Responsible Party shall execute **Exhibit B**, if applicable.

When family notification is required for any reason, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will communicate with the Responsible Party as listed on the Resident's record. All other personal contacts will be the responsibility of the Responsible Party acting for Resident.

7. **SAFEKEEPING OF CASH**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES shall not provide safekeeping of cash.

8. **RELEASE OF INFORMATION**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will comply with statutes, rules and regulations regarding Resident's privacy and release of Resident's medical information.

- (a) TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is a "covered entity" under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and does not need Resident's consent for routine use and disclosure of health records, which will allow TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES to use or disclose Resident's health information for treatment, payment, and health care operations. TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES Notice of Privacy Practices is attached hereto as **Exhibit D** and is incorporated herein by this reference.
- (b) TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will not release, disclose, or use Resident's protected individual health information for purposes other than treatment, payment or operations, without a specific authorization signed by Resident or Resident's representative. Each authorization will provide a specific description of the information to be used or disclosed, an expiration date, and a description of Resident's right to revoke the authorization.
- (c) TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES may be obligated by law to report communicable diseases to the Department of Health, deaths by unusual occurrences, resident abuse, neglect or misappropriation of Resident's property, and unusual incidents. In order to comply with North Carolina law, TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will release the minimum necessary protected individual health information in order to make any such required report.

9. **APARTMENT HOLD**

If Resident is transferred to an acute facility, skilled long term care facility, returns to his/her previous residence, or temporarily leaves TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES, Resident must continue to pay for his/her apartment in TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES in order to hold the apartment. In the event Resident elects not to pay for

his/her rent in TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES, the apartment will be reassigned and Resident will be assigned a different one on the basis of availability if he/she is required to return to MULTI-UNIT ASSISTED HOUSING WITH SERVICES.

10. **CONSENT TO OPEN AND READ MAIL**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will send and receive mail promptly for Resident and will not open Resident's mail unless otherwise requested by Resident or Responsible Party. Resident or Responsible Party shall initial below to indicate their desires with respect to mail received by Resident:

\_\_\_\_\_ (a) Resident requests that an employee of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES open Resident's personal mail and read Resident's mail to Resident.

\_\_\_\_\_ (b) Resident does not consent to the opening of Resident's mail.

11. **OUTSIDE ACTIVITY PARTICIPATION**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES provides activities for its residents, which include participation in some activities outside TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. Resident or Responsible Party shall initial below to indicate Resident's desires with respect to community activities outside the TAYLOR VILLAGE properties:

\_\_\_\_\_ (a) Resident desires to participate in community activity programs outside TAYLOR VILLAGE, sponsored and organized by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. Resident acknowledges and agrees that TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is not responsible or liable for, and shall be held harmless from, any loss, injury or damage resulting from or relating to Resident's participation in activities and programs conducted by persons and entities other than TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES.

\_\_\_\_\_ (b) Resident does not desire to participate in community activity programs outside TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. However, Resident and Responsible Party acknowledge that TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES may notify Resident of outside activities that are compatible with Resident's Service Plan and which Resident may desire to attend.

12. **SELF-ADMINISTRATION OF DRUGS**

MULTI-UNIT ASSISTED HOUSING WITH SERVICES Residents must be capable of self-administering their own medications, or they must contract with a separate home care or health agency to assist with self-administration or administration of medications.

For the safety of all Residents, all medications must be stored out of sight or secured to prevent harm to other Residents.

13. **SUBORDINATION**

Resident and Responsible Party, if applicable, agree that their rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages that have been or may be executed in the future by TAYLOR VILLAGE. Upon request by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES, Resident and Responsible Party, if applicable, agree to execute and deliver to any lender supplying financing to TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES written acknowledgment of such subordination.

14. **COMPLIANCE WITH LAW**

The parties to this Agreement agree to comply with the applicable laws of North Carolina and the United States of America that are presently in effect and that may be enacted during the term of this Agreement. Resident and Responsible Party, if applicable, further agree to execute, when requested by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES, any and all amendments or modifications to this Agreement if required by law.

15. **NON-DISCRIMINATION**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES promotes equal housing opportunities and shall not discriminate against applicants or residents based on race, color, religion, sex, handicap, familial status, or national origin.

16. **INDEMNIFICATION**

Resident shall defend, indemnify and hold TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES harmless from any and all claims, demands, suits and actions made against TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES by any person resulting from any damage or injury caused by Resident to any person or the property of any person or entity (including TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES).

17. **TOBACCO POLICY**

TAYLOR VILLAGE ASSISTED HOUSING WITH SERVICES is a non-smoking building and smoking is prohibited. For safety reasons, matches, lighters or lighter fluid are prohibited. The Resident hereby agrees to follow the tobacco policy of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES.

18. **PERSONAL LAUNDRY**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES offers three options for personal laundry. Resident may either request TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES to do Resident's laundry at a charge of \$45.00 per month; may use the personal laundry facilities; make his or her own arrangements. If Resident elects to make his or her own arrangements for laundry services, Resident shall furnish TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES with an airtight container in which to store the soiled laundry. Resident shall also have his or her laundry picked up no less than twice a week. Resident shall initial below to indicate which option he or she desires to have:

- \_\_\_\_\_ (a) Resident desires to have his or her clothing laundered by TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES at a charge of \$45.00 per month.
- \_\_\_\_\_ (b) Resident desires to personally use the washer and dryer on the unit.
- \_\_\_\_\_ (c) Resident desires to make his or her arrangements for laundry services.

19. **RESIDENT'S REPRESENTATION AND COMMUNICATION PROCEDURE**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES has developed a Resident's Representation and Communication Procedure and encourages residents to exercise their rights as residents and citizens. Resident Communication Policy is attached hereto as **Exhibit F** and incorporated herein by this reference.

20. **SPONSOR**

TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES is owned by Maryfield, Inc., a North Carolina not-for-profit corporation.

21. **ACKNOWLEDGMENT**

Resident and Responsible Party acknowledge that they have read and understand this Agreement, and that TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES has answered any questions relative to this Agreement. Each party acknowledges receipt of a duplicate original of the Agreement. Resident and/or Responsible Party acknowledge receipt of the following Exhibits, which have been read to Resident and/or Responsible Party: **Exhibit A**, Listing of Billable Items Not Covered in Basic Fee; **Exhibit B**, Resident's Responsible Party Appointment and Agreement; **Exhibit C**, Consent to Photograph Agreement; **Exhibit D**, Notice of Privacy Practices; **Exhibit E**, Resident Responsibility; **Exhibit F**, Resident Representation and Communication Policy; **Exhibit G**, North Carolina Bill of Rights for Adult Care Home; **Exhibit H**, Change of Accommodation; **Exhibit I**, Direct Entry into Assisted Living Agreement, if applicable.

22. **TERMINATION FROM THE MULT-ASSISTED HOUSING WITH SERVICES APARTMENT**

If Resident dies or is compelled to leave TAYLOR VILLSAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES as a result of a change in his or her mental or physical condition, this Agreement and all obligations under it shall terminate immediately. All charges shall be prorated as of the date on which the Agreement terminates, and if any payments have been made in advance, the excess shall be refunded to Resident. This provision does not apply to the separate Continuing Care Residency and Care Agreement and any provisions regarding financial support set forth in either agreement shall supersede this paragraph

23. **ENTIRE AGREEMENT**

Unless otherwise specifically provided in any document executed by Resident in connection with this Agreement, not excluding the marketing materials for PENNYBYRN AT MARYFIELD and the requirements of the Continuing Care Provider registration and Disclosure Act (40 p.s. 3201 et, seq), constitutes the full and entire understanding and agreement among the parties, and no party shall be liable or bound to the other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein or in a separate written document signed by both parties. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement. A modification or amendment of this Agreement is effective only if it is in writing and executed by both parties. In the event of any litigation between parties to this Agreement seeking to enforce any provision of this Agreement, the non-prevailing party shall pay all court costs and attorneys' fees incurred by the prevailing party as a result of the litigation, including court costs and attorneys' fees prior to trial, at trial, and on appeal.

This Agreement shall be governed and construed in accordance with the laws of North Carolina without giving effect to its conflict of laws provisions. Guilford County, North Carolina shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding as between the parties that may be brought under, or arise out of this Agreement.

If any provisions of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid or unenforceable provisions had never been contained herein.

24. **INTERPRETATION**

This Agreement shall inure to the benefit of, and be binding upon, the heirs, successors, permitted assigns, and legal and personal representatives of the parties. Resident and Responsible Party shall not assign any of their rights or delegate any of their obligations under this Agreement without PENNYBYRN AT MARYFIELD'S prior, written consent.



25. **MEDIATION / LITIGATION**

Both parties agree to enter into mediation in an effort to approach reconciliation prior to entering into litigation.

IN WITNESS WHEREOF, PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES has caused this Agreement to be executed through its duly authorized representative, and Resident and Responsible Party have executed this Agreement, as of the day and year first written above.

Pennybyrn at Maryfield, Inc., a North Carolina Not-for-Profit Corporation

By: \_\_\_\_\_  
Pennybyrn at Maryfield  
Representative                      Date                      Witness

\_\_\_\_\_  
Resident                      Date                      Witness

\_\_\_\_\_  
Responsible Party,  
If applicable and relationship to Resident                      Date                      Witness

**Exhibit A**  
**Listing of Billable Items Not Covered in Basic Fee**

|   |  |
|---|--|
| Copier black/white (more than ten copies) .....                                 | \$.10/page   |
| Long-distance faxes.....  | \$1.00/page  |
| International faxes.....  | \$4.00/page  |
| Returned check fee.....   | \$25.00  |
| Catering Services (Private Dining Room) .....                                   | Published Prices   |
| Guest meals.....  | \$7.35 Lunch/Dinner  |
| Holiday meals.....  | \$10.50  |
| Guest room.....   | \$90 per night (subject<br>to a seven (7) day limit (\$50.00 cancellation fee for less than 48 hours in advance) |
| Beauty/barber shop .....  | Published Prices   |
| Personal Laundry.....   | \$42.00 per month  |
| Transportation Escort Service.....  | \$78.75  |
| Medical Transportation (Facility Provided – Scheduled Days) .....               | No Charge  |
| Medical Transportation (Facility Provided - Non-scheduled Days/No escort) ..... | \$15.00/hr<br>and \$1.00 per mile  |

Telephone Service Contact North State Communications at: .....336-886-3720

Cable Television Service Contact Time-Warner Cable at: .....\$33.00/per month

**Exhibit B**

**RESIDENT'S RESPONSIBLE PARTY APPOINTMENT AND AGREEMENT**

**PART I**

I have applied for admission to PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES and I am the Resident named in the PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES Agreement dated \_\_\_\_\_ ("Admission Agreement"). I hereby appoint \_\_\_\_\_ as my agent ("Responsible Party") for all purposes of the Admission Agreement. I hereby authorize Responsible Party to inspect and receive copies of my record, to handle my finances, to pay my expenses, to receive my personal funds, and to execute the Admission Agreement on my behalf. PENNYBYRN AT MARYFIELD is authorized and entitled to rely upon and follow the directions, consents, etc., given by Responsibility Party and will be held harmless for doing so.

Date: \_\_\_\_\_

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness #1 - Signature

\_\_\_\_\_  
Witness #2 - Signature

**PART II**

The undersigned Responsible Party hereby agrees as follows:

1. To utilize the funds of Resident to pay all costs and expenses incurred by or on behalf of Resident at PENNYBYRN AT MARYFIELD and to arrange for the provision of personal clothing and care supplies as needed or desired by Resident and as required by PENNYBYRN AT MARYFIELD.
2. To utilize the funds of Resident to reimburse PENNYBYRN AT MARYFIELD for the replacement costs of any property of PENNYBYRN AT MARYFIELD or other residents or employees of PENNYBYRN AT MARYFIELD that is damaged by Resident or Resident's guests.
3. The undersigned acknowledges that he or she is aware of the complaint procedure to be used if there is a concern with the service of PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. The undersigned shall direct any complaints to the Community Leader.
4. If Resident is a Medicare Resident, to utilize the funds of the resident to pay extra charges not covered by the Medicare program in a timely manner, and to notify the Assistant Living Leader of any problem anticipated in paying such charges.

5. To sign Resident out of PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES when Resident leaves TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES. The undersigned Responsible Party acknowledges that TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES does not assume any responsibility for Resident while Resident is on leave and agrees to indemnify and hold TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES harmless from any claims, liability, or expense resulting from any illness, injury, or damage that Resident may incur or cause while away from TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES.

**Resident's Responsible Party Appointment and Agreement continued.**

Date: \_\_\_\_\_

\_\_\_\_\_  
PENNYBYRN AT MARYFIELD

\_\_\_\_\_  
Representative Responsible Party

Address: \_\_\_\_\_

\_\_\_\_\_

Home Phone No. \_\_\_\_\_

Business Phone No. \_\_\_\_\_

Exhibit C

CONSENT TO PHOTOGRAPH AGREEMENT

Resident acknowledges that photographs (including video photography) may be taken in or around PENNYBYRN AT MARYFIELD from time to time by other residents or their family members, representatives of the news media, representatives of governmental agencies, or others. PENNYBYRN AT MARYFIELD does not assure Resident's privacy from any such undesired photographs.

The undersigned hereby agrees as indicated below:

- \_\_\_\_\_ (a) I hereby give my consent to be photographed by PENNYBYRN AT MARYFIELD for advertising or public display.
  
- \_\_\_\_\_ (b) I do not give my consent to be photographed by PENNYBYRN AT MARYFIELD for advertising or public display.
  
- \_\_\_\_\_ (c) I hereby give my consent to be photographed by PENNYBYRN AT MARYFIELD for the sole purpose of proper identification for drug administration and associates orientation.
  
- \_\_\_\_\_ (d) I hereby give my consent to be photographed by PENNYBYRN AT MARYFIELD for any purposes other than advertising or public display (internal newspapers, photos to be displayed in PENNYBYRN AT MARYFIELD, etc.)

**The resident has the right to revoke their permission for photo release at any time.**

Expiration Date of Consent to Photograph: \_\_\_\_\_ (1 year from the date signed)

\_\_\_\_\_  
Resident or Responsible Party

\_\_\_\_\_  
Date

## Exhibit D

### **NOTICE OF PRIVACY INFORMATION PRACTICES**

*Effective date:* January 1, 2006

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**

Please contact the Assisted Living Leader if you have any questions regarding this notice.

#### **General description and purpose of notice.**

This notice describes our information privacy practices and that of:

1. Any health care professional authorized to enter information into your medical record created and/or maintained at our facility;
2. Any member of a volunteer group which we allow to help you while receiving services at our clinic;
3. All facility employees, associates, and other personnel; and
4. Any independent contractor of PENNYBYRN AT MARYFIELD that provides health services for residents of PENNYBYRN AT MARYFIELD as a component of its organized health care arrangement, as necessary to carry out treatment, payment, and health care operations related to the organized health care arrangement.

All of the individuals or entities identified above will follow the terms of this notice. These individuals or entities may share your health information with each other for purposes of treatment, payment, or health care operations, as further described in this notice.

#### **Our facility's policy regarding your health information.**

We are committed to preserving the privacy and confidentiality of your health information created and/or maintained at our facility. Certain state and federal laws and regulations require us to implement policies and procedures to safeguard the privacy of your health information.

This notice will provide you with information regarding our privacy practices and applies to all of your health information created and/or maintained at our facility, including any information

that we receive from other health care providers or facilities. The notice describes the ways in which we may use or disclose your health information and also describes your rights and our obligations regarding any such uses or disclosures. We will abide by the terms of this notice, including any future revisions that we may make to the notice as required or authorized by law.

We reserve the right to change this notice and to make the revised or changed notice effective for health information we already have about you as well as any information we receive in the future.

We will post a copy of the current notice in our facility. The first page of the notice contains the effective date and any dates of revision.

### **Uses or disclosures of your health information.**

We may use or disclose your health information in one of following ways:

1. Pursuant to your written consent (for purposes of treatment, payment or health care operations)
2. Pursuant to your written authorization (for purposes other than treatment, payment or health care operations)
3. Pursuant to your verbal agreement (for use in our facility directory or to discuss your health condition with family or friends who are involved in your care);
4. As permitted by law
5. As required by law

The following describes each of the different ways that we may use or disclose your health information. Where appropriate, we have included examples of the different types of uses or disclosures. While not every use or disclosure is listed, we have included all of the ways in which we may make such uses or disclosures.

#### **I. Uses or disclosures made pursuant to your written consent.**

We may use or disclose your health information for purposes of treatment, payment, or health care operations upon obtaining your written consent. We may condition our delivery of services to you upon receiving your consent.

1. **Treatment.** We may use your health information to provide you with health care treatment and services. We may disclose your health information to doctors, nurses, nursing assistants, medication aides, technicians, medical and nursing students, rehabilitation therapy specialists, or other personnel who are involved in your direct health care. For example, your physician may order physical therapy services to improve your strength and walking abilities. Our nursing associates

will need to talk with the physical therapist so that we can coordinate services and develop a plan of care. We also may disclose your health information to people outside of our facility who may be involved in your direct health care, such as family members, social services, or home health agencies.

2. **Appointment reminders.** We may use or disclose your health information for purposes of contacting you to remind you of a health care appointment.
3. **Treatment alternatives, Health-related benefits and services.** We may use or disclose your health information for purposes of contacting you to inform you of treatment alternatives or health-related benefits and services that may be of interest to you.
4. **Payment.** You are responsible for payment to third party health care providers. We may use or disclose your health information so that we may bill and collect payment from you, an insurance company, or another third party for the health care services you receive at our facility. For example, we may need to give information to your health plan regarding the services you received from our facility so that your health plan will pay us or reimburse you for the services. We also may tell your health plan about a treatment you are going to receive in order to obtain prior approval for the services or to determine whether your health plan will cover the treatment.
5. **Health care operations.** We may use or disclose your health information to perform certain functions within our facility. These uses or disclosures are necessary to operate our clinic and to make sure that our residents receive quality care. For example, we may use your health information to review our treatment and services and to evaluate the performance of our associates in caring for you. We may combine health information about many of our residents to determine whether certain services are effective or whether additional services should be provided. We may disclose your health information to physicians, nurses, nursing assistants, medication aides, rehabilitation therapy specialists, technicians, medical and nursing students, and other personnel for review and learning purposes. We also may combine health information with information from other health care providers or facilities to compare how we are doing and see where we can make improvements in the care and services offered to our residents. We may remove information that identifies you from this set of health information so that others may use the information to study health care and health care delivery without learning the specific identities of our residents.
  - **Fundraising activities.** We may use a limited amount of your health information for purposes of contacting you to raise money for our facility and its operations. We may disclose this health information to a foundation related to the facility so that the foundation may contact you to raise money for our facility. The information which we may use or disclose will be limited to your name, address, phone number, and dates



for which you received treatment or services at our facility. *If you do not want our facility or affiliated foundation to contact you for these fundraising purposes, you must notify PENNYBYRN AT MARYFIELD in writing.*

II. **Uses or disclosures made pursuant to your written authorization.**

We may use or disclose your health information pursuant to your written authorization for purposes other than treatment, payment or health care operations and for purposes which are not permitted or required law. You have the right to revoke a written authorization at any time as long as your revocation is provided to us in writing. If you revoke your written authorization, we will no longer use or disclose your health information for the purposes identified in the authorization. You understand that we are unable to retrieve any disclosures which we may have made pursuant to your authorization prior to its revocation. Examples of uses or disclosures that may require your written authorization include the following:

- (i) A request to provide certain health information to a pharmaceutical company for purposes of marketing
- (ii) A request to provide your health information to an attorney for use in a civil litigation claim
- (iii) A request to provide your health information for purposes of including you on a mailing list

III. **Uses or disclosures made pursuant to your verbal agreement.**

We may use or disclose your health information, pursuant to your verbal agreement, for purposes of including you in our facility directory or for purposes of releasing information to persons involved in your care as described below.

1. **Facility directory.** We may use or disclose certain limited health information about you in our facility directory while you are a resident at our facility. This information may include your name, your assigned unit and room number, your religious affiliation, and a general description of your condition. Your religious affiliation may be given to a member of the clergy. The directory information, except for religious affiliation, may be given to people who ask for you by name.
2. **Individuals involved in your care.** We may disclose your health information to individuals, such as family and friends, who are involved in your care or who help pay for your care. We also may disclose your health information to a person or organization assisting in disaster relief efforts for the purpose of notifying your family or friends involved in your direct care about your condition, status and location.

#### IV. Uses or disclosures permitted by law

Certain state and federal laws and regulations either require or permit us to make certain uses or disclosures of your health information without your permission. These uses or disclosures are generally made to meet public health reporting obligations or to ensure the health and safety of the public at large. The uses or disclosures which we may make pursuant to these laws and regulations include the following:

1. **Public health activities.** We may use or disclose your health information to public health authorities that are authorized by law to receive and collect health information for the purpose of preventing or controlling disease, injury or disability. We may use or disclose your health information for the following purposes:
  - a. To report births and deaths
  - b. To report suspected or actual abuse, neglect, or domestic violence involving a child or an adult
  - c. To report adverse reactions to medications or problems with health care products
  - d. To notify individuals of product recalls
  - e. To notify an individual who may have been exposed to a disease or may be at risk for spreading or contracting a disease or condition
2. **Health oversight activities.** We may use or disclose your health information to a health oversight agency that is authorized by law to conduct health oversight activities. These oversight activities may include audits, investigations, inspections, or licensure and certification surveys. These activities are necessary for the government to monitor the persons or organizations that provide health care to individuals and to ensure compliance with applicable state and federal laws and regulations.
3. **Judicial or administrative proceedings.** We may use or disclose your health information to courts or administrative agencies charged with the authority to hear and resolve lawsuits or disputes. We may disclose your health information pursuant to a court order, a subpoena, a discovery request, or other lawful process issued by a judge or other person involved in the dispute, but only if efforts have been made to (i) notify you of the request for disclosure or (ii) obtain an order protecting your health information.
4. **Worker's compensation.** We may use or disclose your health information to worker's compensation programs when your health condition arises out of a work-related illness or injury.
5. **Law Enforcement official.** We may use or disclose your health information in response to a request received from a law enforcement official for the following purposes:

- a. In response to a court order, subpoena, warrant, summons or similar lawful process
  - b. To identify or locate a suspect, fugitive, material witness, or missing person
  - c. Regarding a victim of a crime if, under certain limited circumstances, we are unable to obtain the person's agreement
  - d. To report a death that we believe may be the result of criminal conduct
  - e. To report criminal conduct at our facility
  - f. In emergency situations, to report a crime—the location of the crime and possible victims; or the identity, description, or location of the individual who committed the crime
6. **Coroners, medical examiners, or funeral directors.** We may use or disclose your health information to a coroner or medical examiner for the purpose of identifying a deceased individual or to determine the cause of death. We also may use or disclose your health information to a funeral director for the purpose of carrying out his/her necessary activities.
7. **Organ procurement organizations or tissue banks.** If you are an organ donor, we may use or disclose your health information to organizations that handle organ procurement, transplantation, or tissue banking for the purpose of facilitating organ or tissue donation or transplantation.
8. **Research.** We may use or disclose your health information for research purposes under certain limited circumstances. Because all research projects are subject to a special approval process, we will not use or disclose your health information for research purposes until the particular research project for which your health information may be used or disclosed has been approved through this special approval process. However, we may use or disclose your health information to individuals preparing to conduct the research project in order to assist them in identifying residents with specific health care needs who may qualify to participate in the research project. Any use or disclosure of your health information which may be done for the purpose of identifying qualified participants will be conducted onsite at our facility. In most instances, we will ask for your specific permission to use or disclose your health information if the researcher will have access to your name, address or other identifying information.
9. **To avert a serious threat to health or safety.** We may use or disclose your health information when necessary to prevent a serious threat to the health or safety of you or other individuals. Any such use or disclosure would be made solely to the individual(s) or organization(s) that have the ability and/or authority to assist in preventing the threat.
10. **Military and veterans.** If you are a member of the armed forces, we may use or

disclose your health information as required by military command authorities.

11. **National security and intelligence activities.** We may use or disclose your health information to authorized federal officials for purposes of intelligence, counterintelligence, and other national security activities, as authorized by law.
12. **Inmates.** If you are an inmate of a correctional institution or under the custody of a law enforcement official, we may use or disclose your health information to the correctional institution or to the law enforcement official as may be necessary (i) for the institution to provide you with health care; (ii) to protect the health or safety of you or another person; or (iii) for the safety and security of the correctional institution.

#### V. **Uses or disclosures required by law**

We may use or disclose your information where such uses or disclosures are required by federal, state or local law.

### Your rights regarding your health information

You have the following rights regarding your health information which we create and/or maintain:

1. **Right to inspect and copy.** You have the right to inspect and copy health information that may be used to make decisions about your care. Generally, this includes medical and billing records, but does not include psychotherapy notes.

To inspect and copy your health information, you must submit your request in writing to Pennybyrn at Maryfield. If you request a copy of the information, we may charge a fee for the costs of copying, mailing, or other supplies associated with your request.

We may deny your request to inspect and copy your health information in certain limited circumstances. If you are denied access to your health information, you may request that the denial be reviewed. Another licensed health care professional selected by our facility will review your request and the denial. The person conducting the review will not be the person who initially denied your request. We will comply with the outcome of this review.

2. **Right to request an amendment.** If you feel that the health information we have about you is incorrect or incomplete, you may ask us to amend the information. You have the right to request an amendment for as long as the information is kept by or for our facility.

To request an amendment, your request must be made in writing and submitted to PENNYBYRN AT MARYFIELD. In addition, you must provide us with a reason that supports your request.

We may deny your request for an amendment if it is not in writing or does not include a reason to support the request. In addition, we may deny your request if you ask us to amend information that

- a. was not created by us, unless the person or entity that created the information is no longer available to make the amendment
  - b. is not part of the health information kept by or for our facility
  - c. is not part of the information which you would be permitted to inspect and copy
  - d. is accurate and complete
3. **Right to an accounting of disclosures.** You have the right to request an accounting of the disclosures which we have made of your health information. This accounting will not include disclosures of health information that we made for purposes of treatment, payment, or health care operations.

To request an accounting of disclosures, you must submit your request in writing to PENNYBYRN AT MARYFIELD. Your request must state a time period which may not be longer than six (6) years prior to the date of your request and may not include dates before April 14, 2003. Your request should indicate in what form you want to receive the accounting (for example, on paper or via electronic means). The first accounting that you request within a twelve (12)-month period will be free. For additional accountings, we may charge you for the costs of providing the accounting. We will notify you of the cost involved, and you may choose to withdraw or modify your request at that time before any costs are incurred.

**Right to request restrictions.** You have the right to request a restriction or limitation on the health information we use or disclose about you for treatment, payment, or health care operations. You also have the right to request a limit on the health information we disclose about you to someone, such as a family member or friend, who is involved in your care or in the payment of your care. For example, you could ask that we not use or disclose information regarding a particular treatment that you received.

*We are not required to agree to your request.* If we do agree, we will comply with your request unless the information is needed to provide emergency treatment to you.

To request restrictions, you must make your request in writing to Pennybyrn at Maryfield. In your request, you must tell us (a) what information you want to limit; (b) whether you want to limit our use, disclosure or both; and (c) to whom you want the limits to apply (for example, disclosures to a family member).

4. **Right to request confidential communications.** You have the right to request that we communicate with you about your health care in a certain way or at a certain location.

For example, you can ask that we only contact you at work or by mail.

To request confidential communications, you must make your request in writing to PENNYBYRN AT MARYFIELD. We will not ask you the reason for your request. We will accommodate all reasonable requests. Your request must specify how or where you wish to be contacted.

5. **Right to a paper copy of this notice.** You have the right to receive a paper copy of this notice. You may ask us to give you a copy of this Notice at any time. Even if you have agreed to receive this notice electronically, you are still entitled to a paper copy notice.

To obtain a paper copy of this notice, contact PENNYBYRN AT MARYFIELD.

### Complaints

If you believe your privacy rights have been violated, you may file a complaint with our facility or with the secretary of the NC Department of Health and Human Services. To file a complaint with our facility, contact PENNYBYRN AT MARYFIELD. All complaints must be submitted in writing. You will NOT be penalized for filing a complaint.

### ACKNOWLEDGMENT

I have received the Notice of Privacy Practices from PENNYBYRN AT MARYFIELD

Date: \_\_\_\_\_

Signed By: \_\_\_\_\_

Print Name: \_\_\_\_\_

## Exhibit E

### RESIDENT RESPONSIBILITY

As a Resident I agree to be responsible for:

1. Observing the policies and regulations of TAYLOR VILLAGE MULTI UNIT ASSISTED HOUSING WITH SERVICES.
2. Consideration of other residents by:
  - a. Being respectful of other's privacy;
  - b. Reminding visitors to observe smoking regulations;
  - c. Using television, telephones, radio and lights in a manner that is not disturbing to others;
  - d. Complying with TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES rules, regulations and the terms of this agreement;
  - e. Cooperating in the use of heating and air conditioning equipment; and
  - f. Being appropriately dressed while using public areas and facilities;
3. Keeping appointments or notifying the appropriate party of a cancellation.
4. Inquiring of the associates whenever unsure of or in doubt regarding procedure.
5. Bringing concerns and problems to proper sources.
6. Being respectful of individual religious practices and political views.
7. Being aware that gratuities (tips) are strictly against the policy of TAYLOR VILLAGE.
8. Fulfilling the financial obligation of care as in accordance with agreed upon and signed agreement.
9. Using the facility and services appropriately and economically to assure availability to other residents.
10. Being courteous and considerate of associates.
11. Treating PENNYBYRN AT MARYFIELD property with respect.
12. There will be a separate charge for room service meals other than sick day trays.
13. Resident and Responsible Party shall reimburse PENNYBYRN AT MARYFIELD for any and all damages (replacement costs) to furnishings, contents and the property of PENNYBYRN AT MARYFIELD or other residents or associates of PENNYBYRN AT MARYFIELD caused by Resident or Resident's guest, other than normal wear and tear.

14. Resident and Responsible Party shall agree to sign out upon leaving the PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES for any reason. The resident shall sign in upon returning from an outside visit.

Date: \_\_\_\_\_

\_\_\_\_\_  
Resident or Responsible Party

\_\_\_\_\_  
Witness-Signature



**Exhibit F**

**RESIDENT REPRESENTATION AND COMMUNICATION POLICY**

Residents are encouraged to exercise their rights as a resident and as a citizen, to voice concerns and to recommend changes in policies and services, free of coercion, discrimination, threats or reprisal. Good faith complaints made against TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES will not result in reprisal against the individual making the complaint.

A resident may register a grievance or a recommended change with a member of:

- 1) Resident’s Council. The Resident’s Council will bring the issue to the attention of TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES management, or
- 2) TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES leader; or Community Leader or
- 3) Resident or Resident’s Representative may submit a complaint to the North Carolina Division of Facility Services at 1-800-624-3004 without prior notice to TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES.

The appropriate authority will respond to the issue within seven (7) calendar days of receiving the complaint or recommendation in writing, giving an explanation of his/her investigation and assessment of the validity of the concerns or recommendation.

If Resident is not satisfied with the response, Resident may, within fifteen (15) calendar days, present the issue to the Community Leader of PENNYBYRN AT MARYFIELD for his/her response. The Community Leader must provide a written response within ten (10) calendar days, which shall be considered PENNYBYRN AT MARYFIELD’S final decision.

Date: \_\_\_\_\_  
Resident

Date: \_\_\_\_\_  
Responsible Party

Date: \_\_\_\_\_  
PENNYBYRN AT MARYFIELD Representative

## Exhibit G

### **Declaration of Residents' Rights**

Each facility shall treat its residents in accordance with the provisions of this Article. Every resident shall have the following rights:

1. To be treated with respect, consideration, dignity, and full recognition of his or her individuality and right to privacy.
2. To receive care and services which are adequate, appropriate, and in compliance with relevant federal and State laws and rules and regulations.
3. To receive upon admission and during his or her stay a written statement of the services provided by the facility and the charges for these services.
4. To be free of mental and physical abuse, neglect, and exploitation.
5. Except in emergencies, to be free from chemical and physical restraint unless authorized for a specified period of time by a physician according to clear and indicated medical need.
6. To have his or her personal and medical records kept confidential and not disclosed without the written consent of the individual or guardian, which consent shall specify to whom the disclosure may be made, except as required by applicable State or federal statute or regulation or by third party contract. It is not the intent of this section to prohibit access to medical records by the treating physician except when the individual objects in writing. Records may also be disclosed without the written consent of the individual to agencies, institutions or individuals which are providing emergency medical services to the individual. Disclosure of information shall be limited to that which is necessary to meet the emergency.
7. To receive a reasonable response to his or her requests from the facility administrator and associates.
8. To associate and communicate privately and without restriction with people and groups of his or her own choice on his or her own or their initiative at any reasonable hour.
9. To have access at any reasonable hour to a telephone where he or she may speak privately.
10. To send and receive mail promptly and unopened, unless the resident requests that someone open and read mail, and to have access at his or her expense to writing instruments, stationery, and postage.

11. To be encouraged to exercise his or her rights as a resident and citizen, and to be permitted to make complaints and suggestions without fear of coercion or retaliation.
12. To have and use his or her possessions where reasonable and have an accessible, lockable space provided for security of personal valuables. This space shall be accessible only to the resident, the administrator, or supervisor-in-charge.
13. To manage his or her personal needs funds unless such authority has been delegated to another. If authority to manage personal needs funds has been delegated to the facility, the resident has the right to examine the account at any time.
14. To have freedom to participate by choice in accessible community activities and in social, political, medical, and religious resources and to have freedom to refuse such participation.
15. To receive upon admission to the facility a copy of this section.
16. To not be transferred or discharged from a facility except for medical reasons, the residents' own or other residents' welfare, nonpayment for the stay, or when the transfer is mandated under State or federal law. The resident shall be given at least 30 days' advance notice to ensure orderly transfer or discharge, except in the case of jeopardy to the health or safety of the resident or others in the home.

Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Resident

Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Responsible Party

Date: \_\_\_\_\_  
 \_\_\_\_\_  
 PENNYBYRN AT MARYFIELD Representative

**Exhibit H**

**PENNYBYRN AT MARYFIELD INC.**  
Change in Accommodation for Contracted Resident

Current Residence \_\_\_\_\_

\_\_\_\_ **IL** \_\_\_\_ **AL** \_\_\_\_ **Memory Support AL** \_\_\_\_ **Healthcare Household** \_\_\_\_\_

Current address:

\_\_\_\_\_

New Residence:

\_\_\_\_ **IL** \_\_\_\_ **AL** \_\_\_\_ **Memory Support AL** \_\_\_\_ **Healthcare Household**

New address:

\_\_\_\_\_

Previous Monthly or Daily Fee Rate:

\$\_\_\_\_\_ Monthly

\$\_\_\_\_\_ Daily

New Monthly or Daily Fee Rate:

\$\_\_\_\_\_ Monthly

\$\_\_\_\_\_ Daily

Effective Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Responsible Party

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
PBM Representative

\_\_\_\_\_  
Date

**Exhibit I**

**Direct Admission  
TAYLOR VILLAGE  
Assisted Living Residency Agreement**

THIS agreement is entered into on \_\_\_\_\_, as an agreement to the PENNYBYRN AT MARYFIELD TAYLOR VILLAGE MULTI-UNIT ASSISTED HOUSING WITH SERVICES Residency and Care Agreement and between MARYFIELD, INC. OF HIGH POINT, NORTH CAROLINA, a non-profit corporation, d/b/a/ PENNYBYRN AT MARYFIELD, hereinafter referred to as the “Retirement Community” and \_\_\_\_\_, hereinafter referred to as “Resident.”

**DEFINED TERMS AND AMOUNTS**

For the purposes of this Agreement, the following definitions shall apply:

- I. Initial Occupancy Date is defined as the day upon which full access to the Assisted Living Apartment is received, all Agreements have been signed, and keys are delivered to the resident.
- II. The “Entrance Fee” shall be paid in the amount of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_).
- III. The “Payment Schedule” for the payment of the Entrance Fee shall be as follows:
  - a. \_\_\_\_\_ deposit paid on \_\_\_\_\_,
  - b. \_\_\_\_\_ balance due paid on or before \_\_\_\_\_.
- IV. The monthly initial “Occupancy Charge” shall be paid in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month, in advance, for one person, plus \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for each additional person.
- V. The “Assisted Living Apartment” to be occupied by the Resident under this Agreement is identified as \_\_\_\_\_.

**BACKGROUND**

Maryfield Inc. is affiliated with the Poor Servants of the Mother of God. This organization has no financial responsibility for any of the financial obligations of Pennybyrn at Maryfield under this Agreement

The Retirement Community does not discriminate because of race, color, creed, national origin, sex, or handicap in its admission, retention and care of Residents.

Resident (or one of the residents) has attained the age of 62 years and has made application to become a Resident in the Assisted Living Facility so as to live in the unit described in Subsection 3.1. Resident's application has been accepted subject to the execution of this Residency Agreement and the conditions of residency provided for herein.

NOW THEREFORE, for valuable consideration and the promises contained herein, the parties agree as follows:

1. ENTRANCE FEE

- 1.1 Amount and Payment. Resident hereby agrees to pay to the Retirement Community the Entrance Fee in accordance with the above-described Payment Schedule. In the event Resident does not exercise his right to rescind under Section 1.3 but at his/her discretion chooses not to take up occupancy in the Apartment specified in this Agreement, Resident continues to have the responsibility and obligation to make payments in accordance with the Payment Schedule.

In the event Resident fails to make payments in accordance with the Payment Schedule, Resident shall lose all right to be a Resident at the Retirement Community. Resident expressly agrees that immediately upon his default in payment in strict accordance with the above Payment Schedule, the Retirement Community shall have the right, but not the obligation, to Agreement with another party for the Assisted Living Apartment which is the subject of this Agreement. Resident's right to a refund of Entrance Fee is controlled exclusively by the provisions of Section 1.2 of this Agreement.

- 1.2 Refund Policy. The Entrance Fee shall be refundable if the Resident has made full payment in accordance with the Payment Schedule upon the happening of one of the following conditions:

- a. If, on the Initial Occupancy Date, the Resident, for whatever reasons, does not take up occupancy in the Assisted Living Apartment, and has complied with the Payment Schedule, then the Entrance Fee paid shall be refunded in full less such fees and charges, if any, as are then owed the Retirement Community.
- b. If Resident transfers to another level of care at the Retirement Community, or if Resident ceases occupancy after the expiration of a period of one (1) year or 365 days, then, in such events, no refund shall be payable. Otherwise, if, after the Initial Occupancy Date, Resident's occupancy at the Retirement Community is permanently terminated because he or she transfers to a facility not operated by the Retirement Community, or by reason of his death, within one year or 365 days, after the Initial Occupancy Date, then Resident shall be entitled to a refund of

the Entrance Fee less such fees and charges, if any, as are then owed the Retirement Community.

For purposes of calculating the refund due Resident under this Subsection 1.2, the first day of the 365 day period shall be deemed to be the Initial Occupancy Date; the last day of occupancy shall be deemed to be the day on which Resident has removed all his personal property from the Assisted Living Apartment and has delivered to Pennybyrn at Maryfield the original and all other keys to the Assisted Living Apartment, Resident hereby relinquishing his/her free access to the Assisted Living Apartment.

A refund is calculated as follows: the amount of the refund is equal to the Entrance Fee divided by 365 days and multiplied by the 365 minus the number of days of full or partial residency.

The refundable amount shall be due and payable to the Resident by the Retirement Community sixty (60) days after the Retirement Community has re-leased the Assisted Living Apartment. No interest shall be payable on the refundable amount.

1.3 Right to Rescind. Resident may rescind this Agreement within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement meeting the requirements of Article 64 of Chapter 58 of the North Carolina General Statutes. Said thirty (30) day period shall be referred to herein after as the “Thirty (30) Day Period.”

In order to rescind the Agreement, Resident must within the Thirty (30) Day Period: (i) deliver written notice to the Retirement Community; (ii) remove all of the Resident’s personal property from the Assisted Living Apartment; and (iii) deliver to the Retirement Community his keys to the Assisted Living Apartment.

Notwithstanding any other provisions of this Agreement, if Resident rescinds the Agreement in accordance with this Subsection 1.3, the Retirement Community shall refund in full any money or property transferred to the Retirement Community less (i) the costs specifically incurred by the Retirement Community at the request of Resident or otherwise herein or in any amendment hereto, (ii) monthly Occupancy Charge or other periodic charges applicable to the period the Assisted Living Apartment was actually occupied by the Resident, and (iii) any other charges actually incurred by Resident during the period the Assisted Living Apartment was actually occupied by Resident, (iv) any non-refundable fees described herein; and (v) a service charge equal to two percent (2%) or \$1000, whichever is greater, of the Resident’s Entrance Fee provided for herein.

If Resident has taken occupancy of the Assisted Living Apartment, the refundable amount shall be due and payable to the Resident by the Retirement Community sixty (60) days after the Retirement Community has re-released the Assisted Living Apartment and another resident has taken occupancy of the Assisted Living Apartment. No interest shall be payable on the refundable amount.

If Resident has not taken occupancy of the Assisted Living Apartment, the refundable amount shall be due and payable within a reasonable time after the date on which Resident provides notice of intent to rescind to the Retirement Community.

2. DISCLOSURE STATEMENT.

Resident acknowledges that he has received a copy of the current Pennybyrn at Maryfield, Disclosure Statement, prior to or simultaneous with his execution of this Agreement. In the event of any discrepancy between the language contained in this Agreement and the language contained in the Disclosure Statement, the language of this Agreement shall control. Resident further acknowledges that prior to the execution of this Agreement no money or other property has been transferred to the Retirement Community by or on behalf of Resident in consideration for the facilities and services to be provided by the Retirement Community under this Agreement.

3. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon, inure to the benefit of, and be enforceable by Maryfield, Inc. North Carolina d/b/a Pennybyrn at Maryfield, its successors and assigns.

4. TRANSFER TO ANOTHER LEVEL OF CARE

Provided, however, absent a breach of this Agreement, all parties agree to enter into an agreement upon a transfer of the Resident to another level of care which Agreement will contain terms and occupancy rates consistent with the terms and rates then offered by the Retirement Community to other Residents at such level of care.

MARYFIELD, INC. D/B/A  
PENNYBYRN AT MARYFIELD, HIGH POINT, NC



**IN WITNESS WHEREOF**, Pennybyrn at Maryfield and the Resident have executed this addendum to the Assisted Living Addendum and the Resident has received a copy of the current Pennybyrn at Maryfield Disclosure Statement.

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|         |          |      |
|---------|----------|------|
| Witness | Resident | Date |
|---------|----------|------|

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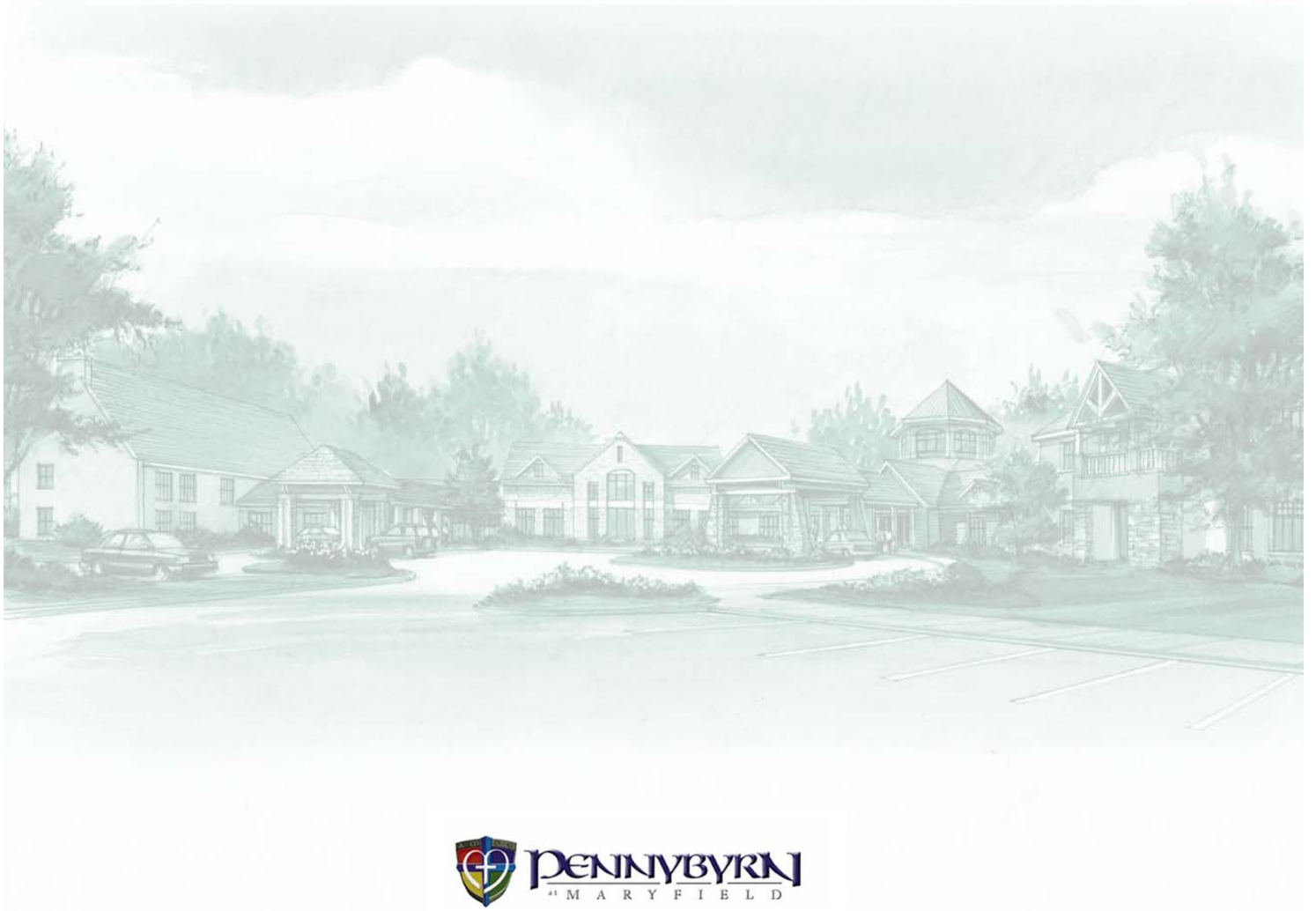
|         |          |      |
|---------|----------|------|
| Witness | Resident | Date |
|---------|----------|------|

---

|         |                                       |      |
|---------|---------------------------------------|------|
| Witness | Pennybyrn at Maryfield Representative | Date |
|---------|---------------------------------------|------|

# Exhibit “C”

## Licensed Assisted Living Agreement



Licensed Assisted Living



# **TAYLOR VILLAGE**

# **LICENSED ASSISTED LIVING AGREEMENT TO RESIDE**

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**Pennybyrn at Maryfield Taylor Village  
Assisted Living Residency and Care Agreement**

THIS ADMISSION AGREEMENT ("Agreement"), dated as of this \_\_\_\_day of \_\_\_\_\_, 20\_\_\_\_, specifies the terms and conditions governing the admission of \_\_\_\_\_("Resident") as a resident of Pennybyrn at Maryfield for assisted living level of care. The parties to this Agreement are Maryfield, Inc. d/b/a Pennybyrn at Maryfield, a North Carolina Not-For-Profit Corporation, with its principal place of business at 1315 Greensboro Road, High Point, NC 27260, the Resident, and the Resident's Responsible Party, if applicable. The parties hereby agree as follows:

**1. COMMENCEMENT AND ADMISSIONS CRITERIA**

The term of this Agreement shall begin on the date of admission of Resident to TAYLOR VILLAGE ASSISTED LIVING ("Admission Date"). Resident's Admission Date to the TAYLOR VILLAGE ASSISTED LIVING is \_\_\_\_\_. TAYLOR VILLAGE ASSISTED LIVING can refuse to admit or retain as a resident any person who (a) poses a threat to his or her own health or safety, or the health and safety of others at TAYLOR VILLAGE ASSISTED LIVING including associates, (b) who requires greater care than TAYLOR VILLAGE ASSISTED LIVING is safely able to provide or is licensed to provide, or (c) if TAYLOR VILLAGE ASSISTED LIVING is unable to meet Resident's needs.

Resident and/or Responsible Party are solely responsible for obtaining Resident's own personal physician, prior to admission. Although TAYLOR VILLAGE ASSISTED LIVING will exercise reasonable care regarding Resident's known condition, TAYLOR VILLAGE ASSISTED LIVING cannot and does not guarantee or assume responsibility or liability for Resident's medical care.

**2. ASSISTED LIVING SERVICES AND OBLIGATIONS**

(a) The Licensed Assisted Living program is designed to meet the personal care needs of the Resident in need of 24-hour supervision. Limited services are delivered on an unscheduled and incidental basis, and are determined by a Level of Care Assessment. Level of Care fees are billed in addition to the basic monthly fees. Services include: bathing, grooming, dressing and toileting. Limited assistance refers to occasional assistance, reminders, cueing or guidance (with assistive devices if needed); Limited assistance with transfer or ambulation; Assistance with cueing and monitoring meal intake; Supervision and monitoring by a licensed nurse; Incidental or unscheduled nursing care; Medication administration or supervision of self-administration; Assistance with cognitive orientation and care for Alzheimer's disease and related dementias.

- (b) TAYLOR VILLAGE ASSISTED LIVING shall provide:
- a. A one (1) or two (2) bedroom apartment. TAYLOR VILLAGE ASSISTED LIVING shall endeavor to honor reasonable requests of Resident with respect to apartment assignment when practicable. Resident's initial apartment assignment is \_\_\_\_\_. TAYLOR VILLAGE ASSISTED LIVING has the right to move Resident immediately to a different apartment whenever a change is in the best interest of the health and safety of Resident or another Resident of TAYLOR VILLAGE ASSISTED LIVING, and with a thirty day notice for reasons related to other Resident or TAYLOR VILLAGE ASSISTED LIVING issues.
  - b. Three prepared meals each day served in the dining room, with the availability of no salt added, low fat, vegetarian, and no concentrated sweets as menu selections, when requested. The management of TAYLOR VILLAGE ASSISTED LIVING shall determine the food menu and service time, and shall use a licensed dietitian or qualified nutritionist to develop the culinary plan. Specialty diets other than those listed above will require a physician's order and be directed as treatment for a medical condition.
  - c. The availability of an on site laundry service.
  - d. Weekly routine housekeeping services:
  - e. General dusting of horizontal surfaces (bric-a-brac feather dusted, not removed);
  - f. Vacuuming of carpets in traffic areas;
  - g. Mirrors cleaned;
  - h. Bathroom cleaning (tub, shower, sink, tiles, countertop, commode, floor); and kitchenette (countertop, floor, sink and exterior appliances)
  - i. Small trash removal and linen (bed and bath) changed and laundered.
  - j. Intermittent housekeeping, as needed.
  - k. Participation in TAYLOR VILLAGE ASSISTED LIVING activity program including providing or arranging transportation to and from planned activities and social functions. TAYLOR VILLAGE associates shall assist Resident with finding transportation for social, leisure, and spiritual activities, other than planned activities and social functions of TAYLOR VILLAGE ASSISTED LIVING. The cost of such transportation, if any, shall be borne by Resident.

- l. Apartment maintenance (basic repairs). Maintenance required as a result of damage caused by Resident, as opposed to normal wear and tear, is not included in the rent and will be billed to Resident.
- m. All utilities excluding cable service and telephone service.
- n. Personal care and incidental nurse services. These services are rendered as defined in the individual Resident's Level of Care Agreement. They services are separate and are in addition to the basic monthly fees.
- o. Assistance with obtaining appropriate medical, dental, nursing or mental health services (the cost of such services is borne by Resident). The Assisted Living associates shall assist Resident with finding transportation for medical and other health related appointments. The cost of such transportation, other than scheduled group transportation, shall be borne by Resident.
- p. TAYLOR VILLAGE ASSISTED LIVING will assist in arranging for physical, speech, and occupational therapy when ordered by a physician and approved for reimbursement by Medicare Part B, or other third party payer, or the resident or responsible party. It is the Resident's responsibility to pay costs for such care directly to the provider. TAYLOR VILLAGE may assist the Resident in submitting documents for his or her reimbursement documents to third party payers.
- q. TAYLOR VILLAGE ASSISTED LIVING associates will be trained in evacuation and emergency response procedures. A call system in each room is available for Resident to indicate the need for assistance. A TAYLOR VILLAGE ASSISTED LIVING associate is available at all times and can request assistance from emergency services. The evacuation procedure is available for Resident or Responsible Party to review.
- r. In an emergency situation, and/or when ordered by the attending physician, TAYLOR VILLAGE ASSISTED LIVING shall arrange for Resident's transfer to a hospital, at the Resident's expense. TAYLOR VILLAGE ASSISTED LIVING shall promptly notify the Responsible Party as soon as practicable after the transfer. TAYLOR VILLAGE ASSISTED LIVING shall maintain transfer arrangements with one or more hospitals to facilitate such transfers.
- s. TAYLOR VILLAGE ASSISTED LIVING shall be organized, staffed, and equipped as necessary to meet TAYLOR VILLAGE ASSISTED LIVING obligations and services.



- t. A member of TAYLOR VILLAGE ASSISTED LIVING staff shall perform the functions as described in the attached **Exhibit E** and incorporated herein.

3. **RESIDENT AND RESPONSIBLE PARTY OBLIGATIONS**

Resident and Responsible Party agree as follows:

- (a) Resident and Responsible Party shall provide any and all information (health and financial) regarding Resident as requested by PENNYBYRN AT MARYFIELD. Said information may include, but shall not be limited to:
  - (i) Medical history.
  - (ii) Report of current physical examination, current physician's orders, including diet, treatment, and current medications.
  - (iii) A physician's statement that Resident is free from a communicable disease within 30 days prior to admission of Resident. If Resident is suffering from a communicable disease, Resident will provide a physician's certificate that the disease is not in a transferable stage.
- (b) The Resident may elect to obtain the services of PENNYBYRN AT MARYFIELD Medical Director as resident's private/attending physician. If so, the agreement will be private between the physician and Resident and does not imply any legal responsibility by PENNYBYRN AT MARYFIELD. Resident and Responsible Party shall pay for the services of any physician that are billed by the physician to Resident or Responsible Party and for medications ordered by the physician and billed by the dispensing pharmacy.
- (c) Resident and Responsible Party shall permit authorized associates of PENNYBYRN AT MARYFIELD to perform such functions as are necessary to maintain the well-being of Resident, including but not limited to assistance with bathing and hygiene, dressing, toileting, and activities of daily living; administration of medication and treatments as prescribed by a physician; performance of therapies as determined necessary by a physician; bowel and bladder training, if applicable; and maintenance of apartment.
- (d) Resident and Responsible Party shall pay all applicable fees and charges described in this Agreement in accordance with the terms provided herein. Resident and Responsible Party shall reimburse PENNYBYRN AT MARYFIELD for any and all damages (replacement costs) to furnishings, contents, and the property of PENNYBYRN AT MARYFIELD or other residents or employees of PENNYBYRN AT MARYFIELD caused by Resident or Resident's guest, other than normal wear and tear.

(e) Resident and Responsible Party shall provide or be responsible for Resident's personal items of clothing, toiletries, and incidental expenses.

(f) Resident and Responsible Party agree to sign out of TAYLOR VILLAGE ASSISTED LIVING upon leaving the Assisted Living Building for any reason. Resident and Responsible Party acknowledge that TAYLOR VILLAGE ASSISTED LIVING does not have any responsibility for Resident while Resident is out of, and away from PENNYBYRN A MARYFIELD. The resident shall sign in upon returning from an outside visit.

Guests of the Resident visiting TAYLOR VILLAGE ASSISTED LIVING will sign-in and out of the building and will wear a "Family and Friend" name tag for the safety of all Residents.

(g) Resident and Responsible Party shall abide by TAYLOR VILLAGE ASSISTED LIVING policies, rules and regulations. These policies are attached hereto as **Exhibit G** and incorporated herein by this reference.

(h) PENNYBYRN AT MARYFIELD and its employees are not responsible for the loss, destruction, or theft of personal belongings, valuables, or money left with Resident, and Resident and Responsible Party hereby agree to indemnify PENNYBYRN AT MARYFIELD and its employees against, and to hold PENNYBYRN AT MARYFIELD and its employees harmless from, any and all claims regarding such loss, destruction or theft. Resident and Responsible Party shall work with PENNYBYRN AT MARYFIELD to clearly mark all personal items of Resident with Resident's identification and acknowledge Resident and Responsible Party have been advised that any valuable possessions in Resident's possession should be retained in the lockable space provided to resident. PENNYBYRN AT MARYFIELD will not reimburse the Resident or the Resident's Responsible party for lost or misplaced items.

4. **FINANCIAL ARRANGEMENTS**

Resident and Responsible Party agree to pay fees and charges as specified below:

(a) Monthly Fee. The rate set forth below is referred to as the Monthly Fee.

One bedroom apartment A: \$\_\_\_\_\_

One bedroom apartment B: \$\_\_\_\_\_

Two-bedroom apartment: \$\_\_\_\_\_

Second Person fee: \$\_\_\_\_\_

(b) Additional Charges. Resident and Responsible Party agree to pay additional charges for all items and services not covered by the monthly fee. Charges for such additional items and services are due within ten (10) days of the billing. **Exhibit A** to this Agreement contains a list of some of the services and supplies available at TAYLOR VILLAGE ASSISTED LIVING but not covered by the Monthly Fee and a list of the current charges for those services and supplies. TAYLOR VILLAGE ASSISTED LIVING shall provide written notification to Resident or Responsible Party of any changes in **Exhibit A** not less than thirty (30) days in advance of the effective date of the change.

(c) Cost. Resident and Responsible Party shall pay, or shall reimburse TAYLOR VILLAGE ASSISTED LIVING for all costs and expenses incurred by TAYLOR VILLAGE ASSISTED LIVING on Resident's behalf, and shall be directly responsible to any providers of ancillary services that are utilized by Resident, including expenses for discharge, transfer, and ambulance transportation.

(d) Refund Policy. Resident or Responsible Party is entitled to a prorated refund of the monthly fee based on a daily rate after all charges, including the cost of documented damages to the room caused by Resident and resulting from circumstances other than normal use, have been paid to PENNYBYRN AT MARYFIELD for any unused portion of payment beyond the latter of the termination date or the date the room is actually vacated, and cleared of all of Resident's personal possessions. All documented damages shall be identified and a list provided to Resident or Resident's Responsible Party. The refund shall occur within sixty (60) days of receipt of a written notice of termination; however, in no case shall it be required that a refund be made before the room is vacated.

(i) Except in the case of death or discharge due to medical reasons, including mental health, the refund shall be computed in accordance with the Termination of Agreement, Discharge and Transfer requirements specified in Section 5 of this Agreement.

(ii) In case of death or discharge due to medical reasons, including mental health, the notice of termination requirement in this Agreement is waived, and all refunds shall be computed in accordance with the Termination of Agreement, Discharge and Transfer requirements specified in Section 5 of this Agreement. Notwithstanding the foregoing provisions, refunds may be withheld until all outstanding bills have been paid.

(e) Physician Fees and Medications. Resident and Responsible Party shall pay for the services of any physician that are billed by the physician directly to Resident or Responsible Party and for medications ordered by the physician and billed by the dispensing pharmacy.

- (f) Pet fees. Residents that agree to abide by the TAYLOR VILLAGE ASSISTED LIVING Pet Policy may bring a pet with them to live at Assisted Living provided that there is only one dog, cat, or bird that is house broken, and does not disturb other residents. Resident must be capable of properly caring for the animal and keep all vaccinations current, up to date and on file with the Assisted Living Leader. A *Pet Owner Agreement Form* must be signed by owner.

5. **TERMINATION OF AGREEMENT, DISCHARGE AND TRANSFER**

- (a) By Resident. Resident may terminate this Agreement by giving PENNYBYRN AT MARYFIELD written notice of his or her desire to withdraw from TAYLOR VILLAGE ASSISTED LIVING at least thirty (30) days in advance of Resident's departure from TAYLOR VILLAGE ASSISTED LIVING. Resident shall be responsible for all fees and charges for all services performed by TAYLOR VILLAGE ASSISTED LIVING up to the latter of the date of termination specified in such notice or the date on which Resident's room is actually vacated and cleared of all of Resident's personal possessions.
- (b) By TAYLOR VILLAGE ASSISTED LIVING. PENNYBYRN AT MARYFIELD may terminate this Agreement and transfer, discharge or refuse to readmit Resident if: (i) TAYLOR VILLAGE ASSISTED LIVING cannot properly provide for Resident's health or safety, (ii) for the health and or safety of other residents of TAYLOR VILLAGE ASSISTED LIVING, (iii) for the health and safety of the associates of TAYLOR VILLAGE ASSISTED LIVING, (iv) for nonpayment of fees, charges or costs, or (v) if Resident's continued residence at TAYLOR VILLAGE ASSISTED LIVING would cause a violation of any applicable law or regulation or any order or requirement of any governmental agency having jurisdiction over TAYLOR VILLAGE ASSISTED LIVING for nonpayment of a bill for care received, TAYLOR VILLAGE ASSISTED LIVING shall give Resident thirty (30) days advance written notice prior to Resident's transfer or discharge. In the event Resident has no person to represent Resident, TAYLOR VILLAGE ASSISTED LIVING shall be responsible for making referral to an appropriate social service agency for placement.
- (c) Non-emergency Transfer Provision. TAYLOR VILLAGE ASSISTED LIVING will transfer a resident who, upon recommendation of his/her physician needs additional health care. The transfer will take place within five (5) working days, and progress of the transfer will be recorded or noted on Resident's chart. If TAYLOR VILLAGE ASSISTED LIVING finds that Resident is inappropriately placed in the Assisted Living unit, based upon a Functional Assessment, the TAYLOR VILLAGE ASSISTED LIVING shall inform Resident and/or Responsible Party, if applicable. If a voluntary discharge or transfer of Resident is not arranged by Resident, TAYLOR VILLAGE ASSISTED LIVING shall provide written notice to Resident and to Resident's Responsible Party, giving Resident thirty (30) days' notice of TAYLOR VILLAGE ASSISTED LIVING

intent to discharge or transfer Resident to an appropriate care provider. This procedure will precede all other notice requirements.

(d) Emergency Management Services will be summoned by TAYLOR VILLAGE ASSISTED LIVING when:

(i) Emergency transfer or discharge is mandated by Resident's immediate health needs; or

(ii) The transfer or discharge of Resident is necessary for the physical safety of Resident or other residents.

(e) Upon Death or Change in Mental or Physical Health. If a resident dies or is compelled to leave TAYLOR VILLAGE ASSISTED LIVING by a change in mental or physical health, this Agreement and all obligations under it shall terminate immediately. If Resident has previously signed a Residency and Care Agreement, termination of this Agreement will be pursuant to the terms of the Residency and Care Agreement signed by Resident.

6. **RESPONSIBLE PARTY**

If Resident has a Responsible Party, Resident or Responsible Party shall provide TAYLOR VILLAGE ASSISTED LIVING written documentation of Responsible Party's appointment by a court or Resident. Responsible Party may be any person legally responsible for Resident, including a guardian, a person holding a durable power of attorney, or a health care proxy. TAYLOR VILLAGE ASSISTED LIVING will not recognize a Responsible Party for health or financial decisions of Resident unless TAYLOR VILLAGE ASSISTED LIVING has a copy of the legal documentation appointing Responsible Party, and such legal documentation gives Responsible Party, the right to make appropriate decisions for Resident. If a court or Resident has designated a Responsible Party, TAYLOR VILLAGE ASSISTED LIVING is authorized and entitled to rely upon and follow the directions of the Responsible Party, and will be held harmless for doing so. Resident and Responsible Party shall execute **Exhibit B**, if applicable.

When family notification is required for any reason, TAYLOR VILLAGE ASSISTED LIVING will communicate with the Responsible Party as listed on the Resident's record. All other personal contacts will be the responsibility of the Responsible Party acting for Resident.

7. **SAFEKEEPING OF CASH**

TAYLOR VILLAGE ASSISTED LIVING shall not provide safekeeping of cash. However, residents may establish a Resident Trust Fund through the PBM Business office.

8. **ASSESSMENT AND SERVICE PLAN**

Prior to admission, an assessment of Resident's health status shall be conducted and/or coordinated with the participation of appropriate health professionals. The assessment shall include the elements required by law. TAYLOR VILLAGE ASSISTED LIVING associates shall prepare a Service Plan that identifies the challenges, needs, and wishes/requests of Resident. TAYLOR VILLAGE ASSISTED LIVING associates shall meet regularly, no less than once every six (6) months or, in the case of a significant event altering Resident's medical status, to review and, where appropriate, to revise the Service Plan. Resident is encouraged to attend his or her Service Plan meeting. Resident's Responsible Party and/or immediate family member may attend the Service Plan meeting on behalf of or with Resident.

9. **RELEASE OF INFORMATION**

TAYLOR VILLAGE ASSISTED LIVING will comply with statutes, rules and regulations regarding Resident's privacy and release of Resident's medical information.

- (a) TAYLOR VILLAGE ASSISTED LIVING is a "covered entity" under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and does not need Resident's consent for routine use and disclosure of health records, which will allow TAYLOR VILLAGE ASSISTED LIVING to use or disclose Resident's health information for treatment, payment, and health care operations. TAYLOR VILLAGE ASSISTED LIVING Notice of Privacy Practices is attached hereto as **Exhibit F** and is incorporated herein by this reference.
- (b) TAYLOR VILLAGE ASSISTED LIVING will not release, disclose, or use Resident's protected individual health information for purposes other than treatment, payment or operations, without a specific authorization signed by Resident or Resident's representative. Each authorization will provide a specific description of the information to be used or disclosed, an expiration date, and a description of Resident's right to revoke the authorization.
- (c) TAYLOR VILLAGE ASSISTED LIVING may be obligated by law to report communicable diseases to the Department of Health, deaths by unusual occurrences, resident abuse, neglect or misappropriation of Resident's property, and unusual incidents. In order to comply with North Carolina law, TAYLOR VILLAGE ASSISTED LIVING will release the minimum necessary protected individual health information in order to make any such required report.

10. **APARTMENT HOLD**

If Resident is transferred to an acute facility, skilled long term care facility, returns to his/her previous residence, or temporarily leaves TAYLOR VILLAGE ASSISTED LIVING, Resident must continue to pay for his/her apartment in TAYLOR VILLAGE ASSISTED LIVING in order to hold the apartment. In the event Resident elects not to pay for his/her rent in TAYLOR VILLAGE ASSISTED LIVING, the apartment will be

reassigned and Resident will be assigned a different one on the basis of availability if he/she is required to return to Assisted Living.

11. **CONSENT TO OPEN AND READ MAIL**

TAYLOR VILLAGE ASSISTED LIVING will send and receive mail promptly for Resident and will not open Resident's mail unless otherwise requested by Resident or Responsible Party. Resident or Responsible Party shall initial below to indicate their desires with respect to mail received by Resident:

\_\_\_\_\_ (a) Resident requests that an employee of TAYLOR VILLAGE ASSISTED LIVING open Resident's personal mail and read Resident's mail to Resident.

\_\_\_\_\_ (b) Resident does not consent to the opening of Resident's mail.

12. **OUTSIDE ACTIVITY PARTICIPATION**

TAYLOR VILLAGE ASSISTED LIVING provides activities for its residents, which include participation in some activities outside TAYLOR VILLAGE ASSISTED LIVING. Resident or Responsible Party shall initial below to indicate Resident's desires with respect to community activities outside the TAYLOR VILLAGE properties:

\_\_\_\_\_ (a) Resident desires to participate in community activity programs outside TAYLOR VILLAGE, sponsored and organized by TAYLOR VILLAGE ASSISTED LIVING. Resident acknowledges and agrees that TAYLOR VILLAGE ASSISTED LIVING is not responsible or liable for, and shall be held harmless from, any loss, injury or damage resulting from or relating to Resident's participation in activities and programs conducted by persons and entities other than TAYLOR VILLAGE ASSISTED LIVING.

\_\_\_\_\_ (b) Resident does not desire to participate in community activity programs outside TAYLOR VILLAGE ASSISTED LIVING. However, Resident and Responsible Party acknowledge that TAYLOR VILLAGE ASSISTED LIVING may notify Resident of outside activities that are compatible with Resident's Service Plan and which Resident may desire to attend.

13. **PHARMACY**

TAYLOR VILLAGE ASSISTED LIVING has developed written policies and procedures for drug therapy, distribution and control of medication in accordance with current North Carolina and federal law. TAYLOR VILLAGE ASSISTED LIVING has selected a pharmacy to provide medication prescribed for its residents under the distribution system.

To insure uniform administration of TAYLOR VILLAGE ASSISTED LIVING drug program, TAYLOR VILLAGE ASSISTED LIVING recommends that all residents purchase all of their medication from the selected pharmacy during their stay at TAYLOR VILLAGE ASSISTED LIVING. However, TAYLOR VILLAGE ASSISTED LIVING does not require Resident to use the selected pharmacy, and Resident has the right to use another supplier of drugs so long as that supplier will furnish the unit dose system identical to the one being used at TAYLOR VILLAGE ASSISTED LIVING and will provide twenty-four (24) hour delivery service to TAYLOR VILLAGE ASSISTED LIVING. If Resident elects to use the selected pharmacy, Resident or Responsible Party shall execute the Pharmacy Agreement, which is attached hereto as **Exhibit C** and incorporated herein by this reference.

If a resident or Responsible Party selects another pharmacy, the resident or responsible party shall assure that medications are delivered in approved containers and within acceptable time periods to meet the physician's orders.

14. **SELF-ADMINISTRATION OF DRUGS**

Provided that Resident's medical assessment is consistent with Resident self-administering medications, and that Resident elects to self-administer medication, TAYLOR VILLAGE ASSISTED LIVING shall permit Resident to self-administer medications. In the event it is potentially harmful for the health or safety of Resident for Resident to self-administer medications, TAYLOR VILLAGE ASSISTED LIVING may require that Resident have associates administer his/her medications. For the safety of all Residents, all medications must be stored out of sight or secured to prevent harm to other Residents.

15. **SUBORDINATION**

Resident and Responsible Party, if applicable, agree that their rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages that have been or may be executed in the future by TAYLOR VILLAGE. Upon request by TAYLOR VILLAGE ASSISTED LIVING, Resident and Responsible Party, if applicable, agree to execute and deliver to any lender supplying financing to TAYLOR VILLAGE ASSISTED LIVING written acknowledgment of such subordination.

16. **COMPLIANCE WITH LAW**

The parties to this Agreement agree to comply with the applicable laws of North Carolina and the United States of America that are presently in effect and that may be enacted during the term of this Agreement. Resident and Responsible Party, if applicable, further agree to execute, when requested by TAYLOR VILLAGE ASSISTED LIVING, any and all amendments or modifications to this Agreement if required by law.



17. **NON-DISCRIMINATION**

TAYLOR VILLAGE ASSISTED LIVING promotes equal housing opportunities and shall not discriminate against applicants or residents based on race, color, religion, sex, handicap, familial status, or national origin.

18. **INDEMNIFICATION**

Resident shall defend, indemnify and hold TAYLOR VILLAGE ASSISTED LIVING harmless from any and all claims, demands, suits and actions made against TAYLOR VILLAGE ASSISTED LIVING by any person resulting from any damage or injury caused by Resident to any person or the property of any person or entity (including TAYLOR VILLAGE ASSISTED LIVING).

19. **TOBACCO POLICY**

The PENNYBYRN ASSISTED LIVING BUILDING is a non-smoking building and smoking is prohibited. For safety reasons, matches, lighters or lighter fluid are prohibited. The Resident hereby agrees to follow the tobacco policy of TAYLOR VILLAGE ASSISTED LIVING.

20. **PERSONAL LAUNDRY**

TAYLOR VILLAGE ASSISTED LIVING offers three options for personal laundry. Resident may either request TAYLOR VILLAGE ASSISTED LIVING to do Resident's laundry at a charge of \$45.00 per month; may use the personal laundry facilities; make his or her own arrangements. If Resident elects to make his or her own arrangements for laundry services, Resident shall furnish TAYLOR VILLAGE ASSISTED LIVING with an airtight container in which to store the soiled laundry. Resident shall also have his or her laundry picked up no less than twice a week. Resident shall initial below to indicate which option he or she desires to have:

\_\_\_\_\_ (a) Resident desires to have his or her clothing laundered by TAYLOR VILLAGE ASSISTED LIVING at a charge of \$45.00 per month.

\_\_\_\_\_ (b) Resident desires to personally use the washer and dryer on the unit.

\_\_\_\_\_ (c) Resident desires to make his or her arrangements for laundry services.

21. **RESIDENT'S REPRESENTATION AND COMMUNICATION PROCEDURE**

TAYLOR VILLAGE ASSISTED LIVING has developed a Resident's Representation and Communication Procedure and encourages residents to exercise their rights as

residents and citizens. Resident Communication Policy is attached hereto as **Exhibit H** and incorporated herein by this reference.

22. **SPONSOR**

TAYLOR VILLAGE ASSISTED LIVING is owned by Maryfield, Inc., a North Carolina not-for-profit corporation.

23. **ACKNOWLEDGMENT**

Resident and Responsible Party acknowledge that they have read and understand this Agreement, and that PENNYBYRN AT MARYFIELD has answered any questions relative to this Agreement. Each party acknowledges receipt of a duplicate original of the Agreement. Resident and/or Responsible Party acknowledge receipt of the following Exhibits, which have been read to Resident and/or Responsible Party: **Exhibit A**, Listing of Billable Items Not Covered in Basic Fee; **Exhibit B**, Resident's Responsible Party Appointment and Agreement; **Exhibit C** Pharmacy Agreement; **Exhibit D**, Consent to Photograph Agreement; **Exhibit E**, Nursing Services Policy; **Exhibit F**, Notice of Privacy Practices; **Exhibit G**, Resident Responsibility; **Exhibit H**, Resident Representation and Communication Policy; **Exhibit I**, North Carolina Bill of Rights for Adult Care Home; **Exhibit J**, Level of Care Agreement; **Exhibit K**, Direct Entry into Assisted Living Agreement.

24. **TERMINATION FROM THE ASSISTED LIVING UNIT**

If Resident dies or is compelled to leave Assisted Living as a result of a change in his or her mental or physical condition, this Agreement and all obligations under it shall terminate immediately. All charges shall be prorated as of the date on which the Agreement terminates, and if any payments have been made in advance, the excess shall be refunded to Resident. This provision does not apply to the separate Continuing Care Residency and Care Agreement and any provisions regarding financial support set forth in either agreement shall supersede this paragraph

25. **ENTIRE AGREEMENT**

Unless otherwise specifically provided in any document executed by Resident in connection with this Agreement, not excluding the marketing materials for PENNYBRYN AT MARYFIELD and the requirements of the Continuing Care Provider registration and Disclosure Act (40 p.s. 3201 et, seq), constitutes the full and entire understanding and agreement among the parties, and no party shall be liable or bound to the other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein or in a separate written document signed by both parties. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement. A modification or amendment of this Agreement is effective only if it is in writing and executed by both parties. In the event of any litigation between parties to this Agreement

seeking to enforce any provision of this Agreement, the non-prevailing party shall pay all court costs and attorneys' fees incurred by the prevailing party as a result of the litigation, including court costs and attorneys' fees prior to trial, at trial, and on appeal.

This Agreement shall be governed and construed in accordance with the laws of North Carolina without giving effect to its conflict of laws provisions. Guilford County, North Carolina shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding as between the parties that may be brought under, or arise out of this Agreement.

If any provisions of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid or unenforceable provisions had never been contained herein.

26. **INTERPRETATION**

This Agreement shall inure to the benefit of, and be binding upon, the heirs, successors, permitted assigns, and legal and personal representatives of the parties. Resident and Responsible Party shall not assign any of their rights or delegate any of their obligations under this Agreement without PENNYBRYN AT MARYFIELD'S prior, written consent.

27. **MEDIATION / LITIGATION**

Both parties agree to enter into mediation in an effort to approach reconciliation prior to entering into litigation.

IN WITNESS WHEREOF, PENNYBYRN AT MARYFIELD has caused this Agreement to be executed through its duly authorized representative, and Resident and Responsible Party have executed this Agreement, as of the day and year first written above.

MARYFIELD Inc., a North Carolina Not-for-Profit Corporation

By: \_\_\_\_\_  
 Taylor Village \_\_\_\_\_ Date \_\_\_\_\_ Witness \_\_\_\_\_  
 Representative

\_\_\_\_\_  
 Resident \_\_\_\_\_ Date \_\_\_\_\_ Witness \_\_\_\_\_

\_\_\_\_\_  
**Responsible Party, \_\_\_\_\_ Date \_\_\_\_\_ Witness \_\_\_\_\_**  
**If applicable and relationship to Resident**

**Exhibit A**

This list is not all-inclusive. Additional medical supplies may be used that are specific to your medical condition. Please note that the above prices are subject to change with a 30 day notice.

|   |  |
|---|--|
| Copier black/white (more than ten copies) .....                         | \$.10/page   |
| Long-distance faxes.....  | \$1.00/page  |
| International faxes.....  | \$4.00/page  |
| Returned check fee.....   | \$25.00  |
| Catering Services (Private Dining Room) .....                           | Published Prices   |
| Guest meals.....  | \$7.35   |
| Holiday Meals.....  | \$10.50  |
| Guest room.....   | \$90 per night (subject<br>to a seven (7) day limit (\$50.00 cancellation fee for less than 48 hours in advance) |
| Beauty/barber shop .....  | Published Prices   |
| Personal Laundry.....   | \$42.00 per month  |
| Transportation Escort Service.....                                      | \$78.75  |
| Medical Transportation (Facility Provided – Scheduled Days).....        | No Charge  |
| Transportation (Facility Provided - Non-scheduled Days/No escort) ..... | \$15.00/hr<br>and \$1.00 per mile  |

\*\*\*\*\*

Telephone Service Contact North State Communications at: .....336-886-3720  
Cable Television Service Contact Time-Warner Cable at: .....\$33.00 per month

**Exhibit B**

**RESIDENT'S RESPONSIBLE PARTY APPOINTMENT AND AGREEMENT**

**PART I**

I have applied for admission to PENNYBYRN AT MARYFIELD TAYLOR VILLAGE LICENSED ASSISTED and I am the Resident named in the PENNYBYRN AT MARYFIELD TAYLOR VILLAGE ASSISTED LIVING Agreement dated \_\_\_\_\_ ("Admission Agreement"). I hereby appoint \_\_\_\_\_ as my agent ("Responsible Party") for all purposes of the Admission Agreement. I hereby authorize Responsible Party to inspect and receive copies of my record, to handle my finances, to pay my expenses, to receive my personal funds, and to execute the Admission Agreement on my behalf. PENNYBYRN AT MARYFIELD is authorized and entitled to rely upon and follow the directions, consents, etc., given by Responsibility Party and will be held harmless for doing so.

Date: \_\_\_\_\_

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness #1 - Signature

\_\_\_\_\_  
Witness #2 - Signature

**PART II**

The undersigned Responsible Party hereby agrees as follows:

1. To utilize the funds of Resident to pay all costs and expenses incurred by or on behalf of Resident at PENNYBYRN AT MARYFIELD and to arrange for the provision of personal clothing and care supplies as needed or desired by Resident and as required by PENNYBYRN AT MARYFIELD.
2. To utilize the funds of Resident to reimburse PENNYBYRN AT MARYFIELD for the replacement costs of any property of PENNYBYRN AT MARYFIELD or other residents or employees of PENNYBYRN AT MARYFIELD that is damaged by Resident or Resident's guests.
3. The undersigned acknowledges that he or she is aware of the complaint procedure to be used if there is a concern with the service of PENNYBYRN AT MARYFIELD TAYLOR VILLAGE ASSISTED LIVING. The undersigned shall direct any complaints to the Community Leader.
4. If Resident is a Medicare Resident, to utilize the funds of the resident to pay extra charges not covered by the Medicare program in a timely manner, and to notify the Assistant Living Leader of any problem anticipated in paying such charges.

5. To sign Resident out of PENNYBYRN AT MARYFIELD TAYLOR VILLAGE ASSISTED LIVING when Resident leaves TAYLOR VILLAGE. The undersigned Responsible Party acknowledges that PENNYBYRN AT MARYFIELD does not assume any responsibility for Resident while Resident is on leave and agrees to indemnify and hold PENNYBYRN AT MARYFIELD harmless from any claims, liability, or expense resulting from any illness, injury, or damage that Resident may incur or cause while away from PENNYBYRN AT MARYFIELD.

**Resident's Responsible Party Appointment and Agreement continued.**

Date: \_\_\_\_\_

\_\_\_\_\_  
PENNYBYRN AT MARYFIELD

\_\_\_\_\_  
Representative Responsible Party

Address: \_\_\_\_\_

\_\_\_\_\_

Home Phone No. \_\_\_\_\_

Business Phone No. \_\_\_\_\_

**EXHIBIT C**

**PHARMACY AGREEMENT**

The undersigned hereby selects  Neil Medical Pharmacy or  Other Pharmacy:  
\_\_\_\_\_ Pharmacy Services as the supplier of all medications  
prescribed for the undersigned while a resident at TAYLOR VILLAGE ASSISTED LIVING.  
The undersigned understands that he or she can change this selection at any time by written  
notice to TAYLOR VILLAGE ASSISTED LIVING.

Date: \_\_\_\_\_

\_\_\_\_\_  
Resident or Responsible Party

\_\_\_\_\_  
Witness-Signature

**Exhibit D**

**CONSENT TO PHOTOGRAPH AGREEMENT**

Resident acknowledges that photographs (including video photography) may be taken in or around PENNYBYRN AT MARYFIELD from time to time by other residents or their family members, representatives of the news media, representatives of governmental agencies, or others. PENNYBYRN AT MARYFIELD does not assure Resident's privacy from any such undesired photographs.

The undersigned hereby agrees as indicated below:

- \_\_\_\_\_ (a) I hereby give my consent to be photographed by PENNYBYRN AT MARYFIELD for advertising or public display.
- \_\_\_\_\_ (b) I do not give my consent to be photographed by PENNYBYRN AT MARYFIELD for advertising or public display.
- \_\_\_\_\_ (c) I hereby give my consent to be photographed by PENNYBYRN AT MARYFIELD for the sole purpose of proper identification for drug administration and associates orientation.
- \_\_\_\_\_ (d) I hereby give my consent to be photographed by PENNYBYRN AT MARYFIELD for any purposes other than advertising or public display (internal newspapers, photos to be displayed in PENNYBYRN AT MARYFIELD, etc.)

**The resident has the right to revoke their permission for photo release at any time.**

Expiration Date of Consent to Photograph: \_\_\_\_\_ ( one year from date signed)

\_\_\_\_\_  
Resident or Responsible Party

\_\_\_\_\_  
Date



## Exhibit E

### NURSING SERVICES POLICY

TAYLOR VILLAGE ASSISTED LIVING will provide (FOR LICENSED ASSISTED LIVING RESIDENTS ONLY) nursing care by persons licensed as registered nurse, licensed practical nurses or certified as nursing assistants for the following:

#### Registered Nurse:

1. Assessing the resident's physical and mental health including the resident's reaction to illnesses and treatment regimens;
2. Recording and reporting the results of the nursing assessment;
3. Planning, initiating, delivering, and evaluating appropriate nursing acts;
4. Teaching, assigning, delegating to or supervising other personnel in implementing the treatment regimen;
5. Providing teaching and counseling about the resident's health;
6. Reporting and recording the plan for care, nursing care given, and the resident's response to that care;
7. Supervising, teaching, and evaluating those who perform or are preparing to perform nursing functions and administering nursing programs and nursing services.

#### Licensed Practice Nurse:

1. Participating in the assessment of the resident's physical and mental health, including the patient's reaction to illnesses and treatment regimens;
2. Recording and reporting the results of the nursing assessment;
3. Participating in implementing the health care plan developed by the registered nurse;
4. Assigning or delegating nursing interventions to other qualified personnel under the supervision of the registered nurse;
5. Participating in the teaching and counseling of residents as assigned by a registered nurse, physician, or other qualified professional;
6. Reporting and recording the nursing care rendered and the resident's response to that care;
7. Maintaining safe and effective nursing care, whether rendered directly or indirectly.

#### Certified Nursing Assistants:

Personal care tasks which are needed for daily living such as bathing, feeding, and ambulation. In addition, other tasks may be taught such as enema administration or emptying of drainage bags

***TAYLOR VILLAGE ASSISTED LIVING shall provide or arrange qualified associates to administer medication based on the needs of the residents. Unlicensed personnel administering medication shall have completed a training program and be certified by the State of North Carolina to administer medication(s).***

**Exhibit F**

**NOTICE OF PRIVACY INFORMATION PRACTICES**

*Effective date: January 1, 2006*

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**

Please contact the Assisted Living Leader if you have any questions regarding this notice.

**General description and purpose of notice.**

This notice describes our information privacy practices and that of:

1. Any health care professional authorized to enter information into your medical record created and/or maintained at our facility;
2. Any member of a volunteer group which we allow to help you while receiving services at our clinic;
3. All facility employees, associates, and other personnel; and
4. Any independent contractor of PENNYBYRN AT MARYFIELD that provides health services for residents of TAYLOR VILLAGE as a component of its organized health care arrangement, as necessary to carry out treatment, payment, and health care operations related to the organized health care arrangement.

All of the individuals or entities identified above will follow the terms of this notice. These individuals or entities may share your health information with each other for purposes of treatment, payment, or health care operations, as further described in this notice.

**Our facility's policy regarding your health information.**

We are committed to preserving the privacy and confidentiality of your health information created and/or maintained at our facility. Certain state and federal laws and regulations require us to implement policies and procedures to safeguard the privacy of your health information.

This notice will provide you with information regarding our privacy practices and applies to all of your health information created and/or maintained at our facility, including any information that we receive from other health care providers or facilities. The notice describes the ways in which we may use or disclose your health information and also describes your rights and our

obligations regarding any such uses or disclosures. We will abide by the terms of this notice, including any future revisions that we may make to the notice as required or authorized by law.

We reserve the right to change this notice and to make the revised or changed notice effective for health information we already have about you as well as any information we receive in the future. We will post a copy of the current notice in our facility. The first page of the notice contains the effective date and any dates of revision.

### **Uses or disclosures of your health information.**

We may use or disclose your health information in one of following ways:

1. Pursuant to your written consent (for purposes of treatment, payment or health care operations)
2. Pursuant to your written authorization (for purposes other than treatment, payment or health care operations)
3. Pursuant to your verbal agreement (for use in our facility directory or to discuss your health condition with family or friends who are involved in your care);
4. As permitted by law
5. As required by law

The following describes each of the different ways that we may use or disclose your health information. Where appropriate, we have included examples of the different types of uses or disclosures. While not every use or disclosure is listed, we have included all of the ways in which we may make such uses or disclosures.

#### **I. Uses or disclosures made pursuant to your written consent.**

We may use or disclose your health information for purposes of treatment, payment, or health care operations upon obtaining your written consent. We may condition our delivery of services to you upon receiving your consent.

1. **Treatment.** We may use your health information to provide you with health care treatment and services. We may disclose your health information to doctors, nurses, nursing assistants, medication aides, technicians, medical and nursing students, rehabilitation therapy specialists, or other personnel who are involved in your direct health care. For example, your physician may order physical therapy services to improve your strength and walking abilities. Our nursing associates will need to talk with the physical therapist so that we can coordinate services and develop a plan of care. We also may disclose your health information to people outside of our facility who may be involved in your direct health care, such as family members, social services, or home health agencies.
2. **Appointment reminders.** We may use or disclose your health information for purposes of contacting you to remind you of a health care appointment.

3. **Treatment alternatives, Health-related benefits and services.** We may use or disclose your health information for purposes of contacting you to inform you of treatment alternatives or health-related benefits and services that may be of interest to you.
4. **Payment.** You are responsible for payment to third party health care providers. We may use or disclose your health information so that we may bill and collect payment from you, an insurance company, or another third party for the health care services you receive at our facility. For example, we may need to give information to your health plan regarding the services you received from our facility so that your health plan will pay us or reimburse you for the **services**. We also may tell your health plan about a treatment you are going to receive in order to obtain prior approval for the services or to determine whether your health plan will cover the treatment.
5. **Health care operations.** We may use or disclose your health information to perform certain functions within our facility. These uses or disclosures are necessary to operate our clinic and to **make** sure that our residents receive quality care. For example, we may use your health information to review our treatment and services and to evaluate the performance of our associates in caring for you. We may combine health information about many of our residents to determine whether certain services are effective or whether additional services should be provided. We may disclose your health information to physicians, nurses, nursing assistants, medication aides, rehabilitation therapy specialists, technicians, medical and nursing students, and other personnel for review and learning purposes. We also may combine health information with information from other health care providers or facilities to compare how we are doing and see where we can make improvements in the care and services offered to our residents. We may remove information that identifies you from this set of health information so that others may use the information to study health care and health care delivery without learning the specific identities of our residents.
  - **Fundraising activities.** We may use a limited amount of your health information for purposes of contacting you to raise money for our facility and its operations. We may disclose this health information to a foundation related to the facility so that the foundation may contact you to raise money for our facility. The information which we may use or disclose will be limited to your name, address, phone number, and dates for which you received treatment or services at our facility. ***If you do not want our facility or affiliated foundation to contact you for these fundraising purposes, you must notify PENNYBYRN AT MARYFIELD in writing.***

## II. Uses or disclosures made pursuant to your written authorization.

We may use or disclose your health information pursuant to your written authorization for purposes other than treatment, payment or health care operations and for purposes which are not permitted or required law. You have the right to revoke a written authorization at any time as long as your revocation is provided to us in writing. If you revoke your written authorization, we will no longer use or disclose your health information for the purposes identified in the authorization. You understand that we are unable to retrieve any disclosures which we may have made pursuant to your authorization prior to its revocation. Examples of uses or disclosures that may require your written authorization include the following:

- (i) A request to provide certain health information to a pharmaceutical company for purposes of marketing
- (ii) A request to provide your health information to an attorney for use in a civil litigation claim
- (iii) A request to provide your health information for purposes of including you on a mailing list

## III. Uses or disclosures made pursuant to your verbal agreement.

We may use or disclose your health information, pursuant to your verbal agreement, for purposes of including you in our facility directory or for purposes of releasing information to persons involved in your care as described below.

1. **Facility directory.** We may use or disclose certain limited health information about you in our facility directory while you are a resident at our facility. This information may include your name, your assigned unit and room number, your religious affiliation, and a general description of your condition. Your religious affiliation may be given to a member of the clergy. The directory information, except for religious affiliation, may be given to people who ask for you by name.
2. **Individuals involved in your care.** We may disclose your health information to **individuals**, such as family and friends, who are involved in your care or who help pay for your care. We also may disclose your health information to a person or organization assisting in disaster relief efforts for the purpose of notifying your family or friends involved in your direct care about your condition, status and location.

## IV. Uses or disclosures permitted by law

Certain state and federal laws and regulations either require or permit us to make certain uses or disclosures of your health information without your permission. These uses or disclosures are generally made to meet public health reporting obligations or to ensure

the health and safety of the public at large. The uses or disclosures which we may make pursuant to these laws and regulations include the following:

1. **Public health activities.** We may use or disclose your health information to public health authorities that are authorized by law to receive and collect health information for the purpose of preventing or controlling disease, injury or disability. We may use or disclose your health information for the following purposes:
  - a. To report births and deaths
  - b. To report suspected or actual abuse, neglect, or domestic violence involving a child or an adult
  - c. To report adverse reactions to medications or problems with health care products
  - d. To notify individuals of product recalls
  - e. To notify an individual who may have been exposed to a disease or may be at risk for spreading or contracting a disease or condition
2. **Health oversight activities.** We may use or disclose your health information to a health oversight agency that is authorized by law to conduct health oversight activities. These oversight activities may include audits, investigations, inspections, or licensure and certification surveys. These activities are necessary for the government to monitor the persons or organizations that provide health care to individuals and to ensure compliance with applicable state and federal laws and regulations.
3. **Judicial or administrative proceedings.** We may use or disclose your health information to courts or administrative agencies charged with the authority to hear and resolve lawsuits or disputes. We may disclose your health information pursuant to a court order, a subpoena, a discovery request, or other lawful process issued by a judge or other person involved in the dispute, but only if efforts have been made to (i) notify you of the request for disclosure or (ii) obtain an order protecting your health information.
4. **Worker's compensation.** We may use or disclose your health information to worker's compensation programs when your health condition arises out of a work-related illness or injury.
5. **Law Enforcement official.** We may use or disclose your health information in response to a request received from a law enforcement official for the following purposes:
  - a. In response to a court order, subpoena, warrant, summons or similar lawful process
  - b. To identify or locate a suspect, fugitive, material witness, or missing person
  - c. Regarding a victim of a crime if, under certain limited circumstances, we are

- unable to obtain the person's agreement
- d. To report a death that we believe may be the result of criminal conduct
  - e. To report criminal conduct at our facility
  - f. In emergency situations, to report a crime—the location of the crime and possible victims; or the identity, description, or location of the individual who committed the crime
6. **Coroners, medical examiners, or funeral directors.** We may use or disclose your health information to a coroner or medical examiner for the purpose of identifying a deceased individual or to determine the cause of death. We also may use or disclose your health information to a funeral director for the purpose of carrying out his/her necessary activities.
  7. **Organ procurement organizations or tissue banks.** If you are an organ donor, we may use or **disclose** your health information to organizations that handle organ procurement, transplantation, or tissue banking for the purpose of facilitating organ or tissue donation or transplantation.
  8. **Research.** We may use or disclose your health information for research purposes under certain limited circumstances. Because all research projects are subject to a special **approval** process, we will not use or disclose your health information for research purposes until the particular research project for which your health information may be used or disclosed has been approved through this special approval process. However, we may use or disclose your health information to individuals preparing to conduct the research project in order to assist them in identifying residents with specific health care needs who may qualify to participate in the research project. Any use or disclosure of your health information which may be done for the purpose of identifying qualified participants will be conducted onsite at our facility. In most instances, we will ask for your specific permission to use or disclose your health information if the researcher will have access to your name, address or other identifying information.
  9. **To avert a serious threat to health or safety.** We may use or disclose your health information when necessary to prevent a serious threat to the health or safety of you or other **individuals**. Any such use or disclosure would be made solely to the individual(s) or organization(s) that have the ability and/or authority to assist in preventing the threat.
  10. **Military and veterans.** If you are a member of the armed forces, we may use or disclose your health **information** as required by military command authorities.
  11. **National security and intelligence activities.** We may use or disclose your health information to authorized federal officials for purposes of intelligence, counterintelligence, and other national security activities, as authorized by law.

12. **Inmates.** If you are an inmate of a correctional institution or under the custody of a law **enforcement** official, we may use or disclose your health information to the correctional institution or to the law enforcement official as may be necessary (i) for the institution to provide you with health care; (ii) to protect the health or safety of you or another person; or (iii) for the safety and security of the correctional institution.

V. **Uses or disclosures required by law**

We may use or disclose your information where such uses or disclosures are required by federal, state or local law.

Your rights regarding your health information

You have the following rights regarding your health information which we create and/or maintain:

1. **Right to inspect and copy.** You have the right to inspect and copy health information that may be used to make decisions about your care. Generally, this includes medical and billing records, but does not include psychotherapy notes.

To inspect and copy your health information, you must submit your request in writing to Taylor Village. If you request a copy of the information, we may charge a fee for the costs of copying, mailing, or other supplies associated with your request.

We may deny your request to inspect and copy your health information in certain limited circumstances. If you are denied access to your health information, you may request that the denial be reviewed. Another licensed health care professional selected by our facility will review your request and the denial. The person conducting the review will not be the person who initially denied your request. We will comply with the outcome of this review.

2. **Right to request an amendment.** If you feel that the health information we have about you is incorrect or incomplete, you may ask us to amend the information. You have the right to request an amendment for as long as the information is kept by or for our facility.

To request an amendment, your request must be made in writing and submitted to PENNYBYRN AT MARYFIEDL. In addition, you must provide us with a reason that supports your request.

We may deny your request for an amendment if it is not in writing or does not include a reason to support the request. In addition, we may deny your request if you ask us to amend information that

- a. was not created by us, unless the person or entity that created the information is no longer available to make the amendment



- b. is not part of the health information kept by or for our facility
  - c. is not part of the information which you would be permitted to inspect and copy
  - d. is accurate and complete
3. **Right to an accounting of disclosures.** You have the right to request an accounting of the disclosures which we have made of your health information. This accounting will not include disclosures of health information that we made for purposes of treatment, payment, or health care operations.

To request an accounting of disclosures, you must submit your request in writing to PENNYBRYN AT MARYFIELD. Your request must state a time period which may not be longer than six (6) years prior to the date of your request and may not include dates before April 14, 2003. Your request should indicate in what form you want to receive the accounting (for example, on paper or via electronic means). The first accounting that you request within a twelve (12)-month period will be free. For additional accountings, we may charge you for the costs of providing the accounting. We will notify you of the cost involved, and you may choose to withdraw or modify your request at that time before any costs are incurred.

**Right to request restrictions.** You have the right to request a restriction or limitation on the health information we use or disclose about you for treatment, payment, or health care operations. You also have the right to request a limit on the health information we disclose about you to someone, such as a family member or friend, who is involved in your care or in the payment of your care. For example, you could ask that we not use or disclose information regarding a particular treatment that you received.

*We are not required to agree to your request.* If we do agree, we will comply with your request unless the information is needed to provide emergency treatment to you.

To request restrictions, you must make your request in writing to Taylor Village. In your request, you must tell us (a) what information you want to limit; (b) whether you want to limit our use, disclosure or both; and (c) to whom you want the limits to apply (for example, disclosures to a family member).

4. **Right to request confidential communications.** You have the right to request that we communicate with you about your health care in a certain way or at a certain location. For example, you can ask that we only contact you at work or by mail.

To request confidential communications, you must make your request in writing to PENNYBYRN AT MARYFIELD. We will not ask you the reason for your request. We will accommodate all reasonable requests. Your request must specify how or where you wish to be contacted.

5. **Right to a paper copy of this notice.** You have the right to receive a paper copy of this notice. You may ask us to give you a copy of this Notice at any time. Even if you have agreed to receive this notice electronically, you are still entitled to a paper copy notice.

To obtain a paper copy of this notice, contact PENNYBYRN AT MARYFIELD.

### Complaints

If you believe your privacy rights have been violated, you may file a complaint with our facility or with the secretary of the NC Department of Health and Human Services. To file a complaint with our facility, contact PENNYBYRN AT MARYFIELD. All complaints must be submitted in writing. You will NOT be penalized for filing a complaint.

### ACKNOWLEDGMENT

I have received the Notice of Privacy Practices from PENNYBYRN AT MARYFIELD

Date: \_\_\_\_\_

Signed By: \_\_\_\_\_

Print Name: \_\_\_\_\_

## Exhibit G

### RESIDENT RESPONSIBILITY

As a Resident I agree to be responsible for:

1. Observing the policies and regulations of TAYLOR VILLAGE ASSISTED LIVING.
2. Consideration of other residents by:
  - a. Being respectful of other's privacy;
  - b. Reminding visitors to observe smoking regulations;
  - c. Using television, telephones, radio and lights in a manner that is not disturbing to others;
  - d. Complying with TAYLOR VILLAGE ASSISTED LIVING rules, regulations and the terms of this agreement;
  - e. Cooperating in the use of heating and air conditioning equipment; and
  - f. Being appropriately dressed while using public areas and facilities;
3. Keeping appointments or notifying the appropriate party of a cancellation.
4. Inquiring of the associates whenever unsure of or in doubt regarding procedure.
5. Bringing concerns and problems to proper sources.
6. Being respectful of individual religious practices and political views.
7. Being aware that gratuities (tips) are strictly against the policy of TAYLOR VILLAGE.
8. Fulfilling the financial obligation of care as in accordance with agreed upon and signed agreement.
9. Using the facility and services appropriately and economically to assure availability to other residents.
10. Being courteous and considerate of associates.
11. Treating PENNYBYRN AT MARYFIELD property with respect.
12. There will be a separate charge for room service meals other than sick day trays.
13. Resident and Responsible Party shall reimburse PENNYBYRN AT MARYFIELD for any and all damages (replacement costs) to furnishings, contents and the property of PENNYBYRN AT MARYFIELD ASSISTED LIVING or other residents or associates of PENNYBYRN AT MARYFIELD caused by Resident or Resident's guest, other than normal wear and tear.

14. Resident and Responsible Party shall agree to sign out upon leaving the TAYLOR VILLAGE ASSISTED LIVING for any reason. The resident shall sign in upon returning from an outside visit.

Date: \_\_\_\_\_

\_\_\_\_\_  
Resident or Responsible Party

\_\_\_\_\_  
Witness-Signature

**Exhibit H**

**RESIDENT REPRESENTATION AND COMMUNICATION POLICY**

Residents are encouraged to exercise their rights as a resident and as a citizen, to voice concerns and to recommend changes in policies and services, free of coercion, discrimination, threats or reprisal. Good faith complaints made against PENNYBYRN AT MARYFIELD TAYLOR VILLAGE ASSISTED LIVING will not result in reprisal against the individual making the complaint.

A resident may register a grievance or a recommended change with a member of:

- 1) Resident’s Council. The Resident’s Council will bring the issue to the attention of TAYLOR VILLAGE ASSISTED LIVING management, or
- 2) PENNYBYRN AT MARYFIELD ASSISTED LIVING leader; or Community Leader or
- 3) The Local Ombudsman Office at (336) 294-4950

The appropriate authority will respond to the issue within seven (7) calendar days of receiving the complaint or recommendation in writing, giving an explanation of his/her investigation and assessment of the validity of the concerns or recommendation.

If Resident is not satisfied with the response, Resident may, within fifteen (15) calendar days, present the issue to the Community Leader of PENNYBYRN AT MARYFIELD for his/her response. The Community Leader must provide a written response within ten (10) calendar days, which shall be considered PENNYBYRN AT MARYFIELD’S final decision.

Resident or Resident’s Representative may submit a complaint to the North Carolina Division of Facility Services at **1-800-624-3004** without prior notice to PENNYBYRN AT MARYFIELD ASSISTED LIVING.

Date: \_\_\_\_\_  
Resident

Date: \_\_\_\_\_  
Responsible Party

Date: \_\_\_\_\_  
PENNYBRYN AT MARYFIELD Representative

## Exhibit I

### **Declaration of Residents' Rights**

Each facility shall treat its residents in accordance with the provisions of this Article. Every resident shall have the following rights:

1. To be treated with respect, consideration, dignity, and full recognition of his or her individuality and right to privacy.
2. To receive care and services which are adequate, appropriate, and in compliance with relevant federal and State laws and rules and regulations.
3. To receive upon admission and during his or her stay a written statement of the services provided by the facility and the charges for these services.
4. To be free of mental and physical abuse, neglect, and exploitation.
5. Except in emergencies, to be free from chemical and physical restraint unless authorized for a specified period of time by a physician according to clear and indicated medical need.
6. To have his or her personal and medical records kept confidential and not disclosed without the written consent of the individual or guardian, which consent shall specify to whom the disclosure may be made, except as required by applicable State or federal statute or regulation or by third party contract. It is not the intent of this section to prohibit access to medical records by the treating physician except when the individual objects in writing. Records may also be disclosed without the written consent of the individual to agencies, institutions or individuals which are providing emergency medical services to the individual. Disclosure of information shall be limited to that which is necessary to meet the emergency.
7. To receive a reasonable response to his or her requests from the facility administrator and associates.
8. To associate and communicate privately and without restriction with people and groups of his or her own choice on his or her own or their initiative at any reasonable hour.
9. To have access at any reasonable hour to a telephone where he or she may speak privately.
10. To send and receive mail promptly and unopened, unless the resident requests that someone open and read mail, and to have access at his or her expense to writing instruments, stationery, and postage.

11. To be encouraged to exercise his or her rights as a resident and citizen, and to be permitted to make complaints and suggestions without fear of coercion or retaliation.
12. To have and use his or her possessions where reasonable and have an accessible, lockable space provided for security of personal valuables. This space shall be accessible only to the resident, the administrator, or supervisor-in-charge.
13. To manage his or her personal needs funds unless such authority has been delegated to another. If authority to manage personal needs funds has been delegated to the facility, the resident has the right to examine the account at any time.
14. To be notified when the facility is issued a provisional license or notice of revocation of license by the North Carolina Department of Health and Human Services and the basis on which the provisional license or notice of revocation of license was issued. The resident's responsible family member or guardian shall also be notified.
15. To have freedom to participate by choice in accessible community activities and in social, political, medical, and religious resources and to have freedom to refuse such participation.
16. To receive upon admission to the facility a copy of this section.
17. To not be transferred or discharged from a facility except for medical reasons, the residents' own or other residents' welfare, nonpayment for the stay, or when the transfer is mandated under State or federal law. The resident shall be given at least 30 days' advance notice to ensure orderly transfer or discharge, except in the case of jeopardy to the health or safety of the resident or others in the home. The resident has the right to appeal a facility's attempt to transfer or discharge the resident pursuant to rules adopted by the Medical Care Commission, and the resident shall be allowed to remain in the facility until resolution of the appeal unless otherwise provided by law. The Medical Care Commission shall adopt rules pertaining to the transfer and discharge of residents that offer at least the same protections to residents as State and federal rules and regulations governing the transfer or discharge of residents from nursing homes.

Date: \_\_\_\_\_

\_\_\_\_\_  
Resident

Date: \_\_\_\_\_

\_\_\_\_\_  
Responsible Party

Date: \_\_\_\_\_

\_\_\_\_\_  
PENNYBYRN AT MARYFIELD Representative

**Exhibit J**  
**Licensed Assisted Living Level of Care Charge Form**

**Resident Name:**  
**Room Number:**  
**Current Assessment Date:**  
**Previous Assessment Date:**  
**Moving in Date:**

Direction: circle or darkened the number in each column as appropriate.  
Note: Assistance includes performance under direct supervision.

**A= Always      S= Sometimes      N= Never**  
**SECTION 1**

| No. | ADL ASSESSMENT   | A  | S   | N   |
|-----|--|----|-----|-----|
| 1.  | Cares for own apartment (does not include weekly housekeeping)     | .0 | 1.5 | 3.0 |
| 2.  | Cares for personal items   | .0 | .2  | .5  |
| 3.  | Makes own bed  | .0 | .3  | .5  |
| 4.  | Dines without assistance   | .0 | 1.0 | 2.0 |
| 5.  | Ambulates without physical assistance                              | .0 | 1.0 | 2.0 |
| 6.  | Transfer self  | .0 | .5  | 1.0 |
| 7.  | Bathes self (2shower/week are included)                            | .0 | .5  | 1.0 |
| 8.  | Does own personal hygiene  | .0 | .5  | 1.0 |
| 9.  | Independent in management of bladder                               | .0 | 3.0 | 6.0 |
| 10. | Independent in management of bowel                                 | .0 | 2.0 | 4.0 |
| 11. | Dresses self   | .0 | .5  | 1.0 |
| 12. | Independent in management of laundry (more than one load per week) | .0 | 2.0 | 3.0 |
|     | <b>SUBTOTAL OF SECTION 1</b>                                       |    |     |     |



**SECTION 2**

| <b>No.</b> | <b>ORIENTATION ASSESSMENT</b>                | <b>A</b> | <b>S</b> | <b>N</b> |
|------------|--|----------|----------|----------|
| 1.         | Oriented to person-Recognizes family/friends | .0       | .3       | .5       |
| 2.         | Oriented to place knows location             | .0       | .5       | 1.0      |
| 3.         | Orientation to time: Knows day               | .0       | .2       | .5       |
| 4.         | Knows month                                  | .0       | .2       | .5       |
| 5.         | Knows time of day                            | .0       | .1       | .5       |
|            | Subtotals                                    |          |          |          |
|            | <b>SUBTOTAL OF SECTION 2</b>                 |          |          |          |

**SECTION 3**

| <b>No.</b> | <b>RESIDENT MANAGEMENT</b>  | <b>A</b> | <b>S</b> | <b>N</b> |
|------------|---|----------|----------|----------|
| 1.         | Requires verbal cueing to maintain schedules or to complete ADL functions.                    | 2.0      | 1.5      | 0.0      |
| 2.         | Wanders and needs redirection.  | 2.5      | 1.9      | 0.0      |
| 3.         | Leaves floor or community and requires intervention to return to a safe environment.          | 3.5      | 2.0      | 0.0      |
| 4.         | Shows feelings of hopelessness, depression and anxiety requiring intervention.                | 1.5      | 0.6      | 0.0      |
| 5.         | Requires staff intervention to manage resisting, or combative or disruptive behavior.         | 3.5      | 2.0      | 0.0      |
| 6.         | Looses personal items frequently requiring staff intervention.                                | 3.0      | 2.0      | 0        |
| 7.         | Requires nurse case management for medical appointments                                       | 3.0      | 2.0      | 0        |
| 8.         | Requires physician order changes of 1 per week  | 3.0      | 2.0      | 0        |
| 9.         | Requires treatments to be completed by the nurse--finger sticks, wound care, skin tears, etc. | 6.0      | 3.0      | 0        |
|            |   |          |          |          |

|                              |   |     |     |   |
|------------------------------|---|-----|-----|---|
| 10.                          | Falls frequently requiring staff intervention to manage fall risk | 3.0 | 1.5 | 0 |
| <b>SUBTOTAL OF SECTION 3</b> |   |     |     |   |

.....SECTION 4

| No. | MEDICATION SECTION   | TOTAL |
|-----|--|-------|
| A   | Self-Administration: Multiply each prescription and/or over the counter medication _____ times 3 minutes.<br><b>OR</b>   |       |
| B   | Supervised Self-Administration: Requires nurse to assist resident by reminders of time, amount or medication storage/security. Multiply each dose of medication _____ times 5 minutes<br><b>OR</b> |       |
| C   | Medication Administration: Nurse stores and processes all medications. Multiply each dose of medication administered _____ times 10minutes.  |       |
|     | <b>TOTAL MEDICATION TIME</b>   |       |
|     | <b>SUBTOTAL SECTION 4</b>  |       |
|     | Divide Subtotal by 15 and enter the number of units  |       |

**TOTALS**

Section 1 \_\_\_\_\_  
Section 2 \_\_\_\_\_  
Section 3 \_\_\_\_\_  
Section 4 \_\_\_\_\_  
Grand Total \_\_\_\_\_



**Exhibit K**

**TAYLOR VILLAGE INC.**

Change in Accommodation for Contracted Resident

Current Residence \_\_\_\_\_

\_\_\_\_ **IL** \_\_\_\_ **AL** \_\_\_\_ **Memory Support AL** \_\_\_\_ **Healthcare Household** \_\_\_\_\_

Current address:

\_\_\_\_\_

New Residence:

\_\_\_\_ **IL** \_\_\_\_ **AL** \_\_\_\_ \_\_\_\_ **Memory Support AL** \_\_\_\_ **Healthcare Household**

New address:

\_\_\_\_\_

Previous Monthly or Daily Fee Rate:

\$\_\_\_\_\_ Monthly

\$\_\_\_\_\_ Daily

New Monthly or Daily Fee Rate:

\$\_\_\_\_\_ Monthly

\$\_\_\_\_\_ Daily

Effective Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Resident Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Responsible Party Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
PBM Representative Date

**Exhibit L**

**Direct Admission  
TAYLOR VILLAGE Assisted Living  
Residency Agreement**

THIS agreement is entered into on \_\_\_\_\_, as an agreement to the Taylor Village Assisted Living Residency and Care Agreement and between MARYFIELD, INC. OF HIGH POINT, NORTH CAROLINA, a non-profit corporation, d/b/a/ PENNYBYRN AT MARYFIELD, hereinafter referred to as the “Retirement Community” and \_\_\_\_\_, hereinafter referred to as “Resident.”

**DEFINED TERMS AND AMOUNTS**

For the purposes of this Agreement, the following definitions shall apply:

- I. Initial Occupancy Date is defined as the day upon which full access to the Assisted Living Apartment is received, all Agreements have been signed, and keys are delivered to the resident.
- II. The “Entrance Fee” shall be paid in the amount of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_).
- III. The “Payment Schedule” for the payment of the Entrance Fee shall be as follows:  
\_\_\_\_\_ deposit paid on \_\_\_\_\_,  
\_\_\_\_\_ balance due paid on or before \_\_\_\_\_.
- IV. The monthly initial “Occupancy Charge” shall be paid in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month, in advance, for one person, plus \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for each additional person.
- V. The “Assisted Living Apartment” to be occupied by the Resident under this Agreement is identified as \_\_\_\_\_.

**BACKGROUND**

Maryfield Inc. is affiliated with the Poor Servants of the Mother of God. This organization has no financial responsibility for any of the financial obligations of PENNYBYRN AT MARYFIELD under this Agreement

The Retirement Community does not discriminate because of race, color, creed, national origin, sex, or handicap in its admission, retention and care of Residents.

Resident (or one of the residents) has attained the age of 62 years and has made application to become a Resident in the Assisted Living Facility so as to live in the unit described in Subsection 3.1. Resident's application has been accepted subject to the execution of this Residency Agreement and the conditions of residency provided for herein.

NOW THEREFORE, for valuable consideration and the promises contained herein, the parties agree as follows:

1. ENTRANCE FEE.

1.1 Amount and Payment. Resident hereby agrees to pay to the Retirement Community the Entrance Fee in accordance with the above-described Payment Schedule. In the event Resident does not exercise his right to rescind under Section 1.3 but at his/her discretion chooses not to take up occupancy in the Apartment specified in this Agreement, Resident continues to have the responsibility and obligation to make payments in accordance with the Payment Schedule.

In the event Resident fails to make payments in accordance with the Payment Schedule, Resident shall lose all right to be a Resident at the Retirement Community. Resident expressly agrees that immediately upon his default in payment in strict accordance with the above Payment Schedule, the Retirement Community shall have the right, but not the obligation, to Agreement with another party for the Assisted Living Apartment which is the subject of this Agreement. Resident's right to a refund of Entrance Fee is controlled exclusively by the provisions of Section 1.2 of this Agreement.

1.2 Refund Policy. The Entrance Fee shall be refundable if the Resident has made full payment in accordance with the Payment Schedule upon the happening of one of the following conditions:

a. If, on the Initial Occupancy Date, the Resident, for whatever reasons, does not take up occupancy in the Assisted Living Apartment, and has complied with the Payment Schedule, then the Entrance Fee paid shall be refunded in full less such fees and charges, if any, as are then owed the Retirement Community.

b. If Resident transfers to another level of care at the Retirement Community, or if Resident ceases occupancy after the expiration of a period of one (1) year or 365 days, then, in such events, no refund shall be payable. Otherwise, if, after the Initial Occupancy Date, Resident's occupancy at the Retirement Community is permanently terminated because he or she transfers to a facility not operated by the Retirement Community, or by reason of his death, within one year or 365 days, after the Initial Occupancy Date, then Resident shall be entitled to a refund of the

Entrance Fee less such fees and charges, if any, as are then owed the Retirement Community.

For purposes of calculating the refund due Resident under this Subsection 1.2, the first day of the 365 day period shall be deemed to be the Initial Occupancy Date; the last day of occupancy shall be deemed to be the day on which Resident has removed all his personal property from the Assisted Living Apartment and has delivered to PENNYBYRN AT MARYFIELD the original and all other keys to the Assisted Living Apartment, Resident hereby relinquishing his/her free access to the Assisted Living Apartment,

A refund is calculated as follows:

The amount of the refund is equal to the Entrance Fee divided by 365 days and multiplied by the 365 minus the number of days of full or partial residency.

The refundable amount shall be due and payable to the Resident by the Retirement Community sixty (60) days after the Retirement Community has re-leased the Assisted Living Apartment. No interest shall be payable on the refundable amount.

- 1.3 Right to Rescind. Resident may rescind this Agreement within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement meeting the requirements of Article 64 of Chapter 58 of the North Carolina General Statutes. Said thirty (30) day period shall be referred to herein after as the “Thirty (30) Day Period.”

In order to rescind the Agreement, Resident must within the Thirty (30) Day Period: (i) deliver written notice to the Retirement Community; (ii) remove all of the Resident’s personal property from the Assisted Living Apartment; and (iii) deliver to the Retirement Community his keys to the Assisted Living Apartment.

Notwithstanding any other provisions of this Agreement, if Resident rescinds the Agreement in accordance with this Subsection 1.3, the Retirement Community shall refund in full any money or property transferred to the Retirement Community less (i) the costs specifically incurred by the Retirement Community at the request of Resident or otherwise herein or in any amendment hereto, (ii) monthly Occupancy Charge or other periodic charges applicable to the period the Assisted Living Apartment was actually occupied by the Resident, and (iii) any other charges actually incurred by Resident during the period the Assisted Living Apartment was actually occupied by Resident, (iv) any non-refundable fees described herein; and (v) a service charge equal to two percent (2%) or \$1000, whichever is greater, of the Resident’s Entrance Fee provided for herein.

If Resident has taken occupancy of the Assisted Living Apartment, the refundable





# Exhibit “D”

## Financial Statements



# **Maryfield, Inc.**

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## **Financial Statements**

**Years Ended September 30, 2019 and 2018**

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## **Independent Auditors' Report**

Board of Directors  
Maryfield, Inc.  
High Point, North Carolina

We have audited the accompanying financial statements of Maryfield, Inc. which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maryfield, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



***Emphasis of Matter – New Accounting Pronouncements***

As discussed in Note 1 to the financial statements, Maryfield, Inc. implemented the provisions of Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2015-09, *Revenue from Contracts with Customers (Topic 606)* during the year ended September 30, 2019. As a result of adopting these new standards, Maryfield, Inc. restated amounts previously reported as of and for the year ended September 30, 2018. Our opinion is not modified in respect to this matter.

*Dixon Hughes Goodman LLP*

**Charlotte, North Carolina  
December 4, 2019**

**Maryfield, Inc.**  
**Balance Sheet**  
**September 30, 2019**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>          |
|--|---------------------------------------|------------------------------------|-----------------------|
| <b>ASSETS</b>  |                                       |                                    |                       |
| Current assets   |                                       |                                    |                       |
| Cash and cash equivalents  | \$ 3,790,105                          | \$ 3,763,216                       | \$ 7,553,321          |
| Investments  | 5,816,323                             | -                                  | 5,816,323             |
| Assets limited as to use, current  | 3,573,813                             | -                                  | 3,573,813             |
| Accounts receivable, residents (net of allowance<br>for doubtful accounts of approximately \$23,000) | 1,189,879                             | -                                  | 1,189,879             |
| Accounts receivable, other   | 283,118                               | -                                  | 283,118               |
| Promises to give   | 2,700                                 | 2,731,354                          | 2,734,054             |
| Prepaid expenses   | 388,770                               | -                                  | 388,770               |
| Total current assets   | <u>15,044,708</u>                     | <u>6,494,570</u>                   | <u>21,539,278</u>     |
| Property and equipment   |                                       |                                    |                       |
| Land   | 1,069,288                             | -                                  | 1,069,288             |
| Buildings and land improvements  | 108,756,833                           | -                                  | 108,756,833           |
| Furniture and equipment  | 13,710,672                            | -                                  | 13,710,672            |
| Construction in progress   | 2,128,390                             | -                                  | 2,128,390             |
| Total  | <u>125,665,183</u>                    | <u>-</u>                           | <u>125,665,183</u>    |
| Accumulated depreciation   | <u>(47,940,824)</u>                   | <u>-</u>                           | <u>(47,940,824)</u>   |
| Total property and equipment, net  | <u>77,724,359</u>                     | <u>-</u>                           | <u>77,724,359</u>     |
| Promises to give, net  | <u>-</u>                              | <u>842,689</u>                     | <u>842,689</u>        |
| Assets limited as to use   |                                       |                                    |                       |
| Trustee-held investments   | 5,407,430                             | -                                  | 5,407,430             |
| Statutory operating reserves   | 5,268,296                             | -                                  | 5,268,296             |
|  | <u>10,675,726</u>                     | <u>-</u>                           | <u>10,675,726</u>     |
| Assets held in perpetuity  |                                       |                                    |                       |
| Beneficial interest in perpetual trust   | -                                     | 2,100,103                          | 2,100,103             |
| Investments  | 1,160,057                             | 1,010,000                          | 2,170,057             |
|  | <u>1,160,057</u>                      | <u>3,110,103</u>                   | <u>4,270,160</u>      |
| Total assets   | <u>\$ 104,604,850</u>                 | <u>\$ 10,447,362</u>               | <u>\$ 115,052,212</u> |

See accompanying notes.

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>          |
|---|---------------------------------------|------------------------------------|-----------------------|
| <b>LIABILITIES AND NET ASSETS</b>   |                                       |                                    |                       |
| <b>Current liabilities</b>  |                                       |                                    |                       |
| Accounts payable  | \$ 1,985,106                          | \$ -                               | \$ 1,985,106          |
| Accrued expenses  | 785,425                               | -                                  | 785,425               |
| Estimated current portion of refundable fees                                      | 1,888,923                             | -                                  | 1,888,923             |
| Current portion of long-term debt   | 2,204,247                             | -                                  | 2,204,247             |
| Bond interest payable   | 1,448,813                             | -                                  | 1,448,813             |
| <b>Total current liabilities</b>  | <b>8,312,514</b>                      | <b>-</b>                           | <b>8,312,514</b>      |
| <br>  |                                       |                                    |                       |
| Long-term debt, net of current portion  | 59,853,185                            | -                                  | 59,853,185            |
| Unamortized debt issuance costs<br>(net of accumulated amortization of \$291,433) | (1,028,262)                           | -                                  | (1,028,262)           |
| <b>Long-term debt, net</b>  | <b>58,824,923</b>                     | <b>-</b>                           | <b>58,824,923</b>     |
| <br>  |                                       |                                    |                       |
| Refundable deposits   | 743,480                               | -                                  | 743,480               |
| Refundable advance fees, net of current portion                                   | 10,703,905                            | -                                  | 10,703,905            |
| Deferred revenue from advance fees  | 18,524,366                            | -                                  | 18,524,366            |
| <b>Total liabilities</b>  | <b>97,109,188</b>                     | <b>-</b>                           | <b>97,109,188</b>     |
| <br>  |                                       |                                    |                       |
| <b>Net assets</b>   |                                       |                                    |                       |
| Without donor restrictions  | 7,495,662                             | -                                  | 7,495,662             |
| With donor restrictions   | -                                     | 10,447,362                         | 10,447,362            |
| <b>Total net assets</b>   | <b>7,495,662</b>                      | <b>10,447,362</b>                  | <b>17,943,024</b>     |
| <br>  |                                       |                                    |                       |
| <b>Total liabilities and net assets</b>   | <b>\$ 104,604,850</b>                 | <b>\$ 10,447,362</b>               | <b>\$ 115,052,212</b> |

See accompanying notes.

**Maryfield, Inc.**  
**Balance Sheet**  
**September 30, 2018**

|   | (As Adjusted)                 |                            | Total          |
|---|-------------------------------|----------------------------|----------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions |                |
| <b>ASSETS</b>   |                               |                            |                |
| Current assets  |                               |                            |                |
| Cash and cash equivalents   | \$ 2,554,996                  | \$ 514,851                 | \$ 3,069,847   |
| Investments   | 8,180,438                     | -                          | 8,180,438      |
| Assets limited as to use, current   | 3,556,334                     | -                          | 3,556,334      |
| Accounts receivable, residents (net of allowance for doubtful accounts of \$77,000) | 1,201,384                     | -                          | 1,201,384      |
| Accounts receivable, other  | 424,762                       | -                          | 424,762        |
| Promises to give  | 275                           | -                          | 275            |
| Prepaid expenses  | 476,021                       | -                          | 476,021        |
| Total current assets  | 16,394,210                    | 514,851                    | 16,909,061     |
| Property and equipment  |                               |                            |                |
| Land  | 724,059                       | -                          | 724,059        |
| Buildings and land improvements   | 106,941,532                   | -                          | 106,941,532    |
| Furniture and equipment   | 13,043,355                    | -                          | 13,043,355     |
| Total   | 120,708,946                   | -                          | 120,708,946    |
| Accumulated depreciation  | (43,942,574)                  | -                          | (43,942,574)   |
| Total property and equipment, net   | 76,766,372                    | -                          | 76,766,372     |
| Promises to give, net   | -                             | 747,188                    | 747,188        |
| Assets limited as to use  |                               |                            |                |
| Trustee-held investments  | 5,155,592                     | -                          | 5,155,592      |
| Statutory operating reserves  | 5,116,349                     | -                          | 5,116,349      |
| Total   | 10,271,941                    | -                          | 10,271,941     |
| Assets held in perpetuity   |                               |                            |                |
| Beneficial interest in perpetual trust  | -                             | 2,144,288                  | 2,144,288      |
| Investments   | 1,088,896                     | 1,010,000                  | 2,098,896      |
| Total   | 1,088,896                     | 3,154,288                  | 4,243,184      |
| Total assets  | \$ 104,521,419                | \$ 4,416,327               | \$ 108,937,746 |

See accompanying notes.



|   | (As Adjusted)                 |                            | Total                     |
|---|-------------------------------|----------------------------|---------------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions |                           |
| <b>LIABILITIES AND NET ASSETS</b>   |                               |                            |                           |
| <b>Current liabilities</b>  |                               |                            |                           |
| Accounts payable  | \$ 1,023,431                  | \$ -                       | \$ 1,023,431              |
| Accrued expenses  | 714,206                       | -                          | 714,206                   |
| Estimated current portion of refundable fees                                      | 1,888,923                     | -                          | 1,888,923                 |
| Current portion of long-term debt   | 2,117,735                     | -                          | 2,117,735                 |
| Bond interest payable   | 1,521,334                     | -                          | 1,521,334                 |
| <b>Total current liabilities</b>  | <b>7,265,629</b>              | <b>-</b>                   | <b>7,265,629</b>          |
| Long-term debt, net of current portion  | 61,945,867                    | -                          | 61,945,867                |
| Unamortized debt issuance costs<br>(net of accumulated amortization of \$225,448) | (1,094,247)                   | -                          | (1,094,247)               |
| <b>Long-term debt, net</b>  | <b>60,851,620</b>             | <b>-</b>                   | <b>60,851,620</b>         |
| Refundable deposits   | 479,290                       | -                          | 479,290                   |
| Refundable advance fees, net of current portion                                   | 10,194,347                    | -                          | 10,194,347                |
| Deferred revenue from advance fees  | 18,687,915                    | -                          | 18,687,915                |
| <b>Total liabilities</b>  | <b>97,478,801</b>             | <b>-</b>                   | <b>97,478,801</b>         |
| <b>Net assets</b>   |                               |                            |                           |
| Without donor restrictions  | 7,042,618                     | -                          | 7,042,618                 |
| With donor restrictions   | -                             | 4,416,327                  | 4,416,327                 |
| <b>Total net assets</b>   | <b>7,042,618</b>              | <b>4,416,327</b>           | <b>11,458,945</b>         |
| <br><b>Total liabilities and net assets</b>                                       | <br><b>\$ 104,521,419</b>     | <br><b>\$ 4,416,327</b>    | <br><b>\$ 108,937,746</b> |

**See accompanying notes.**

**Maryfield, Inc.**  
**Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2019 and 2018**

|  | <u>2019</u>       | <u>(As Adjusted)<br/>2018</u> |
|--|-------------------|-------------------------------|
| Revenue, gains and other support   |                   |                               |
| Net patient service revenue  | \$ 11,934,945     | \$ 11,285,615                 |
| Independent living revenue (including amortization of advance fees of \$2,265,345 in 2019 and \$1,927,111 in 2018) | 10,940,116        | 9,926,860                     |
| Assisted living revenue (including amortization of advance fees of \$49,286 in 2019 and \$97,479 in 2018)          | 3,318,340         | 3,541,981                     |
| Contributions  | 906,935           | 664,805                       |
| Investment income  | 1,081,754         | 1,307,124                     |
| Miscellaneous income   | 672,800           | 733,978                       |
|  | <u>28,854,890</u> | <u>27,460,363</u>             |
| Expenses   |                   |                               |
| Healthcare households  | 10,648,977        | 10,272,081                    |
| Dietary  | 2,949,068         | 2,867,567                     |
| Laundry and housekeeping   | 717,578           | 713,830                       |
| Plant operation  | 3,145,510         | 2,968,522                     |
| Administrative   | 3,187,909         | 2,647,703                     |
| Development and marketing  | 1,100,911         | 850,121                       |
| Depreciation   | 3,998,250         | 3,763,536                     |
| Interest   | 2,788,653         | 2,881,213                     |
|  | <u>28,536,856</u> | <u>26,964,573</u>             |
| Excess of revenue over expenses  | <u>318,034</u>    | <u>495,790</u>                |

See accompanying notes.

**Maryfield, Inc.**  
**Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2019 and 2018**

**(Continued)**

|   | <u>2019</u>          | <u>(As Adjusted)<br/>2018</u> |
|---|----------------------|-------------------------------|
| Net assets without donor restrictions:                      |                      |                               |
| Excess of revenue over expenses                             | \$ 318,034           | \$ 495,790                    |
| Assets released from restriction - capital                  | 498,111              | 145,428                       |
| Net unrealized gains (losses) on investments                | <u>(363,101)</u>     | <u>28,796</u>                 |
| Change in net assets without donor restrictions             | <u>453,044</u>       | <u>670,014</u>                |
| Net assets with donor restrictions:                         |                      |                               |
| Assets released from restriction                            | (498,111)            | (145,428)                     |
| Contributions in the current year                           | 6,573,331            | 1,295,030                     |
| Net change in beneficial interest assets in perpetual trust | <u>(44,185)</u>      | <u>(7,690)</u>                |
| Change in net assets with donor restrictions                | <u>6,031,035</u>     | <u>1,141,912</u>              |
| Increase in net assets                                      | <u>6,484,079</u>     | <u>1,811,926</u>              |
| Net assets, beginning of year                               | <u>11,458,945</u>    | <u>9,647,019</u>              |
| Net assets, end of year                                     | <u>\$ 17,943,024</u> | <u>\$ 11,458,945</u>          |

**See accompanying notes.**

**Maryfield, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

|  | <u>2019</u>        | <u>(As Adjusted)<br/>2018</u> |
|--|--------------------|-------------------------------|
| Cash flows from operating activities   |                    |                               |
| Change in net assets   | \$ 6,484,079       | \$ 1,811,926                  |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                    |                               |
| Depreciation   | 3,998,250          | 3,763,536                     |
| Amortization of debt issuance costs  | 65,985             | 70,985                        |
| Net amortization of bond premium/discount  | (223,502)          | (235,761)                     |
| Change in allowance for accounts receivable, residents                                     | 43,243             | (4,001)                       |
| Realized and unrealized gains on investments, net  | (60,025)           | (928,676)                     |
| Net change in beneficial interest in perpetual trust                                       | 44,185             | 7,690                         |
| Amortization of advance fees   | (2,314,631)        | (2,024,590)                   |
| Entrance fee receipts from turnover units  | 4,023,997          | 5,763,937                     |
| Net change in assets and liabilities:  |                    |                               |
| Accounts receivable, residents   | (31,738)           | (343,515)                     |
| Accounts receivable, other   | 141,644            | (211,348)                     |
| Promises to give without donor restrictions  | (2,425)            | 438                           |
| Prepaid expenses   | 87,251             | (198,389)                     |
| Accounts payable   | 961,675            | 639,067                       |
| Accrued expenses   | 71,219             | 90,493                        |
| Bond interest payable  | (72,521)           | (37,013)                      |
| Deferred donations   | 15,515             | -                             |
| Refundable deposits held in escrow   | 264,190            | (131,199)                     |
| Net cash provided by operating activities  | <u>13,496,391</u>  | <u>8,033,580</u>              |
| Cash flow from investing activities  |                    |                               |
| Purchase of property and equipment   | (4,956,238)        | (3,019,150)                   |
| Purchase of trustee-held funds and investments   | (7,635,443)        | (9,455,070)                   |
| Sales of trustee-held funds and investments  | <u>9,567,158</u>   | <u>8,493,213</u>              |
| Net cash used by investing activities  | <u>(3,024,523)</u> | <u>(3,981,007)</u>            |

See accompanying notes.

**Maryfield, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

**(Continued)**

|  | <u>2019</u>         | <u>(As Adjusted)<br/>2018</u> |
|--|---------------------|-------------------------------|
| Cash flows from financing activities                 |                     |                               |
| Refunds of advance fees                              | \$ (1,378,871)      | \$ (1,612,504)                |
| Promises to give with donor restrictions             | (2,826,855)         | (747,188)                     |
| New borrowings                                       | 335,787             | -                             |
| Bond retirements and debt payments                   | <u>(2,118,455)</u>  | <u>(2,049,309)</u>            |
| Net cash used by financing activities                | <u>(5,988,394)</u>  | <u>(4,409,001)</u>            |
| Net increase (decrease) in cash and cash equivalents | 4,483,474           | (356,428)                     |
| Cash and cash equivalents, beginning                 | <u>3,069,847</u>    | <u>3,426,275</u>              |
| Cash and cash equivalents, ending                    | <u>\$ 7,553,321</u> | <u>\$ 3,069,847</u>           |
| Supplemental disclosure of cash flow information     |                     |                               |
| Cash paid during the year for interest               | <u>\$ 3,018,691</u> | <u>\$ 3,088,002</u>           |

**See accompanying notes.**

## **Notes to Financial Statements**

### **1. Nature of Business and Summary of Significant Accounting Policies**

#### ***Nature of business***

Maryfield, Inc. (the "Organization") is a non-profit organization that provides housing, health care, and other related services to residents through the operation of a continuing-care retirement community (Pennybyrn at Maryfield) in High Point, North Carolina. The facilities include 49 cottages, 131 apartments (Independent Living), a community and wellness center with extensive amenities, 48 assisted-living apartments, and a 125-bed health care facility (Maryfield Health Care Households).

#### ***Basis of presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Organization classifies its net assets as net assets with or without donor restrictions:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowments.
- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

#### ***Cash and cash equivalents***

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less when purchased. Cash and cash equivalents are carried at cost, which approximates fair value.

#### ***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including realized gains and losses on investments, interest income and dividends) is included in excess of revenues over expenses unless restricted by donor or law. Unrealized gains and losses on investments are excluded from excess of revenue over expenses, except for losses on investments determined to be other than temporarily impaired, whereby the historical cost of the related investment would be adjusted to the then-current fair market value.

#### ***Accounts receivable, residents***

The Organization uses the allowance method to determine uncollectible resident receivables. This allowance is equal to the estimated losses to be incurred in collection of the receivables and is based on historical collection experience and management's analysis of the current status of existing receivables.

#### ***Unconditional promises to give***

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

***Property, equipment and depreciation***

Property and equipment purchased are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized. Capitalized development and construction costs represent the planning, development and construction costs incurred to date related to the Organization's expansion and renovation project.

The Organization reviews its long-lived assets for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated realizable value is less than the carrying amount. At September 30, 2019, the Organization has determined that no impairment indicators exist.

Depreciation is provided principally on the straight-line method over the following estimated useful lives:

|                         |                |
|-------------------------|----------------|
| Buildings               | 10 to 50 years |
| Land improvements       | 10 years       |
| Furniture and equipment | 3 to 10 years  |

***Capitalized bond issuance costs***

Capitalized bond issuance costs at September 30, 2019 and 2018 include costs paid to issue the Series 2015 bonds and are being amortized over the life of the bonds on a straight-line basis, which is not materially different than amortization calculated using the effective interest method.

***Assets limited as to use***

Assets limited as to use include trustee-held assets and statutory operating reserves. Trustee-held investments represent funds required by the Organization's bond documents to be held by a Trustee and include various bond interest accounts and debt service reserve accounts. North Carolina General Statute Chapter 58, Article 64 sets forth minimum operating reserve requirements. The operating reserves are not required to be maintained in a separate escrow account and are comingled with unrestricted investments. The Organization was required to maintain a 25% operating reserve at year end. Assets limited as to use that are required to meet current liabilities of the Organization have been classified as current in the balance sheets at September 30, 2019 and 2018.

***Refundable deposits***

Refundable deposits represent deposits paid by future residents.

***Deferred revenue from advance fees***

Advance fees paid by a resident upon entering Independent Living or Assisted Living are recorded as either refundable deposits, or deferred revenue from advance fees. Deferred revenue is amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. Periodic fees are charged for services and use of facilities which approximate the cost of delivering those services. Upon termination (moving or

**Maryfield, Inc.**  
**Notes to Financial Statements**

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death), residents may be entitled to a refund of a portion of their advance fee. The refund amount depends on the type of contract and the length of residency.

Three alternative entrance fee plans provide for refunds to residents from re-occupancy proceeds. The standard entrance fee option, prior to 49 months of occupancy, offers residents a refund equal to the entrance fee, less 2% per month of occupancy and a 2% administrative fee. The 50% refundable plan offers the resident a refund equal to 50% of the entrance fee after 24 months of occupancy. Prior to 24 months of occupancy, the resident is entitled to a refund of the entrance fee, less 2% per month of occupancy and a 2% administrative fee. The 90% refundable plan offers the resident a refund equal to 90% of the entrance fee after 8 months of occupancy. Prior to 8 months of occupancy, the resident is entitled to a refund of the entrance fee less 1% per month of occupancy and a 2% administrative fee.

Total contractual refund obligations in the event of move-out, death, or termination at September 30, 2019 and 2018 were \$16,366,613 and \$19,243,417, respectively.

***Contributions support and donor-imposed restrictions***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restriction and reported in the statement of operations as net assets released from restrictions.

***Net patient service revenue***

Net patient service revenue is reported at the estimated net realizable amounts due from residents, third-party payors, and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued, and interim and final settlements are reported in operations in the year of settlement.

Revenue from Medicare and Medicaid accounted for approximately 24% and 23%, respectively, of the Organization's net patient service revenue for the year ended September 30, 2019, and 21% and 26%, respectively, of the Organization's net patient service revenue for the year ended September 30, 2018.

***Income taxes***

The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. The Organization has no material uncertain tax positions requiring disclosure.

***Excess of revenues over expenses***

The statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, restricted contributions pledged, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

***Fair value of financial instruments***

Except for fixed-rate, long-term debt, the carrying amounts of the Organization's significant financial instruments, none of which are held for trading purposes, approximate fair value at September 30, 2019 and 2018. Cash and



**Maryfield, Inc.**  
**Notes to Financial Statements**

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cash equivalents, restricted cash, resident and other receivables, accounts payable, and accrued expenses approximate fair value because of the short maturities of these instruments. Unconditional promises to give approximate fair value because these instruments are recorded at net present value. Investments are reported at fair value. The line of credit (when used) approximates fair value because of their floating interest rate terms. The fair value of fixed-rate, long-term debt is approximately \$62,321,000 and \$62,504,000 based on market values at September 30, 2019 and 2018, respectively.

***Estimates***

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

***Obligation to provide future services***

The Organization enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Organization specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary.

Management has evaluated the need to record an obligation to provide future services. No liability was determined to be necessary, therefore no liability has been recorded.

***Methods used for allocation of expenses among programs and supporting services***

The Organization has presented a schedule of expenses by both function and nature in Note 19. The Organization allocates expenses on a functional basis among its various programs and supporting services. The schedule of expenses in Note 19 reports certain categories of expenses that are attributable to one or more program or supporting services of the retirement community. These expenses include salaries and benefits. Salaries and benefits are allocated based on an estimate of time spent on each activity.

***New accounting pronouncements***

**Presentation of Financial Statements of Not-for-Profit Entities**

During the year ended September 30, 2019, the Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This accounting standard is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The 2018 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These disclosures have been presented for 2019 only as allowed by ASU 2016-14.

**Maryfield, Inc.**  
**Notes to Financial Statements**

The effect of the retrospective application of ASU 2016-14 on previously reported financial statement amounts is summarized below:

| <u>Net Asset Classifications</u>           | <u>ASU 2016-14 Classifications</u> |                                |                         |
|--|------------------------------------|--------------------------------|-------------------------|
|  | <u>Without Donor Restrictions</u>  | <u>With Donor Restrictions</u> | <u>Total Net Assets</u> |
| As previously presented:                   |                                    |                                |                         |
| Unrestricted                               | \$ 8,208,779                       | \$ -                           | \$ 8,208,779            |
| Temporarily restricted                     | -                                  | 1,262,039                      | 1,262,039               |
| Permanently restricted                     | -                                  | 3,154,288                      | 3,154,288               |
| Net assets as previously presented         | 8,208,779                          | 4,416,327                      | 12,625,106              |
| Reclassification to implement ASU 2016-14: |                                    |                                |                         |
| Net assets as reclassified                 | 8,208,779                          | 4,416,327                      | 12,625,106              |
| Implementation of ASC Topic 606            | (1,166,161)                        | -                              | (1,166,161)             |
| Net assets as reclassified and adjusted    | \$ 7,042,618                       | \$ 4,416,327                   | \$ 11,458,945           |

Revenue from Contracts with Customers

During 2019, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606") under the full retrospective approach applied to certain contracts using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, as management determined that the effect of applying the guidance to the Organization's portfolios of contracts within the scope of ASC Topic 606 on the financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or the Organization's performance obligations within that portfolio. The five-step model defined by ASC Topic 606 requires the Organization to: (1) identify contracts with customers, (2) identify the Organization's performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction prices to the Organization's performance obligations in those contracts and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. The adoption of ASC Topic 606 did not result in an adjustment to net assets except for the write-off of deferred marketing costs that are not considered incremental costs as defined in ASC Topic 606 and did not have a material impact on the amount and timing of revenue recognition for the year ended September 30, 2018.

The promised goods or services in the resident agreement for a Type A life care contract are that the entity is standing ready each month to provide a service such that the resident can continue to live in the facility and access the appropriate level of care based on his or her needs. As such, the entity recognizes the nonrefundable entrance fee in an equal amount allocated to each month, given the nature of the entity's performance is that of having the various residential, social or health care services available to the resident on a when-and-if needed

**Maryfield, Inc.**  
**Notes to Financial Statements**

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basis each month for as long as the resident resides in the facility.

Upon adoption of ASC Topic 606, entities should evaluate costs associated with acquiring life care contracts to determine if they meet the requirements for capitalization under FASB ASC 340-40-25. Under FASB ASC 340-40-25-2, the incremental costs of obtaining a contract are those that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

As such, the entity has retrospectively adjusted the prior year financial statements for the removal of deferred marketing costs previously recorded on the balance sheets.

|  | <u>2018 Previously<br/>Presented</u> | <u>Adjustment</u> | <u>2018<br/>(As Adjusted)</u> |
|--|--------------------------------------|-------------------|-------------------------------|
| <u>Balance Sheet:</u>                                      |                                      |                   |                               |
| Cost of acquiring initial continuing care contracts, net   | \$ 1,166,161                         | \$ (1,166,161)    | \$ -                          |
| Total assets   | 110,103,907                          | (1,166,161)       | 108,937,746                   |
| Net assets:  |                                      |                   |                               |
| Without donor restrictions                                 | 8,208,779                            | (1,166,161)       | 7,042,618                     |
| Total net assets   | 12,625,106                           | (1,166,161)       | 11,458,945                    |
| Total liabilities and net assets                           | 110,103,907                          | (1,166,161)       | 108,937,746                   |
| <u>Statements of Operations and Changes in Net Assets:</u> |                                      |                   |                               |
| Amortization   | \$ 507,552                           | \$ (507,552)      | \$ -                          |
| Total expenses   | 27,472,125                           | (507,552)         | 26,964,573                    |
| Excess of revenue over expenses                            | (11,762)                             | 507,552           | 495,790                       |
| Increase in net assets                                     | 1,304,374                            | 507,552           | 1,811,926                     |
| Net assets, beginning of year                              | 11,320,732                           | (1,673,713)       | 9,647,019                     |
| Net assets, end of year                                    | 12,625,106                           | (1,166,161)       | 11,458,945                    |
| <u>Cash Flows:</u>   |                                      |                   |                               |
| Change in net assets                                       | \$ 1,304,374                         | \$ 507,552        | \$ 1,811,926                  |
| Cost of acquisition amortization                           | 507,552                              | (507,552)         | -                             |

**Maryfield, Inc.**  
**Notes to Financial Statements**

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***Subsequent events evaluation***

The Organization evaluated the effect subsequent events would have on the financial statements through December 4, 2019, which is the date the financial statements were issued.

**2. Revenue Recognition**

The Organization generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

Monthly service fees:

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of independent living unit they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominate component and does not contain a lease component under ASC Topic 840. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Entrance fees:

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the balance sheet until the performance obligations are satisfied. Management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the estimated life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Health care services:

The Organization provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from Medicare. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

The Organization disaggregates its revenue from contracts with customers by payor source, as the Organization believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

|                          | <u>September 30, 2019</u>   |                            |                             |                             |
|--------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
|                          | <u>Independent Living</u>   | <u>Assisted Living</u>     | <u>Medical Center</u>       | <u>Total</u>                |
| Private pay              | <b>\$ 10,940,116</b>        | <b>\$ 3,318,340</b>        | <b>\$ 5,759,281</b>         | <b>\$ 20,017,737</b>        |
| Government reimbursement | -                           | -                          | <b>6,175,664</b>            | <b>6,175,664</b>            |
| Total                    | <b><u>\$ 10,940,116</u></b> | <b><u>\$ 3,318,340</u></b> | <b><u>\$ 11,934,945</u></b> | <b><u>\$ 26,193,401</u></b> |

**Maryfield, Inc.**  
**Notes to Financial Statements**

|                          | <b>September 30, 2018</b> |                        |                       | <b>Total</b>         |
|--------------------------|---------------------------|------------------------|-----------------------|----------------------|
|                          | <b>Independent Living</b> | <b>Assisted Living</b> | <b>Medical Center</b> |                      |
| Private pay              | \$ 9,926,860              | \$ 3,541,981           | \$ 5,553,132          | \$ 19,021,978        |
| Government reimbursement | -                         | -                      | 5,732,483             | 5,732,483            |
| <b>Total</b>             | <b>\$ 9,926,860</b>       | <b>\$ 3,541,981</b>    | <b>\$ 11,285,615</b>  | <b>\$ 24,754,456</b> |

**3. Investment Securities**

The Organization's investments consist of a broad range of securities. The Organization employs investment managers with expertise in specific asset classes in an effort to achieve a diversified portfolio of investments that maximizes return relative to risk. Any unrealized loss related to these investments at September 30, 2019 and 2018 is not considered significant. Additionally, the Organization has evaluated its ability and intent to hold such investments until recovery of fair value, and the likelihood that individual securities will recover their unrealized losses in the future, and it does not consider these investments to be other than temporarily impaired at September 30, 2019.

The following schedules summarize the investment income and its classification in the statements of operations and changes in net assets for the years ended September 30, 2019 and 2018:

|                                | <b>2019</b>                       |                                |                   | <b>2018</b>                       |                                |                     |
|--------------------------------|-----------------------------------|--------------------------------|-------------------|-----------------------------------|--------------------------------|---------------------|
|                                | <b>Without Donor Restrictions</b> | <b>With Donor Restrictions</b> | <b>Total</b>      | <b>Without Donor Restrictions</b> | <b>With Donor Restrictions</b> | <b>Total</b>        |
| Interest and dividends         | \$ 658,628                        | \$ -                           | \$ 658,628        | \$ 407,244                        | \$ -                           | \$ 407,244          |
| Net realized gains             | 423,126                           | -                              | 426,126           | 899,880                           | -                              | 899,880             |
| Operating investment income    | 1,081,754                         | -                              | 1,081,754         | 1,307,124                         | -                              | 1,307,124           |
| Net unrealized gains (losses)  | (363,101)                         | (44,185)                       | (407,286)         | 28,796                            | (7,690)                        | 21,106              |
| <b>Total investment income</b> | <b>\$ 718,653</b>                 | <b>\$ (44,185)</b>             | <b>\$ 674,468</b> | <b>\$ 1,335,920</b>               | <b>\$ (7,690)</b>              | <b>\$ 1,328,230</b> |

Investment income without donor restrictions is reported in the statements of operations and changes in net assets net of investment advisory fees of approximately \$77,000 and \$86,500 for the years ended September 30, 2019 and 2018, respectively.

**4. Trustee Held Investments**

Bank of New York (BONY), in its capacity as Master Trustee, holds and administers debt service reserve accounts and various interest and principal accounts (to facilitate the payment of bond interest and principal). The following schedules summarize the cost, fair value and appreciation/depreciation of trustee-held investments as of September 30, 2019 and 2018, respectively:

|                          | <b>2019</b>         |                     |
|--------------------------|---------------------|---------------------|
|                          | <b>Cost</b>         | <b>Fair Value</b>   |
| Trustee held investments | <b>\$ 8,917,249</b> | <b>\$ 8,981,243</b> |
|                          |                     | <b>\$ 63,994</b>    |

**Maryfield, Inc.**  
**Notes to Financial Statements**

|                          | <u>2018</u>  |                         |
|--------------------------|--------------|-------------------------|
|                          | <u>Cost</u>  | <u>Fair Value</u>       |
|                          |              | <u>Net Depreciation</u> |
| Trustee held investments | \$ 8,788,709 | \$ 8,711,926            |
|                          |              | \$ 76,783               |

**5. Promises To Give**

Unconditional promises to give at September 30 are as follows, net of allowances:

|                                      | <u>2019</u>         | <u>2018</u>       |
|--------------------------------------|---------------------|-------------------|
| Receivable in less than one year     | \$ 2,734,054        | \$ 275            |
| Receivable in one to five years      | <u>845,501</u>      | <u>750,000</u>    |
| Total unconditional promises to give | 3,579,555           | 750,275           |
| Less discount to net present value   | <u>(2,812)</u>      | <u>(2,812)</u>    |
| Net unconditional promises to give   | <u>\$ 3,576,743</u> | <u>\$ 747,463</u> |

A discount rate of 5.01% and 5.98% was used to calculate present value as of September 30, 2019 and 2018. At September 30, 2019, 44% of unconditional promises to give was from one donor.

**6. Beneficial Interest in Perpetual Trust**

The Organization is the sole beneficiary of an irrevocable trust established for the purpose of providing assistance to those residents whose level of income is not sufficient to pay for nursing care. The fair value of the assets of the trust, which are under the control of an outside fiscal agent, are reported in the accompanying balance sheets as a beneficial interest in perpetual trust. Investment income disbursed from this trust is restricted for providing care to residents and amounted to \$90,000 for the years ended September 30, 2019 and 2018, respectively.

**7. Line of Credit**

The Organization has available an unsecured line of credit with a financial institution with an expiration date of August 2020. The Organization had no balance outstanding on this line as of September 30, 2019 and 2018. Interest is payable monthly on outstanding balances at a variable rate of prime plus 1% subject to a floor of 4.75% and a credit limit of \$1,000,000.

**Maryfield, Inc.**  
**Notes to Financial Statements**

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**8. Long-Term Debt**

Long-term debt at September 30 consists of the following:

|  | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|
| Series 2015 First Mortgage Revenue Refunding Bonds | \$ 59,465,000        | \$ 61,500,000        |
| Promissory note for building exterior renovation   | 335,787              | -                    |
| Equipment notes                                    | <u>79,247</u>        | <u>162,702</u>       |
|  | 59,880,034           | 61,662,702           |
| Plus: unamortized issuance premium, net            | 2,177,398            | 2,400,900            |
| Less: unamortized debt issuance costs, net         | <u>(1,028,262)</u>   | <u>(1,094,247)</u>   |
|  | <u>\$ 61,029,170</u> | <u>\$ 62,969,355</u> |

On April 29, 2015, through the North Carolina Medical Care Commission (the Commission), the Organization issued \$66,135,000 Series 2015 First Mortgage Revenue Bonds to refinance current outstanding bonds at that time. The Series 2015 bonds mature in October 2015 through October 2035, with interest rates ranging from 1.25% to 5.00%. The Series 2015 bonds are collateralized by a security interest in all gross receipts, accounts, equipment, general intangibles, inventory, documents, instruments and chattel paper currently owned or hereafter acquired, and all proceeds thereof, excluding contract rights consisting of charitable pledges. The trust indentures and loan agreements underlying the bonds contain certain covenants and restrictions.

On October 1, 2010, the Organization entered into a Shared Savings Agreement with its long-time HVAC contractor to replace the existing steam boiler plant with high efficiency hot water boilers and make other system upgrades for a total project cost of \$545,280. The equipment is being financed with a ten-year note payable, at an annual interest rate of 8%, and is being paid solely from the energy savings generated from the project.

During the fiscal year ended September 30, 2014, the Organization acquired three vehicles for the transportation of residents. The total cost of all vehicles was approximately \$128,000. Two of the vehicles were financed with High Point Bank and the third was financed with Chrysler Credit. The loans are for 60 to 72 months with interest rates from 1.9% to 4.25%.

On August 16, 2019, the Organization entered into a promissory note with a financial institution that evidences as a line of credit. The credit limit is \$5,000,000. The Organization has an outstanding balance on this line of \$335,787 as of September 30, 2019. The Organization will make 24 monthly interest only payments beginning September 16, 2019 with interest calculated on the unpaid principal balances using an interest rate of 5% and 17 monthly principal and interest payments of \$96,860 each beginning September 16, 2021 with an interest rate of 6%. There will be one final principal and interest payment of \$3,753,640 due on February 16, 2023. The line is collateralized by the pledged assets and mortgaged property. The advances will be used for the sole purpose of funding pre-construction expenses, repairs, and renovations.

**Maryfield, Inc.**  
**Notes to Financial Statements**

The schedule below represents the future schedule of the estimated principal payments and maturities of long-term debt at September 30, 2019:

|                                     | <u>Promissory<br/>Note</u> | <u>Series<br/>2015<br/>Scheduled<br/>Payments</u> | <u>Equipment<br/>Financing</u> | <u>Total</u>         |
|-------------------------------------|----------------------------|---|--------------------------------|----------------------|
| Year ending September 30,           |                            |   |                                |                      |
| 2020                                | \$ -                       | \$ 2,125,000                                      | \$ 79,247                      | \$ 2,204,247         |
| 2021                                | 96,860                     | 2,225,000   | -                              | 2,321,860            |
| 2022                                | 238,927                    | 2,330,000   | -                              | 2,568,927            |
| 2023                                | -                          | 2,440,000   | -                              | 2,440,000            |
| 2024                                | -                          | 2,565,000   | -                              | 2,565,000            |
| Thereafter                          | -                          | 47,780,000  | -                              | 47,780,000           |
|                                     | <u>\$ 335,787</u>          | <u>\$ 59,465,000</u>                              | <u>\$ 79,247</u>               | <u>\$ 59,880,034</u> |
| Unamortized net premium             |                            |   |                                | 2,177,398            |
| Unamortized net debt issuance costs |                            |   |                                | <u>(1,028,262)</u>   |
|                                     |                            |   |                                | <u>\$ 61,029,170</u> |

Total interest cost incurred and expensed on long-term debt and the lines of credit for the years ended September 30, 2019 and 2018 was \$2,788,653 and \$2,881,213, respectively.

**9. Net Assets With Donor Restrictions**

As disclosed in Note 1, contributions are accounted for based on donor-imposed restrictions. The following is a summary of net assets with donor restrictions at September 30:

|  | <u>2019</u>          | <u>2018</u>         |
|--|----------------------|---------------------|
| Employee education                     | \$ 56,750            | \$ 56,750           |
| Various capital items                  | 140,284              | 458,101             |
| Capital campaign and gift account      | 7,140,225            | 747,188             |
| Endowment funds                        | 1,010,000            | 1,010,000           |
| Beneficial interest in perpetual trust | <u>2,100,103</u>     | <u>2,144,288</u>    |
|  | <u>\$ 10,447,362</u> | <u>\$ 4,416,327</u> |

Net assets with permanent donor restrictions are restricted to investments in perpetuity, the income from which is expendable for providing care to residents.

**10. Professional Liability Insurance**

The Organization's malpractice insurance coverage is on a claims made basis with limits of coverage of \$1,000,000 for any one claim and \$3,000,000 in annual aggregate, with an excess liability policy of \$3,000,000 for any one claim and \$3,000,000 in annual aggregate. In the opinion of Management, the extent of adverse claim settlements of asserted and unasserted claims, if any, will not have a material adverse effect on the Organization's financial position.



**11. Profit-Sharing Plan**

The Organization sponsors a profit-sharing retirement plan with a 401(k) benefit (the "Plan") that covers substantially all employees. The Organization matches 100% of the employee's contributions up to 3% of their annual salary and matches 50% of the next 2% of the employee's contributions. Total contribution to the profit-sharing plan for the years ended September 30, 2019 and 2018 was \$185,620 and \$170,597, respectively.

**12. Self-Insurance Plan**

The Organization is partially self-insured for employees' health insurance through a medical self-insurance plan (the Plan). Under the Plan, for the years ended September 30, 2019 and 2018, the Organization is responsible for the first \$60,000 of covered medical expenses per individual annually with an aggregate group claims limitation of \$2,457,225 and \$2,156,172, respectively. Any claims in excess of these limitations are covered by an insurance policy. Claims are expensed as incurred, including an estimate for claims incurred, but not yet reported, of approximately \$100,000 as of September 30, 2019 and 2018.

Expenses incurred under the Plan for the years ended September 30, 2019 and 2018 are as follows:

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| Medical insurance premiums and administrative cost | \$ 566,719          | \$ 532,790          |
| Claims incurred                                    | <u>1,604,354</u>    | <u>1,529,282</u>    |
|  | <u>\$ 2,171,073</u> | <u>\$ 2,062,072</u> |

**13. Concentrations of Credit Risk**

The Organization deposits its cash in federally insured financial institutions and uninsured brokerage houses. At September 30, 2019, the Organization's bank balances exceeded federally insured limits by approximately \$7,303,000.

The Organization grants credit without collateral to its residents. The mix of receivables from residents and third-party payors at September 30, 2019 and 2018 was as follows:

|           | <u>2019</u> | <u>2018</u> |
|-----------|-------------|-------------|
| Medicare  | 32%         | 29%         |
| Medicaid  | 17%         | 13%         |
| Residents | <u>51%</u>  | <u>58%</u>  |
|           | <u>100%</u> | <u>100%</u> |

**14. Related Party Transactions**

From its inception in 1947, the Organization has been sponsored by the Poor Servants of the Mother of God (SMG), a congregation of sisters associated with the Roman Catholic Church. The sisters provide a variety of services to the Organization, including executive management and a variety of religious duties. Payments to SMG for these services were \$194,507 and \$195,133 for the years ended September 30, 2019 and 2018, respectively.

**Maryfield, Inc.**  
**Notes to Financial Statements**

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The Organization has a contract for grounds maintenance with a company related to one of the Organization's key management employees. Payments to this company amounted to \$194,507 and \$172,869 for the years ended September 30, 2019 and 2018, respectively.

**15. Benevolent Assistance**

The Organization has a benevolent assistance policy for residents who have demonstrated an inability to fully pay charges and provides discounted charges to these residents. The discounts provided to residents were approximately \$466,000 and \$306,000 for the years ended September 30, 2019 and 2018, respectively. In addition to this benevolent assistance, the Organization has unreimbursed costs related to participation in the Medicaid program of approximately \$2,302,000 and \$1,872,000 for the years ended September 30, 2019 and 2018, respectively. The amount identified for the year ended September 30, 2019 and 2018 is calculated using a cost to charge ratio based on information obtained from the prior year cost report and its relationship to gross revenue for the year.

**16. Endowment Funds**

The Organization's endowment fund was established to help support residents who have exhausted their financial resources. The Organization has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (NC UPMIFA) 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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization has adopted investment and spending policies approved by the Board of Directors, that strive to generate spendable income and grow the market value of the assets without undue exposure to risk. The endowment is invested in a well-diversified asset mix of approximately 65% equities and 35% fixed-income assets and is managed by a group of professional fund managers overseen by an investment advisor and the Investment Committee of the Board of Directors.

The performance objective is to achieve a total return (net of fees and expenses) of the Consumer Price Index plus 4%. The Organization has a spending policy of appropriating for distribution up to 5% of the endowment fund's average fair value of the prior three years' fiscal year ends preceding the fiscal year in which the distribution is planned.

Endowment composition by type of fund as of September 30, 2019 is as follows:

|                                  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total Net<br/>Endowment<br/>Assets</u> |
|----------------------------------|---|--|---|
| Donor-restricted endowment funds | \$ -                                      | \$ 1,010,000                           | \$ 1,010,000                              |
| Board-designated endowment funds | <u>1,160,057</u>                          | <u>-</u>                               | <u>1,160,057</u>                          |
| Total funds, end of year         | <u>\$ 1,160,057</u>                       | <u>\$ 1,010,000</u>                    | <u>\$ 2,170,057</u>                       |

**Maryfield, Inc.**  
**Notes to Financial Statements**

Endowment activity for the year ended September 30, 2019 is as follows:

|                                 | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total</u>        |
|---------------------------------|---|--|---------------------|
| Endowment net assets, beginning | \$ 1,088,896                              | \$ 1,010,000                           | \$ 2,098,896        |
| Investment income (net)         | 64,253                                    | -                                      | 64,253              |
| Realized gains (net)            | 46,790                                    | -                                      | 46,790              |
| Unrealized losses (net)         | <u>(39,882)</u>                           | <u>-</u>                               | <u>(39,882)</u>     |
| Endowment net assets, ending    | <u>\$ 1,160,057</u>                       | <u>\$ 1,010,000</u>                    | <u>\$ 2,170,057</u> |

Endowment composition by type of fund as of September 30, 2018 is as follows:

|                                  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total Net<br/>Endowment<br/>Assets</u> |
|----------------------------------|---|--|---|
| Donor-restricted endowment funds | \$ -                                      | \$ 1,010,000                           | \$ 1,010,000                              |
| Board-designated endowment funds | <u>1,088,896</u>                          | <u>-</u>                               | <u>1,088,896</u>                          |
| Total funds, end of year         | <u>\$ 1,088,896</u>                       | <u>\$ 1,010,000</u>                    | <u>\$ 2,098,896</u>                       |

Endowment activity for the year ended September 30, 2018 is as follows:

|                                 | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total</u>        |
|---------------------------------|---|--|---------------------|
| Endowment net assets, beginning | \$ 919,489                                | \$ 1,010,000                           | \$ 1,929,489        |
| Investment income (net)         | 48,380                                    | -                                      | 48,380              |
| Realized gains (net)            | 216,443                                   | -                                      | 216,443             |
| Unrealized gains (net)          | <u>(95,416)</u>                           | <u>-</u>                               | <u>(95,416)</u>     |
| Endowment net assets, ending    | <u>\$ 1,088,896</u>                       | <u>\$ 1,010,000</u>                    | <u>\$ 2,098,896</u> |

**17. Fair Value Measurements**

Fair value, as defined under accounting principles generally accepted in the United States (GAAP), is an exit price representing 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. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1:** Observable inputs such as quoted prices in active markets.
- Level 2:** Inputs other than quoted prices in active markets that are either directly or indirectly observable.

**Maryfield, Inc.**  
**Notes to Financial Statements**

**Level 3:** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities, and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds and US government and federal agencies.

Level 3 investments include beneficial interests in perpetual trusts valued at the market price of the underlying investments in the trusts.

The tables below set forth the valuation of securities and investments by the above fair value hierarchy levels as of September 30:

|  | <b>2019</b>          |                |                     | <b>Total</b>         |
|--|----------------------|----------------|---------------------|----------------------|
|  | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b>      |                      |
| <b>Assets:</b>                           |                      |                |                     |                      |
| US government and federal agencies       | \$ 5,247,084         | \$ -           | \$ -                | \$ 5,247,084         |
| Beneficial interest in perpetual trusts* | -                    | -              | 2,024,240           | 2,024,240            |
| <b>Mutual Funds:</b>                     |                      |                |                     |                      |
| Equity                                   | 8,534,644            | -              | -                   | 8,534,644            |
| Fixed Income                             | 4,719,692            | -              | -                   | 4,719,692            |
| <b>Total</b>                             | <b>\$ 18,501,420</b> | <b>\$ -</b>    | <b>\$ 2,024,240</b> | <b>\$ 20,525,660</b> |

|  | <b>2018</b>          |                |                     | <b>Total</b>         |
|--|----------------------|----------------|---------------------|----------------------|
|  | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b>      |                      |
| <b>Assets:</b>                           |                      |                |                     |                      |
| US government and federal agencies       | \$ 5,111,461         | \$ -           | \$ -                | \$ 5,111,461         |
| Beneficial interest in perpetual trusts* | -                    | -              | 2,070,363           | 2,070,363            |
| <b>Mutual Funds:</b>                     |                      |                |                     |                      |
| Equity                                   | 11,142,954           | -              | -                   | 11,142,954           |
| Fixed Income                             | 4,252,729            | -              | -                   | 4,252,729            |
| <b>Total</b>                             | <b>\$ 20,507,144</b> | <b>\$ -</b>    | <b>\$ 2,070,363</b> | <b>\$ 22,577,507</b> |

The Organization had \$3,810,543 and \$3,674,390 of cash and cash equivalents as of September 30, 2019 and 2018, respectively, which were not classified as a Level.

\*As further explained in Note 6, the Organization has a beneficial interest in a perpetual trust. The value of this trust is disclosed in level 3 in the fair value table above in accordance with GAAP and are valued at the market price of the investments. The underlying investments of the trust are substantially made up of publicly traded mutual funds in addition to some amounts considered cash and cash equivalents.

**Maryfield, Inc.**  
**Notes to Financial Statements**

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis classified as Level 3 during the years ended September 30, 2019 and 2018.

|                            | <u>2019</u>         | <u>2018</u>         |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 2,070,363        | \$ 2,082,272        |
| Purchases                  | 983,251             | 483,511             |
| Sales                      | (983,251)           | (535,042)           |
| Withdrawals                | (90,000)            | (90,000)            |
| Income, net of fees        | 66,458              | 50,775              |
| Realized gains             | 29,644              | 21,053              |
| Unrealized gains (losses)  | (52,225)            | 57,794              |
|                            | <u>\$ 2,024,240</u> | <u>\$ 2,070,363</u> |

**18. Liquidity and Availability**

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

The following schedule reflects the Organization's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months.

The Organization seeks to maintain sufficient liquid assets to cover three months' operating and capital expenses.

| <u>Asset Categories</u>              | <u>2019</u>          |
|--------------------------------------|----------------------|
| Cash and cash equivalents            | \$ 3,790,105         |
| Investments                          | 5,816,323            |
| Assets limited as to use, current    | 3,573,813            |
| Accounts receivable – residents, net | 1,189,879            |
| Accounts receivable – other          | <u>283,118</u>       |
|                                      | <u>\$ 14,653,238</u> |

**Maryfield, Inc.**  
**Notes to Financial Statements**

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**19. Schedule of Expenses by Nature and Function**

The following is a schedule of expenses by both nature and function for the year ended September 30, 2019:

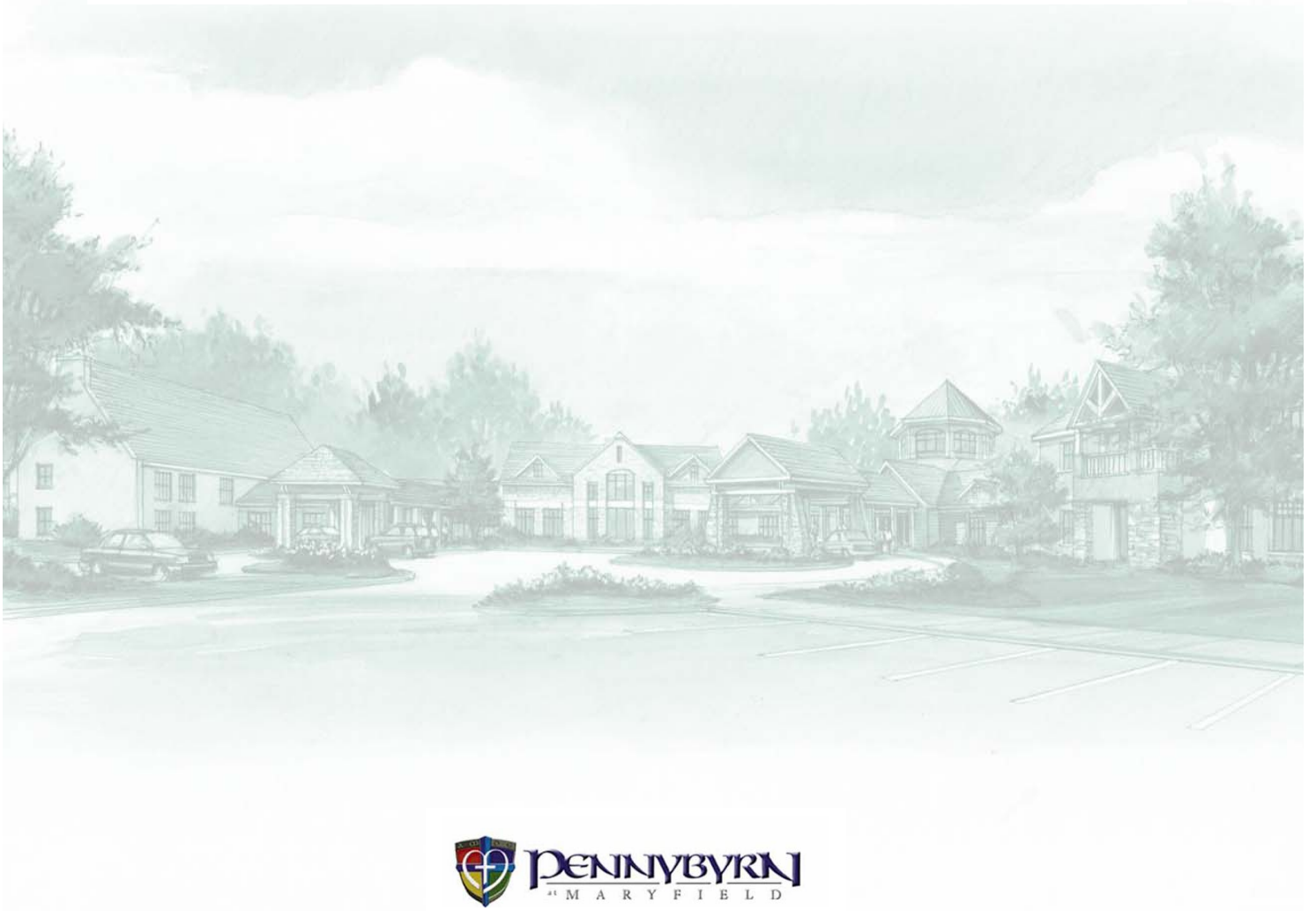
|                                 | <u>Program<br/>Services</u> | <u>Administrative<br/>and General</u> | <u>Marketing and<br/>Development</u> | <u>Total</u>         |
|---------------------------------|-----------------------------|---------------------------------------|--------------------------------------|----------------------|
| Salaries and benefits           | \$ 11,168,822               | \$ 2,127,200                          | \$ -                                 | \$ 13,296,022        |
| Pharmacy, therapy, and supplies | 1,934,960                   | -                                     | -                                    | 1,934,960            |
| Professional fees and services  | 1,562,136                   | 503,209                               | -                                    | 2,065,345            |
| Occupancy                       | 2,965,177                   | -                                     | -                                    | 2,965,177            |
| Insurance                       | -                           | 457,140                               | -                                    | 457,140              |
| Education                       | 227,384                     | -                                     | -                                    | 227,384              |
| Marketing                       | -                           | -                                     | 803,925                              | 803,925              |
| Depreciation                    | 3,998,250                   | -                                     | -                                    | 3,998,250            |
| Interest                        | <u>2,788,653</u>            | <u>-</u>                              | <u>-</u>                             | <u>2,788,653</u>     |
| Total expenses                  | <u>\$ 24,645,382</u>        | <u>\$ 3,087,549</u>                   | <u>\$ 803,925</u>                    | <u>\$ 28,536,856</u> |

**20. Commitments**

The Organization entered into a contract in August 2019 with a construction company for the campus expansion and balcony repair project. The total project is budgeted at approximately \$5,847,000 and is expected to be completed in October 2020. As of September 30, 2019, the Organization has accrued a liability of \$761,331 for work completed during the year and retainage.

# Exhibit “E”

## Compilation of a Financial Projection



# **Maryfield, Inc. (d.b.a. Pennybyrn at Maryfield)**

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**Financial Projection**

**Each of the Five Years Ending September 30, 2024**



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## Independent Accountants' Compilation Report

Board of Directors  
Maryfield, Inc. (d.b.a. Pennybyrn at Maryfield)  
High Point, North Carolina

Management of Maryfield, Inc. (d.b.a. Pennybyrn at Maryfield) (the "Corporation") is responsible for the accompanying financial projection of the Corporation, which comprises the projected balance sheets as of and for each of the five years ending September 30, 2024 and the related projected statements of operations, changes in net assets and cash flows for each of the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants ("AICPA").

The accompanying projection and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not examine or review the financial projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on this financial projection. The projected results may not be achieved as there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Furthermore, even if the following hypothetical assumptions (the "Hypothetical Assumptions") occur during the projection period:

- The Corporation issues new debt to construct the Project during fiscal year 2020 at terms and rates similar to those reflected in the projection;
- Construction, development, marketing and other related costs for the Project occur in the assumed timeline and at the assumed costs; and
- The Project units are successfully marketed and occupied at the assumed occupancy levels

there will usually be differences between the prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*Dixon Hughes Goodman LLP*

Charlotte, North Carolina  
December 16, 2019

**Maryfield, Inc.**  
**(d.b.a. Pennybryn at Maryfield)**  
**Projected Balance Sheets**  
**September 30,**

|  | <b>2020</b>           | <b>2021</b>           | <b>2022</b>           | <b>2023</b>           | <b>2024</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                |                       |                       |                       |                       |                       |
| Current assets:                              |                       |                       |                       |                       |                       |
| Cash and cash equivalents                    | \$ 4,597,241          | \$ 1,290,350          | \$ 2,927,225          | \$ 4,970,619          | \$ 7,156,661          |
| Investments                                  | 6,770,681             | 6,513,078             | 6,292,426             | 6,277,841             | 6,105,927             |
| Accounts receivable, residents               | 1,180,080             | 1,354,279             | 1,383,714             | 1,425,225             | 1,467,982             |
| Accounts receivable and other assets         | 283,118               | 283,118               | 283,118               | 291,612               | 300,360               |
| Unconditional promises to give, net          | 2,625                 | 2,625                 | 2,625                 | 2,625                 | 2,625                 |
| Prepaid expenses                             | 536,819               | 536,819               | 536,819               | 536,819               | 536,819               |
| Assets whose use is limited, current         | 3,573,813             | 3,573,813             | 3,573,813             | 3,573,813             | 3,573,813             |
| <b>Total current assets</b>                  | <b>16,944,377</b>     | <b>13,554,082</b>     | <b>14,999,740</b>     | <b>17,078,554</b>     | <b>19,144,187</b>     |
| Assets whose use is limited:                 |                       |                       |                       |                       |                       |
| Investments designated for operating reserve | 6,146,650             | 6,707,955             | 7,244,368             | 7,258,953             | 7,430,867             |
| Trustee Held Funds:                          |                       |                       |                       |                       |                       |
| Trustee Construction Fund                    | 17,205,711            | -                     | -                     | -                     | -                     |
| Trustee Debt Service Reserve Fund            | 5,072,920             | 5,072,920             | 5,072,920             | 5,072,920             | 5,072,920             |
| Trustee DSRF Permanent                       | 1,900,000             | 1,900,000             | 1,900,000             | 1,900,000             | 1,900,000             |
| Trustee Bond Interest                        | 4,061,348             | 4,109,402             | 3,856,470             | 3,856,470             | 3,856,470             |
| Entrance Fee Fund                            | -                     | 8,438,081             | -                     | -                     | -                     |
| Capitalized Interest Account                 | 2,000,000             | -                     | -                     | -                     | -                     |
| Assets Held in Perpetuity:                   |                       |                       |                       |                       |                       |
| Beneficial interest in perpetual trust       | 2,142,488             | 2,185,728             | 2,229,843             | 2,229,843             | 2,229,843             |
| Cash and investments                         | 2,221,760             | 2,243,185             | 2,265,044             | 2,265,043             | 2,265,043             |
| Total assets whose use is limited            | 40,750,877            | 30,657,271            | 22,568,645            | 22,583,229            | 22,755,143            |
| less current portion                         | 3,573,813             | 3,573,813             | 3,573,813             | 3,573,813             | 3,573,813             |
| Assets whose use is limited, net             | 37,177,064            | 27,083,458            | 18,994,832            | 19,009,416            | 19,181,330            |
| Property and equipment                       | 154,736,420           | 175,497,131           | 177,052,131           | 178,607,131           | 180,162,131           |
| less accumulated depreciation                | (51,874,705)          | (55,969,837)          | (60,220,489)          | (65,470,489)          | (70,772,989)          |
| Property and equipment, net                  | 102,861,715           | 119,527,294           | 116,831,642           | 113,136,642           | 109,389,142           |
| Escrowed resident deposits                   | -                     | 327,621               | -                     | -                     | -                     |
| <b>Total assets</b>                          | <b>\$ 156,983,156</b> | <b>\$ 160,492,455</b> | <b>\$ 150,826,214</b> | <b>\$ 149,224,612</b> | <b>\$ 147,714,659</b> |

**See Independent accountants' compilation report and  
summary of significant forecast assumptions and accounting policies.**

**Maryfield, Inc.**  
**(d.b.a. Pennybryn at Maryfield)**  
**Projected Balance Sheets**  
**September 30,**

**(Continued)**

|   | <b>2020</b>           | <b>2021</b>           | <b>2022</b>           | <b>2023</b>           | <b>2024</b>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>LIABILITIES AND NET ASSETS</b>               |                       |                       |                       |                       |                       |
| Current liabilities:                            |                       |                       |                       |                       |                       |
| Accounts payable                                | \$ 1,113,079          | \$ 1,318,136          | \$ 1,171,465          | \$ 1,194,894          | \$ 1,218,792          |
| Line-of-credit                                  | 2,835,787             | -                     | -                     | -                     | -                     |
| Accrued expenses                                | 785,423               | 673,284               | 673,281               | 673,281               | 673,282               |
| Estimated current portion of refundable fees    | 1,879,906             | 2,330,079             | 2,528,187             | 2,532,657             | 2,540,621             |
| Accrued interest                                | 1,398,501             | 1,348,188             | 1,297,876             | 1,247,876             | 1,197,876             |
| Current portion of long-term debt               | 2,225,000             | 2,330,000             | 2,440,000             | 2,530,000             | 2,620,000             |
| <b>Total current liabilities</b>                | <b>10,237,696</b>     | <b>7,999,687</b>      | <b>8,110,809</b>      | <b>8,178,708</b>      | <b>8,250,571</b>      |
| Resident deposits                               | -                     | 327,621               | -                     | -                     | -                     |
| Series 2015 and 2020 Bonds, net                 | 98,511,836            | 95,916,573            | 82,206,311            | 79,401,048            | 76,465,785            |
| Refundable deposits                             | 739,931               | 917,119               | 995,094               | 996,854               | 999,988               |
| Refundable advance fees, net of current portion | 10,652,807            | 13,203,793            | 14,326,404            | 14,351,735            | 14,396,864            |
| Deferred revenue from entrance fees, net        | 18,435,905            | 22,850,679            | 24,793,486            | 24,837,324            | 24,915,426            |
| <b>Total liabilities</b>                        | <b>138,578,175</b>    | <b>141,215,472</b>    | <b>130,432,104</b>    | <b>127,765,669</b>    | <b>125,028,634</b>    |
| Net assets without restriction                  | 10,957,619            | 16,169,693            | 17,286,820            | 18,351,653            | 19,578,735            |
| Net assets with restriction                     | 7,447,362             | 3,107,290             | 3,107,290             | 3,107,290             | 3,107,290             |
| <b>Total net assets</b>                         | <b>18,404,981</b>     | <b>19,276,983</b>     | <b>20,394,110</b>     | <b>21,458,943</b>     | <b>22,686,025</b>     |
| <br>  |                       |                       |                       |                       |                       |
| <b>Total liabilities and net assets</b>         | <b>\$ 156,983,156</b> | <b>\$ 160,492,455</b> | <b>\$ 150,826,214</b> | <b>\$ 149,224,612</b> | <b>\$ 147,714,659</b> |

**See Independent accountants' compilation report and  
summary of significant forecast assumptions and accounting policies.**

**Maryfield, Inc.**  
**(d.b.a. Pennybryn at Maryfield)**  
**Projected Statements of Operations and Changes in Net Assets**  
**for the years ended September 30,**

|  | 2020              | 2021              | 2022              | 2023              | 2024              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Operating Revenues</b>                            |                   |                   |                   |                   |                   |
| Amortization of entrance fees                        | \$ 2,421,842      | \$ 2,548,381      | \$ 2,635,486      | \$ 2,714,551      | \$ 2,795,987      |
| Independent living                                   | 8,616,659         | 9,379,122         | 11,662,339        | 12,142,601        | 12,506,879        |
| Assisted living                                      | 1,903,674         | 1,961,945         | 2,021,022         | 2,081,653         | 2,144,103         |
| Memory support center                                | 1,924,906         | 1,981,284         | 2,037,662         | 2,098,792         | 2,161,756         |
| Health center  | 11,918,221        | 13,534,432        | 13,807,572        | 14,083,723        | 14,365,398        |
| Contributions  | 576,000           | 576,000           | 576,000           | 576,000           | 576,000           |
| Other income   | 619,090           | 631,721           | 644,672           | 664,012           | 683,932           |
| Investment income                                    | 1,002,047         | 1,186,069         | 960,499           | 989,314           | 1,018,993         |
| <b>Total Operating Revenue</b>                       | <b>28,982,439</b> | <b>31,798,954</b> | <b>34,345,252</b> | <b>35,350,646</b> | <b>36,253,048</b> |
| <b>Departmental Operating Expenses</b>               |                   |                   |                   |                   |                   |
| Administrative                                       | 5,379,134         | 5,794,851         | 5,946,057         | 6,124,439         | 6,308,172         |
| Marketing  | 499,985           | 551,358           | 565,739           | 582,711           | 600,193           |
| Marketing - Project                                  | 693,231           | 431,769           | -                 | -                 | -                 |
| Development  | 226,748           | 232,874           | 239,201           | 246,377           | 253,769           |
| Plant operation                                      | 2,836,748         | 3,214,213         | 3,286,123         | 3,384,706         | 3,486,248         |
| Dining   | 2,622,650         | 2,926,774         | 3,106,108         | 3,199,292         | 3,295,270         |
| Housekeeping and laundry                             | 593,515           | 668,079           | 687,216           | 707,833           | 729,068           |
| Clinic, Wellness & Activities                        | 409,527           | 432,653           | 441,944           | 455,203           | 468,859           |
| Religious  | 90,816            | 92,622            | 94,459            | 97,293            | 100,212           |
| Medical Records                                      | 63,009            | 64,860            | 66,777            | 68,781            | 70,844            |
| Health center  | 977,562           | 1,030,411         | 1,060,101         | 1,091,904         | 1,124,661         |
| Homecare   | 257,418           | 265,140           | 273,094           | 281,287           | 289,726           |
| Nursing Household #1 -- Nantucket                    | 638,554           | 656,938           | 674,048           | 694,270           | 715,098           |
| Nursing Household #2 -- Colonial                     | 638,038           | 656,398           | 670,614           | 690,732           | 711,454           |
| Nursing Household #3 -- Victorian                    | 640,246           | 658,654           | 675,800           | 696,075           | 716,957           |
| Nursing Household #4 -- French                       | 786,795           | 1,155,930         | 1,186,768         | 1,222,371         | 1,259,042         |
| Nursing Household #5 -- MS Skilled                   | 752,629           | 774,286           | 794,766           | 818,609           | 843,167           |
| Nursing Household #6 -- Bungalow                     | 638,146           | 656,518           | 673,616           | 693,825           | 714,640           |
| Assisted Living                                      | 549,016           | 563,715           | 578,818           | 596,182           | 614,068           |
| Dementia Care  | 565,631           | 582,073           | 599,001           | 616,971           | 635,480           |
| Ancillary services                                   | 1,907,022         | 2,408,216         | 2,454,388         | 2,528,019         | 2,603,860         |
| <b>Total Departmental Operating Expense</b>          | <b>21,766,420</b> | <b>23,818,332</b> | <b>24,074,638</b> | <b>24,796,880</b> | <b>25,540,788</b> |
| <b>Non Departmental Expense</b>                      |                   |                   |                   |                   |                   |
| Interest expense                                     | 2,687,722         | 2,594,155         | 2,488,204         | 2,377,602         | 2,261,347         |
| Interest expense - 2020 Project                      | -                 | 417,631           | 2,414,631         | 1,861,331         | 1,921,331         |
| Interest expense - Line of Credit                    | 125,000           | -                 | -                 | -                 | -                 |
| Interest expense- Equipment                          | 7,459             | 1,702             | -                 | -                 | -                 |
| Depreciation   | 3,933,881         | 4,095,132         | 4,250,652         | 5,250,000         | 5,302,500         |
| <b>Total Non Departmental Expense</b>                | <b>6,754,062</b>  | <b>7,108,620</b>  | <b>9,153,487</b>  | <b>9,488,933</b>  | <b>9,485,178</b>  |
| <b>Total Operating Expense</b>                       | <b>28,520,482</b> | <b>30,926,952</b> | <b>33,228,125</b> | <b>34,285,813</b> | <b>35,025,966</b> |
| Operating income                                     | 461,957           | 872,002           | 1,117,127         | 1,064,833         | 1,227,082         |
| Assets released from restriction                     | 3,000,000         | 4,340,072         | -                 | -                 | -                 |
| Net unrestricted assets, beginning of year           | 7,495,662         | 10,957,619        | 16,169,693        | 17,286,820        | 18,351,653        |
| Net unrestricted assets, end of year                 | 10,957,619        | 16,169,693        | 17,286,820        | 18,351,653        | 19,578,735        |
| Assets released from restriction                     | (3,000,000)       | (4,340,072)       | -                 | -                 | -                 |
| Net assets with donor restriction, beginning of year | 10,447,362        | 7,447,362         | 3,107,290         | 3,107,290         | 3,107,290         |
| Net assets with donor restriction, end of year       | 7,447,362         | 3,107,290         | 3,107,290         | 3,107,290         | 3,107,290         |
| Net assets, beginning of year                        | 17,943,024        | 18,404,981        | 19,276,983        | 20,394,110        | 21,458,943        |
| Net assets, end of year                              | \$ 18,404,981     | \$ 19,276,983     | \$ 20,394,110     | \$ 21,458,943     | \$ 22,686,025     |

**See Independent accountants' compilation report and  
summary of significant forecast assumptions and accounting policies.**

**Maryfield, Inc.**  
**(d.b.a. Pennybryn at Maryfield)**  
**Projected Statements of Cash Flows**  
**for the years ended September 30,**

|   | 2020                | 2021                | 2022                | 2023                | 2024                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>  |                     |                     |                     |                     |                     |
| Change in net assets  | \$ 461,957          | \$ 872,002          | \$ 1,117,127        | \$ 1,064,833        | \$ 1,227,082        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |                     |                     |                     |
| Depreciation  | 3,933,881           | 4,095,132           | 4,250,652           | 5,250,000           | 5,302,500           |
| Amortization of original issue premium and issuance costs                                   | (215,263)           | (215,263)           | (215,263)           | (215,263)           | (215,263)           |
| Entrance fee receipts from resident turnover  | 4,158,638           | 3,919,964           | 4,542,592           | 4,678,874           | 4,819,240           |
| Amortization of entrance fees   | (2,421,842)         | (2,548,381)         | (2,635,486)         | (2,714,551)         | (2,795,987)         |
| Decrease (increase) in current assets   | 3,435,868           | (174,199)           | (29,435)            | (50,005)            | (51,505)            |
| Increase (decrease) in current liabilities  | (759,887)           | (22,058)            | (262,958)           | (26,571)            | (26,102)            |
| <b>Net cash provided by operating activities</b>  | <b>8,593,352</b>    | <b>5,927,197</b>    | <b>6,767,229</b>    | <b>7,987,317</b>    | <b>8,259,965</b>    |
| <b>Cash flows from investing activities:</b>  |                     |                     |                     |                     |                     |
| Change in investments   | 1,741,101           | (303,702)           | (315,761)           | -                   | -                   |
| Capitalized Project costs   | (25,016,237)        | (17,205,711)        | -                   | -                   | -                   |
| Purchase of routine property and equipment  | (1,555,000)         | (1,555,000)         | (1,555,000)         | (1,555,000)         | (1,555,000)         |
| Capitalized interest  | (2,500,000)         | (2,000,000)         | -                   | -                   | -                   |
| Change in escrowed resident deposits  | -                   | (327,621)           | 327,621             | -                   | -                   |
| Change in assets whose use is limited   | (24,832,549)        | 10,719,576          | 8,691,014           | -                   | -                   |
| <b>Net cash provided (used) by investing activities</b>                                     | <b>(52,162,685)</b> | <b>(10,672,458)</b> | <b>7,147,874</b>    | <b>(1,555,000)</b>  | <b>(1,555,000)</b>  |
| <b>Cash flows from financing activities:</b>  |                     |                     |                     |                     |                     |
| Entrance fee receipts from Project initial residents  | -                   | 8,438,080           | 2,995,695           | -                   | -                   |
| Entrance fee refunds  | (1,888,923)         | (1,888,923)         | (1,888,923)         | (1,888,923)         | (1,888,923)         |
| Proceeds from 2020 Bond Issuance  | 42,127,176          | -                   | -                   | -                   | -                   |
| Increase/(Decrease) in Line of Credit   | 2,500,000           | (2,835,787)         | -                   | -                   | -                   |
| Principal payments on Series 2015 Bonds   | (2,125,000)         | (2,225,000)         | (2,330,000)         | (2,440,000)         | (2,565,000)         |
| Principal payments on 2020 - Long Term Bonds  | -                   | (50,000)            | (55,000)            | (60,000)            | (65,000)            |
| Principal payments on Series 2020 - Short Term Bonds  | -                   | -                   | (11,000,000)        | -                   | -                   |
| <b>Net cash provided (used) by financing activities</b>                                     | <b>40,613,253</b>   | <b>1,438,370</b>    | <b>(12,278,228)</b> | <b>(4,388,923)</b>  | <b>(4,518,923)</b>  |
| Change in cash and cash equivalents, unrestricted   | (2,956,080)         | (3,306,891)         | 1,636,875           | 2,043,394           | 2,186,042           |
| Beginning balance of cash and cash equivalents  | 7,553,321           | 4,597,241           | 1,290,350           | 2,927,225           | 4,970,619           |
| Ending balance of cash and cash equivalents   | <b>\$ 4,597,241</b> | <b>\$ 1,290,350</b> | <b>\$ 2,927,225</b> | <b>\$ 4,970,619</b> | <b>\$ 7,156,661</b> |

**See Independent accountants' compilation report and  
summary of significant forecast assumptions and accounting policies.**

## **Summary of Significant Projection Assumptions and Accounting Policies**

### **1. General**

The accompanying financial projection presents, to the best of the knowledge and belief of Maryfield, Inc. (d.b.a. Pennybyrn at Maryfield) (the “Corporation” or “Management”), the Corporation’s expected financial position, results of operations, and cash flows as of and for each of the five years ending September 30, 2024. Accordingly, the accompanying financial projection reflects Management’s judgment as of December 16, 2019, the date of this projection, of the expected conditions and its expected course of action during the projection period.

The projection also presents the financial information related to the planned expansion project to consist of 42 additional independent living units and the construction of a new Transitional Rehabilitation Center starting on page 15.

Management’s purpose in releasing this financial projection is for inclusion in the Corporation’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the projection. The Corporation recognizes that there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

### ***Background of the Corporation***

The Corporation was founded in November 1947, and incorporated under the laws and regulations of the state of North Carolina as a nonprofit organization in 1950 to provide housing and long-term care for the elderly. The Corporation currently owns and operates a continuing care retirement community (“CCRC” or “Community”) on an approximate 72-acre campus in High Point, North Carolina. The facilities include 49 cottages and 131 apartments (Independent Living), a community and wellness center with extensive amenities, 48 assisted-living apartments and a 125-bed health care facility (Maryfield Health Care Households).

The following table summarizes the type and number of units of the Community.

**Table 1**  
**Community Configuration**

| <u><b>Type of Unit</b></u>                             | <u><b>Number of units</b></u> |
|--|-------------------------------|
| Cottages   | 49                            |
| One Bedroom Apartments                                 | 54                            |
| Two Bedroom Apartments                                 | 77                            |
| Total Independent-Living Units                         | 180                           |
| Assisted-living units:                                 |                               |
| One Bedroom Multi-Unit Assisted-Housing <sup>(1)</sup> | 12                            |
| One Bedroom, One Bath                                  | 10                            |
| Two Bedroom, One Bath                                  | 2                             |
| Memory Support Units                                   | 24                            |
| Total Assisted Living Units                            | 48                            |
| Total Health Center Beds                               | 125                           |
| Total Community Units and Beds                         | 353                           |

Source: Management

Note: (1) Multi-unit assisted housing with services.

## **2. Description of the Residency and Care Agreements**

Under the terms of the Residency and Care Agreement (the "Agreement"), the Corporation generally accepts as residents ("Resident" or "Residents") those persons at least 62 years of age at the time of occupancy (only one member of a couple must meet this requirement) who are able to care for themselves with or without assistance and are able to demonstrate the necessary financial resources to meet the Corporation's minimum fee requirements. As defined in the Agreement, a Resident is required to pay an initial entrance fee ("Entrance Fee") and also a monthly service fee ("Monthly Service Fee") on an on-going basis. Payment of these amounts entitles Residents to occupy and use the residence ("Residence"), common areas, amenities, programs, and services of the Corporation during the term of the Agreement.

While the Resident occupies a Residence, services provided by the Corporation include: the right to occupy the selected Residence; all standard utilities for apartments and cottages (all Residents will be responsible for their own telephone and cable television services); Residents in Independent Living will receive a meal a day, housekeeping and flat linen services; general maintenance; trash removal and landscaping for Residences; common areas and grounds; lighted surface parking; scheduled transportation; twenty-four hour emergency response system and security services; planned social, recreational, spiritual, educational and cultural activities; wellness and case management; and use of Community common areas, including private dining and meeting rooms, lounges, lobbies, library, business center, social and recreational rooms, wellness center and other common activities.

In addition to the items included in the Monthly Service Fee, certain services are available to Residents for an additional charge. These services include, but are not limited to: covered parking spaces (depending on availability); barber and beauty services; personal care and assistance services; personal laundry or dry cleaning; private transportation; guest meals and personalized catering events; additional meals while utilizing the Community's Health Center residence ("Health Center Residence"); nursing care and assisted living services and supplies; and other additional maintenance and housekeeping services performed beyond the normal scope of services offered by the Corporation.

To reserve a Residence, prospective Residents will make a ten percent (10%) deposit as described in the Agreement.

### ***Health care benefit***

Under the Agreement, the Corporation will provide services above those covered by Medicare or other third-party insurance to the independent-living Resident in a Health Center Residence for fifteen (15) days annually (the "Health Care Benefit"). This Health Care Benefit may be carried over into future years with a cumulative annual benefit not to exceed forty-five (45) days at no additional charge for each Resident, provided that the Resident remains an independent-living Resident.

### ***Terminations and refunds***

The Resident may terminate the Agreement within thirty (30) days of execution of the Agreement or the receipt of a Disclosure Statement that meets the requirements of N. C. G. S. § 58-64-20 (the "30-Day Rescission Period"). The Resident will not be required to move into a Residence before the expiration of this 30-Day Rescission Period. In the event of rescission, the Resident shall receive a refund of all monies transferred less (i) periodic charges specified in the Agreement and applicable only to the period a Residence was actually occupied by the Resident; and (ii) any non-standard costs specifically incurred by the Corporation at the Resident's request and described in the Agreement or any amendment signed by the Resident.

The Resident may also voluntarily terminate the Agreement after the 30-Day Rescission Period, and prior to the date of occupancy, provided that the Resident gives written notice of such termination. Any such refund paid will equal the ten percent (10%) deposit, less (i) a service charge of one thousand (\$1,000) dollars; and (ii) any non-standard costs specifically incurred by the Resident's request. Any such refunds as described above shall be paid by the Corporation within sixty (60) days following the receipt of written notification of such termination.



**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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Following expiration of the 30-Day Rescission Period and after the Resident's occupancy of the Residence, the Agreement may be terminated at any time by the Resident by providing at least thirty (30) days written notice. The amount of refund due shall be determined according to the applicable Entrance Fee amortization schedule described in the Agreement. If a Resident dies following the 30-Day Rescission Period, but prior to occupying a Residence in the Community, or if, on account of illness, injury or incapacity, a Resident would be precluded from occupying a Residence under the terms of the Agreement, the Agreement is automatically cancelled and the Resident or legal representative of the Resident shall receive a refund of all money or property transferred, except for any monies already spent or committed to a contractor in connection with any upgrade of such Residence as described the Agreement. Any such refund due is contingent upon payment in full of a new Entrance Fee and re-occupancy of the Residence by a new Resident.

***Entrance fee options***

The Corporation offers three Entrance Fee plans for occupancy of a Residence. The Resident agrees to pay an Entrance Fee as a condition of becoming a Resident. The Resident may choose from: a zero percent (0%) refundable entrance fee plan ("Plan A" or the "Traditional Amortizing Entrance Fee Plan"); a 50 percent (50%) refundable entrance fee plan ("Plan B"); and a 90 percent (90%) refundable entrance fee plan ("Plan C"). Management has assumed that approximately 68 percent (68%) of the Residents will be enrolled under Plan A, and 32 percent (32%) will be enrolled under Plan C, during the projection period.

The Entrance Fee options and related amortization schedules are as follows:

| <b>Entrance Fee Option</b>                      | <b>Amortization Schedule</b>  |
|---|---|
| 1. Plan A - Traditional Amortizing Entrance Fee | An initial 2% non-refundable service fee, plus 2% per month for 49 months. After 49 months of occupancy, no refund is paid. |
| 2. Plan B - 50% Refundable Entrance Fee         | An initial 2% non-refundable service fee, plus 2% per month for 24 months. Refund is never less than 50% to the Resident.   |
| 3. Plan C - 90% Refundable Entrance Fee         | An initial 2% non-refundable service fee, plus 1% per month for 8 months. Refund is never less than 90% to the Resident.    |

The Resident may notify the Corporation in writing of a change in selection of the above chosen Entrance Fee option on or before the date that the balance of the Entrance Fee is due, as provided in the Agreement. Without written approval of Management, the Resident may not change the option selected after the date the balance of the Entrance Fee is due.

### **3. Significant Accounting Policies**

#### ***Use of estimates***

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

#### ***Basis of accounting and presentation***

The accompanying prospective financial statements included in the projection have been prepared on the accrual basis of accounting and in accordance with the accounting principles generally accepted in the United States of America ("GAAP"). Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

#### ***Income taxes***

The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. No material uncertain tax positions are expected to exist throughout the projection period.

#### ***Cash and cash equivalents***

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less when purchased. Cash and cash equivalents are carried at cost, which approximates fair value.

#### ***Accounts receivable, patients***

The Corporation uses the allowance method to determine uncollectible patient receivables. This allowance is equal to the estimated losses to be incurred in collection of the receivables. This allowance is based on historical collection experience and management's analysis of the current status of existing receivables.

#### ***Unconditional promises to give***

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. The Corporation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

#### ***Restricted and unrestricted revenue and support***

Contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restriction are reclassified to net assets without restriction and reported in the statements of operations and changes in net assets as net assets released from restrictions.

#### ***Investments***

Investments in equity securities with readily determinable fair values, and all investments in debt securities, are measured at fair value. Investment income (including realized gains and losses on investments, interest income, and dividends) is included in operating income unless restricted by donor or law.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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***Assets limited as to use***

Assets limited as to use represent funds required by the Corporation's bond documents to be held by a trustee and include various bond interest accounts and debt service reserve accounts, along with operating reserves required by state statute and certain net assets with donor restriction.

***Property, equipment and depreciation***

Property and equipment purchased are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with restriction to net assets without restriction at that time.

Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized. Capitalized development and construction costs represent the planning, development and construction costs incurred to date related to its expansion project.

The Corporation reviews its long-lived assets for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated realizable value is less than the carrying amount.

Depreciation is provided principally on the straight-line method over the following estimated useful lives:

|                         |                |
|-------------------------|----------------|
| Buildings               | 10 to 50 years |
| Land improvements       | 10 years       |
| Furniture and equipment | 3 to 10 years  |

***Issuance costs***

Capitalized bond issuance costs include costs paid to issue the Series 2015 Bonds and Series 2020 Bonds. The costs incurred related to the issuance of the debt will be amortized over the life of the new bonds.

***Refundable deposits***

Refundable deposits represent deposits paid by future residents.

***Refundable fees and deferred revenue from advance fees***

Initial fees paid by a resident upon entering Independent Living or Assisted Living are recorded as refundable fees or deferred revenue from advance fees. Deferred revenue is amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. Periodic fees are charged for services and use of facilities which approximate the cost of delivering those services. Upon termination (moving out or death), residents may be entitled to a refund of a portion of their advance fee. The refund amount depends on the type of contract and the length of residency. The timing of the refund is dependent upon resale of the unit.

***Health center revenue***

Health Center revenue is reported at the estimated net realizable amounts due from residents, third-party payors, and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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***Operating income***

The statements of operations include operating income. Changes in net assets without restriction, which are excluded from operating income consistent with industry practice, include unrealized gains and losses on investments, and contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets).

**4. Significant Projection Assumptions**

***Occupancy***

The following table summarizes the projected occupancy of the independent living units, as provided by Management.

**Table 2**  
**Occupancy of Independent Living Residences Before the Project**

| Year Ending<br>September 30, | Average Occupancy of Independent Living Residences |                  |                      |
|------------------------------|--|------------------|----------------------|
|                              | <u>Occupied</u>                                    | <u>Available</u> | %<br><u>Occupied</u> |
| 2020                         | 171  | 180              | 95%                  |
| 2021                         | 171  | 180              | 95%                  |
| 2022                         | 171  | 180              | 95%                  |
| 2023                         | 171  | 180              | 95%                  |
| 2024                         | 171  | 180              | 95%                  |

Source: Management

The assumed turnover of independent living units for the Community due to death, withdrawal, or transfer to Assisted Living, Memory Support, or Skilled Nursing, and double occupancy of the independent-living units has been provided by Management and is presented in the following table for the years ending September 30.

**Table 3**  
**Turnover Schedule – Independent Living Units**

|      |    |
|------|----|
| 2020 | 18 |
| 2021 | 18 |
| 2022 | 18 |
| 2023 | 18 |
| 2024 | 18 |

Source: Management

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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***Assumed health care accommodations and services***

The Health Center and services are available to Residents of the Community on a priority basis. However, the Community cannot guarantee access to these areas, other than priority admission.

The following table summarizes the assumed occupancy of the Corporation's assisted-living units during the projection period.

**Table 4**  
**Assisted-Living Occupancy**

| <b>Year Ending<br/>September 30,</b> | <b>Average Number<br/>of Assisted-Living<br/>Units Occupied</b> | <b>Average Number of<br/>Assisted-Living<br/>Units Available</b> | <b>Average Occupancy</b> |
|--------------------------------------|---|--|--------------------------|
| 2020                                 | 23  | 24   | 94%                      |
| 2021                                 | 23  | 24   | 94%                      |
| 2022                                 | 23  | 24   | 94%                      |
| 2023                                 | 23  | 24   | 94%                      |
| 2024                                 | 23  | 24   | 94%                      |

Source: Management

The following table summarizes the assumed utilization of the Project's assisted-living Memory Support beds during the projection period.

**Table 5**  
**Memory Support Occupancy**

| <b>Year Ending<br/>September 30,</b> | <b>Average Number of<br/>Memory Support<br/>Units Occupied</b> | <b>Average Number of<br/>Memory Support<br/>Units Available</b> | <b>Average<br/>Occupancy</b> |
|--------------------------------------|--|---|------------------------------|
| 2020                                 | 23   | 24  | 94%                          |
| 2021                                 | 23   | 24  | 94%                          |
| 2022                                 | 23   | 24  | 94%                          |
| 2023                                 | 23   | 24  | 94%                          |
| 2024                                 | 23   | 24  | 94%                          |

Source: Management

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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The following table summarizes the assumed utilization by payer of the Health Center licensed skilled nursing units during the projection period.

**Table 6**  
**Skilled Nursing Occupancy**

| <b>Year Ending<br/>September 30,</b> | <b>Private<br/>Payers</b> | <b>Medicaid</b> | <b>Medicare/<br/>Other</b> | <b>Total<br/>Residents</b> | <b>Total<br/>Nursing<br/>Beds</b> | <b>Average<br/>Occupancy</b> |
|--------------------------------------|---------------------------|-----------------|----------------------------|----------------------------|-----------------------------------|------------------------------|
| 2020                                 | 45%                       | 41%             | 14%                        | 115                        | 125                               | 92%                          |
| 2021                                 | 45%                       | 41%             | 14%                        | 115                        | 125                               | 92%                          |
| 2022                                 | 45%                       | 41%             | 14%                        | 115                        | 125                               | 92%                          |
| 2023                                 | 45%                       | 41%             | 14%                        | 115                        | 125                               | 92%                          |
| 2024                                 | 45%                       | 41%             | 14%                        | 115                        | 125                               | 92%                          |

Source: Management

***Revenue***

Resident Service Revenue

Resident service revenue is based upon charges for services provided to Residents of independent-living units and the Health Center. Resident service revenue for independent-living Residents is based upon the assumed occupancy and the Monthly Service Fees of the respective units.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

The Entrance Fees and associated Monthly Service Fees assumed to be charged to Residents of the independent-living units are summarized in the following tables.

**Table 7**  
**Entrance and Monthly Service Fees**  
**Existing Independent-Living Apartments and Shamrock Cottages**

| Unit Type                 | Unit Name  | Monthly Service Fees <sup>(2)(3)</sup> | Plan A<br>0%<br>Amortizing<br>Entrance Fees <sup>(1)</sup> | Plan C<br>90%<br>Refundable<br>Entrance Fees <sup>(1)</sup> |
|---------------------------|------------|--|--|---|
| <b>Apartments:</b>        |            |  |  |   |
| 1 Bedroom, 1 Bath         | Dogwood    | \$ 3,012                               | \$ 136,400   | \$ 225,700  |
| 1 Bedroom, 1 Bath, Den    | Redbud     | 3,333                                  | 168,400  | 273,900   |
| 1 Bedroom, 1 Bath, Den    | Periwinkle | 3,505                                  | 185,450  | 296,450   |
| 2 Bedroom, 2 Bath         | Magnolia   | 3,841                                  | 197,200  | 316,800   |
| 2 Bedroom, 2 Bath         | Camellia   | 4,302                                  | 225,000  | 369,800   |
| 2 Bedroom, 2 Bath         | Wisteria   | 4,302                                  | 225,500  | 369,800   |
| 2 Bedroom, 2 Bath, Den    | Azalea     | 4,510                                  | 232,400  | 374,600   |
| 2 Bedroom, 2 Bath, Den    | Rose       | 4,733                                  | 238,300  | 386,150   |
| 2 Bedroom, 2 Bath, Den    | Holly      | 4,751                                  | 244,100  | 408,100   |
| 2 Bedroom, 2.5 Bath, Den  | Jasmine    | <u>5,148</u>                           | <u>330,900</u>   | <u>461,550</u>  |
| Total/Weighted Average    |            | <u>\$ 4,144</u>                        | <u>\$ 218,315</u>  | <u>\$ 348,285</u>   |
| <b>Shamrock Cottages:</b> |            |  |  |   |
| 2 Bedroom, 2 Bath, Gar    | Enhanced   | \$ 4,144                               | \$ 218,700   | \$ 418,500  |
| 2 Bedroom, 2 Bath, Den    | Deluxe     | <u>4,830</u>                           | <u>241,800</u>   | <u>456,800</u>  |
| Total/Weighted Average    |            | <u>\$ 4,487</u>                        | <u>\$ 230,250</u>  | <u>\$ 437,650</u>   |

Source: Management

- Notes: (1) Entrance fees shown are assumed to be in effect from October 1, 2019 through September 30, 2020. Subsequent years are assumed to increase at 0% annually thereafter. Entrance fees for 50% refund plan are not shown due to a very low level of resident utilization.
- (2) Monthly service fees and second-person fees were effective October 1, 2019 and are assumed to increase annually each October 1 by 3.0%.
- (3) Second person monthly service fees for all independent-living cottages and apartments are assumed to approximate \$1,226.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

The following table illustrates the current fee structure for the Existing Residences.

**Table 8**  
**Entrance and Monthly Service Fees**  
**Existing Vintage Cottages**

| Unit Type              | Unit Name | Monthly Service Fees <sup>(2)(3)</sup> | Plan A<br>0%<br>Amortizing Entrance Fees <sup>(1)</sup> | Plan C<br>90%<br>Refundable Entrance Fees <sup>(1)</sup> |
|------------------------|-----------|--|---|--|
| 1 Bedroom, 1 Bath      | D         | \$ 2,630                               | \$ 99,500   | \$ 186,800   |
| 1 Bedroom, 1 Bath      | C         | 2,561                                  | 96,360  | 180,020  |
| 2 Bedroom, 2 Bath      | B         | 3,821                                  | 149,000   | 242,930  |
| 2 Bedroom, 2 Bath      | A2        | 4,513                                  | 213,000   | 345,500  |
| 3 Bedroom, 2 Bath      | A1        | <u>5,339</u>                           | <u>252,450</u>  | <u>430,900</u>   |
| Total/Weighted Average |           | <u>\$ 3,965</u>                        | <u>\$ 181,000</u>                                       | <u>\$ 290,100</u>  |

Source: Management

- Notes:
- (1) The Entrance Fees for the Existing Residences are a weighted average based upon the grouping of similar-sized floor plans. Entrance Fees were effective October 1, 2019, and are assumed to remain constant through September 30, 2020. Subsequent years are assumed to increase at 3.0% annually thereafter. Entrance Fees for 50% refund plan are not shown due to a very low level of resident utilization.
  - (2) The Monthly Service Fees for the Existing Residences are a weighted average based upon the grouping of similar-sized floor plans. Monthly Service Fees and second-person fees were effective October 1, 2019 and are assumed to increase annually each October 1 by 3.0%.
  - (3) Second person fees are assumed to approximate \$1,226.

***Description of the project***

Management is planning an expansion project (the "Project") to consist of the construction of 42 additional independent living units ("New Independent Living Units"), and the construction of a new Transitional Rehabilitation Center that will include 24 private rooms and state of the art therapy facility. The Transitional Rehabilitation Rooms will be located in a new facility that will follow the existing rate structure. The project also includes additions and improvements in the independent living, assisted living, healthcare areas as well as upgrades and refurbishment to the exteriors of the buildings on the campus. Management has commenced marketing the New Independent Living Units and collecting priority deposits.



**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

The following table shows the units and beds configuration of the Independent Living Units Project.

**Table 9**  
**The Independent Living Project Units / Beds Configuration and Fees**

| New Independent Living Units         | Units | Square Footage | Average Entrance Fees< 1 ><2 > | Monthly Fees<br>< 1 > |
|--------------------------------------|-------|----------------|--------------------------------|-----------------------|
| One-Bedroom                          | 3     | 895            | \$167,777                      | \$3,365               |
| One-Bedroom Den                      | 11    | 1,134          | \$209,956                      | \$4,092               |
| Two-Bedroom Traditional              | 11    | 1,321          | \$240,875                      | \$4,622               |
| Two-Bedroom Den                      | 17    | 1,550          | \$274,053                      | \$4,981               |
| Total Project ILUs /weighted average | 42    | 1,311          | \$237,051                      | \$4,481               |
| Second person fee – IL               |       |                |                                | \$1,226               |

Source: Management

- (1) Entrance Fees and Monthly Fees shown are in 2019 dollars.
- (2) The Corporation will offer several refundable Entrance Fee plans. Fees shown are a weighted blend of those plans based on historical data on the popularity of each plan.

The Existing Independent Living Units and the New Independent Living Units are collectively defined as the "Independent Living Units".

***Project timeline***

The following table illustrates the anticipated timeline for construction completion and fill-up of the Project.

**Table 10**  
**Anticipated Project Timeline**

|   |               |
|---|---------------|
| Obtain permanent financing                                    | May 2020      |
| Construction commences on the Project                         | April 2020    |
| New Independent Living Units available for occupancy          | May 2021      |
| New Independent Living Units achieve stabilized Occupancy 94% | December 2021 |

Source: Management

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

The following table summarizes the anticipated changes to the Community's unit configuration upon Project completion:

| <b>Level of Care</b>              | <b>Current Configuration</b> | <b>Project</b> | <b>Configuration after Project</b> |
|-----------------------------------|------------------------------|----------------|------------------------------------|
| Independent Living Units:         |                              |                |                                    |
| Apartments                        | 131                          | 42             | 173                                |
| Cottages                          | 49                           | -              | 49                                 |
| Subtotal Independent Living Units | 180                          | 42             | 222                                |
| Assisted Living Units             |                              |                |                                    |
| Assisted Living Units             | 24                           | -              | 24                                 |
| Memory Care Beds                  | 24                           | -              | 24                                 |
| Nursing Beds                      | <b>125</b>                   | -              | <b>125</b>                         |
| Subtotal Health Care Units/Beds   | 173                          | -              | 173                                |
| <b>Total Units/Beds</b>           | <b>353</b>                   | <b>42</b>      | <b>395</b>                         |

Source: Management

***Description of the Residency Agreement for the Project***

Reservation process

Prospective residents of the Community complete the following process to reserve an Independent Living Unit.

In order to reserve an Existing Independent Living Unit, a prospective resident must execute a residency agreement ("Residency Agreement"), provide recent medical history, provide a self-disclosure of his or her finances and place a deposit equal to 10 percent of the Entrance Fee (the "10 Percent Deposit" – not to exceed \$20,000) on the selected Existing Independent Living Unit. The balance of the Entrance Fee is due on or before the occupancy date (the "Occupancy Date") of the Independent Living Unit.

It is assumed that upon approval to collect reservation deposits for the New Independent Living Units, prospective residents would sign a reservation agreement (the "Reservation Agreement") and pay the applicable deposit amount ("Depositors") which shall be held in an escrow account on behalf of Residents in accordance with North Carolina General Statute §58-64-35 and earn market rate interest and is fully refundable, including the interest earned. Depositors would execute a Residency Agreement upon payment of the Entrance Fee at or prior to move-in.

Residency agreement

The terms of the residency agreement are identified in Footnote 2 Description of the Residency and Care Agreements.

Development agreement

Maryfield, Inc. and Action Pact Development, LLC (the "Developer") entered into a Development Agreement (the "Development Agreement") on April 16, 2019 under which the Developer is expected to provide development consulting services related to the Project.

For its services under the Development Agreement, the Corporation is obligated to pay the Developer a development fee of approximately \$1,577,000 (the "Development Fee").

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

Summary of financing

Total financial requirements to complete the Project are assumed to approximate \$53,560,000 and assumed to be funded primarily through the issuance of approximately \$42,127,000 of bonds (the "Series 2020A & B, Bonds"), Fund Raising of approximately \$7,500,000, Routine Capital Budget spending of \$1,437,000 and the use of approximately \$2,496,000 of Existing Reserves. Management has assumed the following sources and uses of funds in preparing the financial projection.

**Table 12**  
**Sources and Uses of Funds**

| <b>SOURCES OF FUNDS:</b>                         |                      |
|--|----------------------|
| SERIES 2020A BONDS                               | \$ 31,127,000        |
| SERIES 2020B BONDS                               | 11,000,000           |
| EQUITY CONTRIBUTION - FUNDRAISING                | 7,500,000            |
| EQUITY CONTRIBUTION - ROUTINE CAPITAL BUDGET     | 1,437,000            |
| EQUITY CONTRIBUTION - EXISTING RESERVES          | 2,496,000            |
| <b>TOTAL SOURCES OF FUNDS</b>                    | <b>53,560,000</b>    |
| <b>USES OF FUNDS:</b>                            |                      |
| DIRECT CONSTRUCTION COSTS                        | 34,770,000           |
| MARKETING COSTS                                  | 1,125,000            |
| DESIGN FEE                                       | 2,447,000            |
| FURNITURE, FIXTURES AND EQUIPMENT                | 1,898,000            |
| MISCELLANEOUS COSTS                              | 1,560,000            |
| DEVELOPMENT FEE                                  | 1,577,000            |
| CONTINGENCY                                      | 2,153,000            |
| COST OF ISSUANCE                                 | 1,630,000            |
| LAND   | -                    |
| <b>TOTAL PROJECT RELATED COSTS</b>               | <b>47,160,000</b>    |
| DEBT SERVICE RESERVE FUNDS - SERIES 2020 BONDS   | 1,900,000            |
| FUNDED INTEREST                                  | 4,500,000            |
| REPAYMENT OF LINE OF CREDIT AND ACCRUED INTEREST | -                    |
| <b>TOTAL USE OF FUNDS</b>                        | <b>\$ 53,560,000</b> |

Source: Management

Notes:

- (1) The Series 2020 Bonds are assumed to consist of \$31,127,000 of tax-exempt fixed rate bonds (the "Series 2020A Bonds" and \$11,000,000 of tax-exempt fixed rate bonds are anticipated to be repaid with initial Entrance Fees from the Project (the "Series 2019B Bonds").
- (2) A short-term loan of approximately \$5,000,000 is available to be utilized to fund certain construction and predevelopment costs for the Project. The short-term loan is provided by First Bank. As of September 30, 2019, approximately \$340,000 was drawn on this loan. The accompanying projection assumes another \$2,500,000 will be drawn to fund the Project.
- (3) Management estimates direct construction costs for the Project to approximate \$34,770,000.
- (4) Marketing costs are assumed to approximate \$1,125,000.
- (5) The Design fees associated with the construction of the Project are estimated to approximate \$2,447,000.
- (6) Furniture, fixtures and equipment costs are assumed to approximate \$1,898,000.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

- (7) Miscellaneous costs are assumed to approximate \$1,560,000 and consists of legal fees, filing fees, impact fees, etc.
- (8) The Development Fee associated with the development of the Project is estimated to approximate \$1,577,000.
- (9) Management has included a Project contingency of approximately \$2,153,000.
- (10) Land costs for the Project are assumed to be \$ -0- due to the fact that the land was previously owned.
- (11) A Debt Service Reserve Fund of \$1,900,000 is anticipated to be funded with proceeds of the Series 2020 Bonds.
- (12) Funded interest is assumed to approximate \$4,500,000 and is assumed to fund interest for the Series 2020 Bonds.
- (13) Cost of issuance for the Series 2020 Bonds are assumed to approximate \$1,630,000.

***Summary of revenue and entrance fee assumptions***

Independent Living Unit Revenue

Service fee revenue for Residents living in the Independent Living Units is based upon the assumed occupancy and the Monthly Fee of the respective units. The Independent Living Unit Monthly Fees are assumed to increase 3.0 percent annually during the projection period.

The Existing Independent Living Units are assumed to maintain a 95.0 percent occupancy level throughout the projection period, and the New Independent Living Units are assumed to achieve a 94.0 percent occupancy level in December 2021 and remain at that level throughout the projection period. The following table summarizes the assumed utilization of the Existing Independent Living Units and New Independent Living Units during the projection period:

**Table 13**  
**Utilization of the Independent Living Units**

| Years Ended<br>September 30 | Existing Independent Living Units |                               |                      | New Independent Living Units |                               |                      | Total ILU<br>Occupancy |
|-----------------------------|-----------------------------------|-------------------------------|----------------------|------------------------------|-------------------------------|----------------------|------------------------|
|                             | Average<br>Units<br>Occupied      | Average<br>Units<br>Available | Average<br>Occupancy | Average<br>Units<br>Occupied | Average<br>Units<br>Available | Average<br>Occupancy |                        |
| <i>Projected:</i>           |                                   |                               |                      |                              |                               |                      |                        |
| 2020                        | 171.0                             | 180.0                         | 95.0%                | 0.0                          | 0.0                           | 0.0%                 | 95.0%                  |
| 2021                        | 171.0                             | 180.0                         | 95.0%                | 5.7                          | 28.0                          | 20.2%                | 84.9%                  |
| 2022                        | 171.0                             | 180.0                         | 95.0%                | 37.5                         | 42.0                          | 89.3%                | 93.9%                  |
| 2023                        | 171.0                             | 180.0                         | 95.0%                | 39.5                         | 42.0                          | 94.0%                | 94.8%                  |
| 2024                        | 171.0                             | 180.0                         | 95.0%                | 39.5                         | 42.0                          | 94.0%                | 94.8%                  |

Source: Management

- (1) Average occupancy for the Existing Independent Living Units as of September 30, 2019 was 178 units occupied, or 98.9%.
- (2) The 42 New Independent Living Units are assumed to be available for occupancy in May 2021 and fill to a 94% percent occupancy level as detailed in the next table.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

Project Monthly Unit Move-in Schedule

Residents are assumed to begin moving into the New Independent Living Units May 2021. The assumed monthly move-in pattern (net of move-outs) is summarized below.

**Table 14**  
**Fill-Up Schedule - Project**  
**(Net Move Ins)**

| <b>Fiscal Year/Month</b> | <b>New Independent Living Units</b> | <b>Cumulative Occupancy Total</b> | <b>Cumulative Occupancy Percentage</b> |
|--------------------------|-------------------------------------|-----------------------------------|--|
| <b>2021</b>              |                                     |                                   |  |
| May                      | 6.0                                 | 6.0                               | 14.3%                                  |
| June                     | 6.0                                 | 12.0                              | 28.6%                                  |
| July                     | 6.0                                 | 18.0                              | 42.9%                                  |
| August                   | 6.0                                 | 24.0                              | 57.1%                                  |
| September                | 4.0                                 | 28.0                              | 66.7%                                  |
| <b>2022</b>              |                                     |                                   |  |
| October                  | 4.0                                 | 32.0                              | 76.2%                                  |
| November                 | 4.0                                 | 36.0                              | 85.7%                                  |
| December                 | 3.5                                 | 39.5                              | 94.0%                                  |
| January                  | -                                   | 39.5                              | 94.0%                                  |
| February                 | -                                   | 39.5                              | 94.0%                                  |
| March                    | -                                   | 39.5                              | 94.0%                                  |
| April                    | -                                   | 39.5                              | 94.0%                                  |
| May                      | -                                   | 39.5                              | 94.0%                                  |
| June                     | -                                   | 39.5                              | 94.0%                                  |
| July                     | -                                   | 39.5                              | 94.0%                                  |
| August                   | -                                   | 39.5                              | 94.0%                                  |
| September                | -                                   | 39.5                              | 94.0%                                  |
| <b>Total</b>             | <b>39.5</b>                         | <b>39.5</b>                       | <b>94.0%</b>                           |

Source: Management

***Entrance fees***

The assumed number of Existing Independent Living Units and New Independent Living Units becoming available due to Resident turnover, the double occupancy rate, the number of annual Resident Entrance Fee funds, and the movement of Existing and New Independent Living Unit Residents into the Assisted Living Units or Skilled Nursing Beds due to death, withdrawal or transfer are provided by Management.

Inflation on the Initial New Independent Living Units Entrance Fees are assumed to remain constant during the projection period, while New Independent Living Units Entrance Fees from attrition are assumed to increase 3.0 percent annually throughout the projection period.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

The following table presents the assumed initial and attrition Entrance Fees received and the total Entrance Fees refunded.

**Table 15**

**Entrance Fees Receipts and Entrance Fees Refunds**

|   | 2020               | 2021                | 2022               | 2023               | 2024               |
|---|--------------------|---------------------|--------------------|--------------------|--------------------|
| <b><i>Number of Entrances Fees Received</i></b> |                    |                     |                    |                    |                    |
| New Independent Living Units -- Initial         | -                  | 28                  | 12                 | -                  | -                  |
| Existing Independent Living Units -- Attrition  | 18                 | 18                  | 18                 | 18                 | 18                 |
| New Independent Living Units -- Attrition       | -                  | -                   | 2                  | 3                  | 3                  |
| <b>Total Number of Entrance Fees Received</b>   | <b>18</b>          | <b>46</b>           | <b>32</b>          | <b>21</b>          | <b>21</b>          |
| <b><i>Entrance Fees Received</i></b>            |                    |                     |                    |                    |                    |
| New Independent Living Units -- Initial         | \$ -               | \$ 8,438,000        | \$2,996,000        | \$ -               | \$ -               |
| Existing Independent Living Units -- Attrition  | 4,158,640          | 3,919,965           | 4,064,595          | 3,939,872          | 4,080,239          |
| New Independent Living Units -- Attrition       | -                  | -                   | 478,000            | 739,000            | 739,000            |
| <b>Total Entrance Fees Received</b>             | <b>4,158,640</b>   | <b>12,357,965</b>   | <b>7,538,595</b>   | <b>4,678,872</b>   | <b>4,819,239</b>   |
| <b>Total Entrance Fees Refunded</b>             | <b>(1,888,923)</b> | <b>(1,888,923)</b>  | <b>(1,888,923)</b> | <b>(1,888,923)</b> | <b>(1,888,923)</b> |
| <b>Entrance Fees Received, Net of Refunds</b>   | <b>\$2,269,717</b> | <b>\$10,469,042</b> | <b>\$5,649,672</b> | <b>\$2,789,949</b> | <b>\$2,930,316</b> |

Source: Management

***Health Center revenue***

Health Center fees are generated from services provided to Residents transferring from the independent-living units as well as direct admissions from the local surrounding area. All Residents are assumed to pay the current charges at the prevailing market rate established by the Corporation except for any Healthcare Benefit that may be available.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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***Licensed nursing***

The Health Center will provide services to private-pay, Medicaid and Medicare Residents.

The assumed per-diem charges for the respective payor are presented in the following table.

**Table 16**  
**Health Center Per Diem Rates**

| <b>Payor Type</b>  | <b>Per Diem Charges<sup>(1)</sup></b> |
|--------------------|---------------------------------------|
| <u>Private Pay</u> |                                       |
| Private room       | \$ 339                                |
| Semi-private room  | 301                                   |
| Medicare           | 514                                   |
| Medicaid           | 157                                   |
| Hospice and other  | 157                                   |

Source: Management

Note: (1) Daily per diem rates were effective October 1, 2019, and are assumed to remain substantially constant through the fiscal year ending September 30, 2020. Subsequent years are assumed to increase approximately 3.0% annually, thereafter, with the exception of the Medicare and Medicaid rates, which are assumed to increase approximately 1% annually.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

***Assisted Living***

Assisted-Living Residents are charged a base monthly fee for services provided. In addition to the base Monthly Service Fee, there are additional levels of care provided for an extra charge, which will be designed for Residents who require additional assistance with activities of daily living (“ADLs”). The levels of care assistance include such services as: verbal instruction on activities of daily living; physical assistance with bathing or showering; periodic use of a hydro-tub; dressing, clothes selection and orientation; grooming, including but not limited to hair and teeth brushing, etc.; eating; walking, wheelchair propelling, and prescribed exercises; laundry services that are needed more often than one time a week (both personal and/or linen); and assistance with bladder and/or bowel incontinence, but not including the cost of incontinence supplies, which will be billed separately to the Resident.

Monthly Service Fees for Assisted-Living Residents are presented in the following table.

**Table 17**  
**Assisted-Living Unit Mix and Monthly Service Fees**

| <b>Unit Type</b>                                      | <b>Number of Units</b> | <b>Monthly Service Fees <sup>(1)</sup></b> |
|---|------------------------|--|
| 1 Bedroom - Multi-unit assisted- living with services | 12                     | \$ 5,824                                   |
| 1 Bedroom, 1 Bath                                     | 10                     | 6,130                                      |
| 2 Bedroom, 1 Bath                                     | <u>2</u>               | <u>7,356</u>                               |
| Total / Weighted Average                              | <u>24</u>              | <u>\$ 6,079</u>                            |

Source: Management

Note: (1) Monthly Service Fees were effective October 1, 2019, and should remain constant for the fiscal year ending September 30, 2020. Subsequent years are assumed to increase at 3.0% annually. Rates shown do not include monthly average level of care fees of approximately \$1,533 or any fees from a home care agency in the case of Multi-Assisted Living with Services. In addition, Residents admitted directly into an assisted-living unit from outside the Community are required to pay a non-refundable entrance fee of approximately \$14,200.

***Memory support***

Monthly Service Fees for Memory Support Residents are presented in the following table.

**Table 18**  
**Memory Support Monthly Service Fees**

| <b>Unit Type</b>          | <b>Number of Units</b> | <b>Monthly Service Fees <sup>(1)</sup></b> |
|---------------------------|------------------------|--|
| 1 Bedroom - Dementia care | 24                     | \$ 7,268                                   |

Source: Management

Note: (1) Monthly Service Fees were effective October 1, 2019, and should remain constant for the fiscal year ending September 30, 2020. Subsequent years are assumed to increase at 3.0% annually. In addition, Residents admitted directly into a Memory Support unit from outside the Community are required to pay a non-refundable entrance fee of approximately \$14,200.



**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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***Amortization of entrance fees***

Management has assumed that approximately sixty-eight percent (68%) of the Residents will be enrolled under Plan A, and thirty-two percent (32%) will be enrolled under Plan C, during the projection period. Entrance fees under Plan A and the nonrefundable portion of entrance fees under Plan C are recorded as deferred revenue and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident.

***Contributions and bequests***

Contributions and bequests include endowment income and gifts without restriction. Management assumes that total contributions without restriction and bequests would approximate \$576,000 annually throughout the projection period.

***Other income***

Projected other income consists of revenues from additional Resident meals and snacks, guest meals, guest apartment rentals, barber and beauty fees, and other miscellaneous sources. Other income also includes revenue for ancillary services for nursing and home care services provided to Independent Living Residents.

***Investment income***

Management assumes an average annual rate of return of 4.0 percent (4%) on unrestricted cash and unrestricted investments, an average annual rate of return 4.0 percent (4.0%) on permanently restricted investments, and an average annual rate of return of 0.5 percent (0.5%) on all Debt Service Reserve Funds.

***Fundraising campaign***

The Corporation initiated a fundraising campaign to support the proposed Transitional Rehabilitation Center project. Now that the projects have been completed, the remaining unconditional promises to give are classified as unrestricted. Balances of unconditional promises to give and related cash receipts are assumed to be as follows:

**Table 19**  
**Schedule of Unconditional Promises to Give and Cash Receipts**

| Years Ending<br>September 30, | 2020             | 2021           | 2022           | 2023           | 2024           |
|-------------------------------|------------------|----------------|----------------|----------------|----------------|
| Beginning balance             | \$3,576,743      | \$2,625        | \$2,625        | \$2,625        | \$2,625        |
| New pledges                   | 3,576,000        | 576,000        | 576,000        | 576,000        | 576,000        |
| Cash receipts                 | <u>7,150,118</u> | <u>576,000</u> | <u>576,000</u> | <u>576,000</u> | <u>576,000</u> |
| Ending balance                | <u>\$2,625</u>   | <u>\$2,625</u> | <u>\$2,625</u> | <u>\$2,625</u> | <u>\$2,625</u> |

Source: Management

***Operating expenses***

Operating expenses are estimated by Management based upon the historical experience of the Corporation. Staff salaries and wages are projected to comprise approximately 48 percent (48%) of departmental operating expenses and are based on prevailing local salary and wage rates of the Corporation and are assumed to increase approximately 3 percent (3%) annually throughout the projection period.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

The following table summarizes the projected staffing levels and average salary for all departments as provided by Management for the Community.

**Table 20**  
**Projected Staffing Levels and Average Salaries**

|                        | FY 2020          | Full-Time Equivalent (FTEs) <sup>(1)</sup> |                  |                  | FY 2024          |
|------------------------|------------------|--|------------------|------------------|------------------|
|                        |                  | FY 2021                                    | FY 2022          | FY 2023          |                  |
| Administrative         | 25               | 25   | 25               | 25               | 25               |
| Plant operation        | 16               | 16   | 16               | 16               | 16               |
| Dining                 | 46               | 46   | 46               | 46               | 46               |
| Housekeeping & laundry | 19               | 19   | 19               | 19               | 19               |
| Activities/wellness    | 18               | 18   | 18               | 18               | 18               |
| Assisted living        | 9                | 9  | 9                | 9                | 9                |
| Memory support         | 15               | 15   | 15               | 15               | 15               |
| Health center          | <u>119</u>       | <u>119</u>                                 | <u>119</u>       | <u>119</u>       | <u>119</u>       |
| Total FTEs             | <u>267</u>       | <u>267</u>                                 | <u>267</u>       | <u>267</u>       | <u>267</u>       |
| Average salary         | <u>\$ 36,859</u> | <u>\$ 37,638</u>                           | <u>\$ 38,744</u> | <u>\$ 40,007</u> | <u>\$ 41,007</u> |

**Table 21**  
**Schedule of Assumed Staffing Levels (FTEs) Changes for Project**

| DEPARTMENT                 | EXISTING | PROJECT | TOTAL |
|----------------------------|----------|---------|-------|
| Administration and general | 21       | 4       | 25    |
| Plant operation            | 15       | 1       | 16    |
| Dining                     | 38       | 8       | 46    |
| Housekeeping & laundry     | 17       | 2       | 19    |
| Activities/wellness        | 18       | -       | 18    |
| Assisted living            | 9        | -       | 9     |
| Memory support             | 15       | -       | 15    |
| Health center              | 115      | 4       | 119   |
| Total FTE's                | 248      | 19      | 267   |

Source: Management

Note: (1) FTEs are shown for each fiscal year at September 30<sup>th</sup> of that year.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses. The cost of these non-salary operating expenses is assumed by Management to increase approximately 2 percent (2%) annually throughout the projection period.

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

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***Assets limited as to use***

Under the terms of the Master Trust Indenture (the “Indenture”) and other various Trust Agreements (the “Trust Agreements”) between the North Carolina Medical Care Commission (the “Commission”) and The Bank of New York Trust Company, N. A. as trustee (the “Trustee”), the Trustee will maintain the following funds and accounts for the Series 2015 Bonds in its capacity as Trustee under the Indenture and Trust Agreements:

1. Bond Fund, which contains the bond principal and interest payments, to be used for payment of debt service on the Series 2015 Bonds.
2. Debt Service Reserve Funds which is assumed to be the maximum annual debt service on the Series 2015 Bonds and 12 months interest on the 2015 Bonds.

***Operating reserve requirement***

North Carolina General Statute Chapter 58, Article 64 sets forth minimum operating reserve requirements. Under this legislation, the Organization is required to maintain unrestricted cash and investments equal to 25% of total annual operating costs (less certain expenses). At September 30, 2019, management has estimated that approximately \$5,300,000 would be required to meet the operating reserve requirement and has sufficient resources to meet this requirement.

***Property and equipment and depreciation expense***

Management estimates that the Corporation will incur project costs and routine capital additions during the period that will be capitalized as property and equipment. Project-related costs as well as routine capital additions during the projection period are summarized in the table below.

**Table 22**  
**Schedule of Property and Equipment**  
**(In Thousands)**

| <b>At September 30,</b>     | <b>2020</b>       | <b>2021</b>       | <b>2022</b>       | <b>2023</b>       | <b>2024</b>       |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning balance           | \$ 125,655        | \$ 154,736        | \$ 175,497        | \$ 177,052        | \$ 178,607        |
| Capitalized project costs   | 27,516            | 19,206            | -                 | -                 | -                 |
| Routine capital additions   | <u>1,555</u>      | <u>1,555</u>      | <u>1,555</u>      | <u>1,555</u>      | <u>1,555</u>      |
| Total capital costs         | 154,736           | 175,497           | 177,052           | 178,607           | 180,162           |
| Accumulated depreciation    | <u>(51,875)</u>   | <u>(55,970)</u>   | <u>(60,220)</u>   | <u>(65,470)</u>   | <u>(70,773)</u>   |
| Property and equipment, net | <u>\$ 102,862</u> | <u>\$ 119,527</u> | <u>\$ 116,832</u> | <u>\$ 113,137</u> | <u>\$ 109,389</u> |

Source: Management

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

***Bonds payable and other debt***

During the fiscal year ended September 30, 2015 the Corporation completed a refinancing, the proceeds of which were used, in part, to refund all of the previously outstanding Series 2005A and 2005B Bonds. Interest on the Series 2015 Bonds is to be payable on April 1 and October 1 of each year beginning October 1, 2015. Principal on the Series 2015 Bonds is to be paid annually commencing October 1, 2015, with a final maturity on October 1, 2035. The refinancing consists of the following:

| <u>Bond Component</u> | <u>Par Value</u>     | <u>Price</u> | <u>Average Coupon</u> | <u>Average Life</u> |
|-----------------------|----------------------|--------------|-----------------------|---------------------|
| Serial Bond           | \$ 11,020,000        | 100.000      | 3.125%                | 2.92                |
| 2035 Term Bond        | 55,115,000           | 100.000      | 4.708%                | 15.00               |
|                       | <u>\$ 66,135,000</u> |              |                       | <u>14.10</u>        |

All of the Bonds are secured by a deed of trust on substantially all land, buildings, equipment and furnishings and fixtures owned by the Corporation.

In addition to the continuing operating \$1,000,000 line of credit, further described in this section the Corporation has obtained a short-term loan up to \$5,000,000 to be used for interim financing of the Project as described under the discussion of the Project in this Projection. As of September 30, 2019, approximately \$340,000 was drawn on this loan. The Corporation also has available a \$1,000,000 unsecured line of credit with the First Bank with interest payable monthly on outstanding balances at a variable rate of prime plus 1% subject to a floor of 4.75%. At September 30, 2019, no amounts were outstanding on the line of credit. The projection does not include any borrowing on the line of credit for the five years presented.

On October 1, 2010, the Organization entered into a Shared Savings Agreement with its long-time HVAC contractor to replace the existing steam boiler plant with high efficiency hot water boilers and make other system upgrades for a total project cost of \$545,280. The project was substantially completed in August 2011. The equipment is being financed with a 10 year note payable, at an annual interest rate of 8%, and is being paid solely from the energy savings generated from the project.

During the fiscal year ended September 30, 2014, the Organization acquired three vehicles for the transportation of residents. The total cost of all vehicles was approximately \$128,000. Two of the vehicles were financed with High Point Bank and the third was financed with Chrysler Credit. The loans are for 60 to 72 months with interest rates from 1.9% to 4.25%.

The following table presents the annual debt service of the bonds outstanding during the projection period.

**Table 23**  
**Projected Annual Debt Service for 2015 Bonds**  
**(In Thousands)**

| <u>Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Annual Debt Service</u> |
|----------------------------------|------------------|-----------------|----------------------------------|
| 2020                             | \$ 2,125         | \$ 2,938        | \$ 5,063                         |
| 2021                             | 2,225            | 2,837           | 5,062                            |
| 2022                             | 2,330            | 2,736           | 5,066                            |
| 2023                             | 2,440            | 2,621           | 5,061                            |
| 2024                             | 2,565            | 2,501           | 5,066                            |

Source: Management

**Maryfield, Inc. (d.b.a. Pennybyrn At Maryfield)**  
**Summary of Significant Projection Assumptions and Accounting Policies**

**Series 2020 Bonds**

The Series 2020 Bonds are assumed to consist of the Series 2020A Bonds and Series 2020B Bonds of approximately \$31,127,000 and \$11,000,000, respectively, of non-rated, tax-exempt fixed rate bonds, with an average interest rate of 5.50 percent per annum. Proceeds from the Series 2020 Bonds are assumed to fund the construction of the Project. Interest on the Series 2020 Bonds is assumed to be payable semi-annually on January 1 and July 1 of each year beginning January 1, 2021. Principal on the Series 2020A Bonds is assumed to be payable annually commencing January 1, 2022. Principal on the Series 2020B Bonds is assumed to be repaid with initial Project Entrance Fees beginning in July 2021. The following table presents the projected debt service for the Series 2020A Bonds and Series 2020B Bonds.

**Table 24**  
**Principal and Interest Payments-Series 2020A Bonds and Series 2020B Bonds**  
**(in Thousands)**

| Years Ended<br>September 30: | Series 2020A Bonds   |                     | Series 2020B Bonds   |                     | Total<br>Debt<br>Services |
|------------------------------|----------------------|---------------------|----------------------|---------------------|---------------------------|
|                              | Principal<br>Payment | Interest<br>Payment | Principal<br>Payment | Interest<br>Payment |                           |
| 2020                         | \$ -                 | \$ 1,868            | \$ -                 | \$ 550              | \$ 2,418                  |
| 2021                         | \$ 50                | \$ 1,868            | \$ -                 | \$ 550              | \$ 2,468                  |
| 2022                         | \$ 55                | \$ 1,865            | \$ 11,000            | \$ 550              | \$ 13,470                 |
| 2023                         | \$ 60                | \$ 1,861            | \$ -                 | \$ -                | \$ 1,921                  |
| 2024                         | \$ 65                | \$ 1,857            | \$ -                 | \$ -                | \$ 1,922                  |
| Thereafter                   | \$ 30,897            | \$ 37,254           | \$ -                 | \$ -                | \$ 68,151                 |
| <b>Total</b>                 | <b>\$ 31,127</b>     | <b>\$ 46,573</b>    | <b>\$ 11,000</b>     | <b>\$ 1,650</b>     | <b>\$ 90,350</b>          |

Source: Management

**Current assets and current liabilities**

Working capital components of cash, non-patient accounts receivable, other assets, and prepaid expenses have been estimated based Management's historical experience.

Management approximates other working capital components as indicated in the table below.

**Table 25**  
**Working Capital Assumptions**

|                     |   |
|---------------------|---|
| Accounts receivable | 22 days (health care revenue)                               |
| Accounts payable    | 17 days (operating expenses)                                |
| Accrued expenses    | 14 days (salary expenses) and historical benefit experience |

Source: Management

**Short-term loan**

Management assumes predevelopment costs will be funded from proceeds of a \$5,000,000 short-term loan, with an assumed average interest rate of 5.0 percent per annum. The first draw on the Loan was obtained in the year ended September 30, 2019. The Loan is assumed to be repaid in April 2020 with proceeds from the Series 2020 Bonds.

## **5. New and Pending Accounting Standards Implementation**

### Deferred marketing costs

Management implemented ASU No. 2014-09 “Revenue from Contracts with Customers” and adjusted the treatment of deferred marketing costs. Previously, all marketing costs incurred by the Corporation in acquiring initial Resident contracts were capitalized and amortized on a straight-line basis over a period of the approximate average life expectancy of the initial Residents. Under the new Standard, only incremental marketing expenditures incurred specifically to obtain the Resident contract can be capitalized. For purposes of the projection, Management has reflected the removal of deferred marketing costs incurred prior to September 30, 2019 as a prior-period adjusted reduction in net assets. Management assumes all future marketing expenses are to be expensed when incurred.

### Presentation on financial statements of Not-for-Profit entities

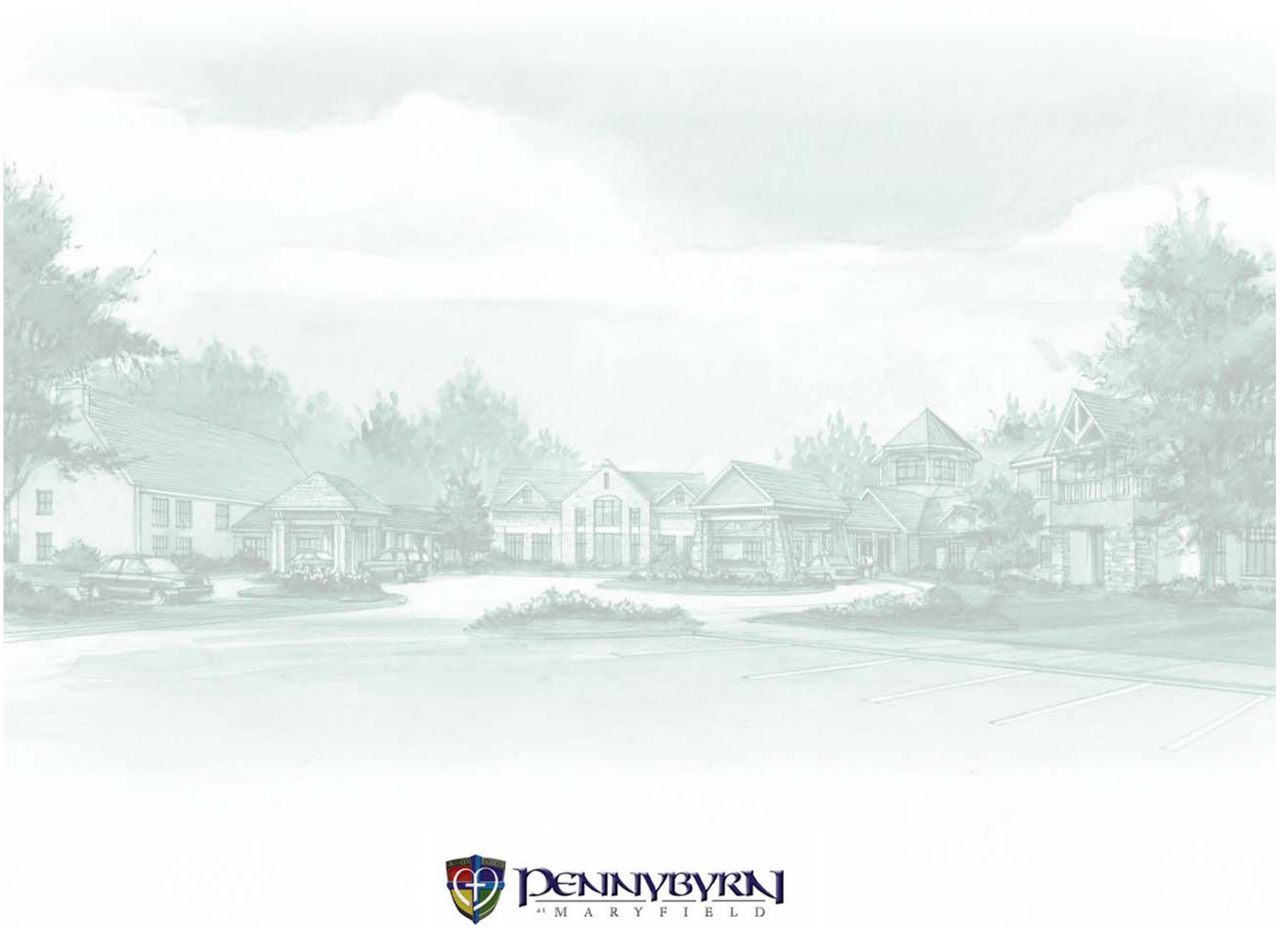
Management has implemented ASU No. 2016-14 “Presentation on Financial Statements of Not-for-Profit Entities,” issued in August 2016 to improve not-for-profit financial statement disclosure, for purposes of the projection.

### Leases

Management has not implemented ASU No. 2016-2 “Leases” as issued in February 2016 for purposes of the projection.

# Exhibit "F"

## Comparison of Actual Results with Forecasted Projections



**MARYFIELD, INC. (D.B.A. PENNYBYRN AT MARYFIELD)**  
**COMPARISON OF FORECASTED AND AUDITED STATEMENT OF OPERATIONS**  
**FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019**

|   | <b>FORECASTED<br/>FY 2019</b> | <b>AUDITED<br/>FY 2019</b> | <b>Variance</b>    | <b>Notes</b> |
|---|-------------------------------|----------------------------|--------------------|--------------|
| <b>Operating Revenues</b>                   |                               |                            |                    |              |
| Amortization of entrance fees               | \$2,290,880                   | \$2,314,631                | \$23,751           |              |
| Independent living                          | 8,485,125                     | 8,674,771                  | 189,646            | A            |
| Assisted living                             | 1,829,923                     | 1,791,666                  | (38,257)           |              |
| Memory support center                       | 1,910,056                     | 1,477,388                  | (432,668)          | B            |
| Health center                               | 11,665,902                    | 11,934,945                 | 269,043            | C            |
| Contributions                               | 576,000                       | 906,935                    | 330,935            | D            |
| Other income                                | 606,768                       | 672,800                    | 66,032             |              |
| Investment income                           | 816,432                       | 1,081,754                  | 265,322            | E            |
| <b>Total Operating Revenue</b>              | <b>28,181,086</b>             | <b>28,854,890</b>          | <b>673,804</b>     |              |
| <b>Departmental Operating Expenses</b>      |                               |                            |                    |              |
| Administrative                              | 5,077,715                     | 5,989,733                  | \$912,018          | F            |
| Marketing                                   | 524,982                       | 803,925                    | \$278,943          | G            |
| Development                                 | 229,414                       | 204,491                    | (\$24,923)         |              |
| Plant operation                             | 2,821,467                     | 2,942,285                  | \$120,818          |              |
| Dining                                      | 2,476,397                     | 2,592,660                  | \$116,263          |              |
| Housekeeping and laundry                    | 571,389                       | 569,979                    | (\$1,410)          |              |
| Activities                                  | 402,119                       | 431,691                    | \$29,572           |              |
| Religious                                   | 89,028                        | 96,061                     | \$7,033            |              |
| Medical records                             | 59,724                        | 67,603                     | \$7,879            |              |
| Health center                               | 956,966                       | 1,053,512                  | \$96,546           |              |
| Homecare                                    | 256,379                       | 237,635                    | (\$18,744)         |              |
| Nursing Household #1 -- Hayworth            | 620,703                       | 629,071                    | \$8,368            |              |
| Nursing Household #2 -- Benson              | 620,211                       | 625,434                    | \$5,223            |              |
| Nursing Household #3 --Hughes               | 622,371                       | 609,849                    | (\$12,522)         |              |
| Nursing Household #4 -- French              | 739,069                       | 797,160                    | \$58,091           |              |
| Nursing Household #5 -- McEwen              | 731,599                       | 681,723                    | (\$49,876)         |              |
| Nursing Household #6 -- Congdon             | 620,307                       | 611,240                    | (\$9,067)          |              |
| Assisted Living                             | 465,177                       | 595,046                    | \$129,869          | H            |
| Dementia care                               | 549,663                       | 514,436                    | (\$35,227)         |              |
| Ancillary services                          | 1,866,645                     | 1,696,418                  | (\$170,227)        | I            |
| <b>Total Departmental Operating Expense</b> | <b>20,301,325</b>             | <b>21,749,952</b>          | <b>1,448,627</b>   |              |
| <b>Non Departmental Expense</b>             |                               |                            |                    |              |
| Interest expense- bonds                     | 2,780,712                     | 2,780,108                  | (604)              |              |
| Interest expense- ITD and Equipment         | 12,998                        | 8,545                      | (4,453)            |              |
| Amortization                                | 507,555                       | 0                          | (507,555)          | J            |
| Depreciation                                | 3,784,092                     | 3,998,251                  | 214,159            |              |
| <b>Total Non Departmental Expense</b>       | <b>7,085,357</b>              | <b>6,786,904</b>           | <b>(298,453)</b>   |              |
| <b>Total Operating Expense</b>              | <b>27,386,682</b>             | <b>28,536,856</b>          | <b>1,150,174</b>   |              |
| <b>Change in unrestricted net assets</b>    | <b>\$794,404</b>              | <b>\$318,034</b>           | <b>(\$476,370)</b> |              |



## 2019 Statement of Operations

### Tickmarks on the Comparison of Forecasted and Audited State

These notes provide explanation of variances over 10% and \$100,000.

- A. Independent Living revenue is greater than forecast due to higher occupancy throughout the fiscal year.
  
- B. Memory Support Center revenue is lower than forecast due to the fact that occupancy was down for the center for a significant portion of the fiscal year. The vacant beds were "closed beds" meaning that Pennybyrn is required to keep those beds available only for residents of the Independent Living or Assisted Living areas of Pennybyrn. During the fiscal year, residents of Pennybyrn did not require these beds.
  
- C. Health Center revenue is greater than forecast due to increased occupancy than budgeted.
  
- D. Contribution income is in excess of the forecast due to the gifts from estates that settled during the fiscal year and generosity of our benefactors.
  
- E. Investment Income exceeds forecast due to recognition of gains on sales of securities during the year.
  
- F. Administrative expenses for the year exceeded the forecast due to significantly more health insurance claims filed under our self-insured health plan.
  
- G. Marketing expenses exceed the forecast for 2 reasons - during the latter part of the fiscal year we began taking steps toward the marketing of the new apartments that will be constructed on the Pennybyrn campus and the accounting rules changed so as to require all marketing costs associated with projects to be immediately expensed as opposed to prior treatment where the costs were capitalized related to the attainment of new residents and then the costs were amortized over the life expectancy of those new residents.
  
- H. Assisted Living costs were higher than forecast due to the need for additional labor hours in the assisted living department.
  
- I. Costs of ancillary services and supplies were less than forecast due to lower occupancy in some areas and lower amounts of required medication and services by our residents.
  
- J. Amortization expense for the fiscal year is zero compared to the forecast amount due to an accounting rules change that requires all marketing costs associated with current and prior projects to be written off entirely. The amount previously categorized as costs of contract acquisition were written off as of October 1, 2018, the beginning of our fiscal year.

**MARYFIELD, INC. (D.B.A. PENNYBYRN AT MARYFIELD)**

**Comparison of FYE Forecast to Financials - 2019**

**Balance Sheet in (000's)**

| <b>ASSETS</b>  | <b>Forecast<br/>2019</b> | <b>Actual<br/>2019</b> | <b>Difference</b> | <b>%<br/>Difference</b> | <b>Notes</b> |
|--|--------------------------|------------------------|-------------------|-------------------------|--------------|
| <b>Current assets</b>  |                          |                        |                   |                         |              |
| Cash and cash equivalents  | \$ 4,909                 | \$ 7,553               | \$ 2,644          | 54%                     | <b>A</b>     |
| Investments  | 10,153                   | 5,816                  | (4,337)           | -43%                    | <b>B</b>     |
| Assets limited as to use, current  | 3,556                    | 3,574                  | 18                | 1%                      | <b>A</b>     |
| Accounts receivable, residents (net of allowance)  | 703                      | 1,190                  |                   |                         |              |
| Accounts receivable, other   | 425                      | 283                    | (142)             | -33%                    | <b>A</b>     |
| Unconditional promises to give   | 5                        | 3,577                  | 3,572             | 71440%                  | <b>C</b>     |
| Prepaid Expenses   | 190                      | 389                    | 199               | 105%                    | <b>A</b>     |
| <b>Total current assets</b>  | <u>19,941</u>            | <u>22,382</u>          | <u>2,441</u>      | <u>12%</u>              |              |
| <b>Property and equipment</b>  |                          |                        |                   |                         |              |
| Land   | 719                      | 1,069                  | 350               |                         |              |
| Buildings and land improvements  | 108,239                  | 108,757                | 519               | 0.5%                    |              |
| Furniture and equipment  | 13,307                   | 13,711                 | 405               | 3%                      |              |
| Construction in progress   | -                        | 2,128                  |                   |                         |              |
| <b>Total</b>   | <u>122,264</u>           | <u>125,665</u>         | <u>3,401</u>      | <u>3%</u>               | <b>D</b>     |
| Accumulated depreciation   | (47,727)                 | (47,940)               | (213)             | 0%                      |              |
| <b>Total property and equipment, net</b>   | <u>74,537</u>            | <u>77,725</u>          | <u>3,188</u>      | <u>4%</u>               |              |
| <b>Assets limited as to use</b>  |                          |                        |                   |                         |              |
| Trustee-held investments   | 5,073                    | 5,407                  | 334               | 7%                      |              |
| Statutory operating reserves   | 4,900                    | 5,268                  | 368               | 8%                      | <b>E</b>     |
| <b>Total</b>   | <u>9,973</u>             | <u>10,675</u>          | <u>702</u>        | <u>7%</u>               |              |
| Cost of acquiring initial continuing care contracts<br>(net of accumulated amortization) | 725                      | -                      | (725)             | -100%                   |              |
| <b>Assets held in perpetuity</b>   |                          |                        |                   |                         |              |
| Beneficial interest in perpetual trust   | 2,074                    | 2,100                  | 26                | 1%                      |              |
| Investments  | 1,058                    | 2,170                  | 1,112             | 105%                    | <b>B</b>     |
| <b>Total</b>   | <u>3,132</u>             | <u>4,270</u>           | <u>1,138</u>      | <u>36%</u>              |              |
| <b>Total assets</b>  | <u>\$ 108,308</u>        | <u>\$ 115,052</u>      | <u>6,744</u>      | <u>6%</u>               |              |
| <b>LIABILITIES AND NET ASSETS</b>  |                          |                        |                   |                         |              |
| <b>Current Liabilities</b>   |                          |                        |                   |                         |              |
| Line of credit   | \$ -                     | \$ -                   | \$ -              |                         |              |
| Accounts payable   | 974                      | 1,985                  | 1,011             | 104%                    |              |
| Accrued expenses   | 673                      | 785                    | 112               | 17%                     |              |
| Estimated current portion of refundable fees   | 1,889                    | 1,889                  | -                 | 0%                      |              |
| Current portion of long-term debt  | 2,125                    | 2,204                  | 79                | 4%                      |              |
| Bond interest payable  | 1,474                    | 1,449                  | (25)              | -2%                     |              |
| <b>Total current liabilities</b>   | <u>7,135</u>             | <u>8,312</u>           | <u>1,177</u>      | <u>16%</u>              |              |
| <b>Other liabilities</b>   |                          |                        |                   |                         |              |
| Long-term debt, net of current portion   | 58,499                   | 58,826                 | 327               | 1%                      |              |
| Refundable deposits  | 32                       |                        | (32)              | -100%                   | <b>A</b>     |
| Refundable advance fees, net of current portion  | 11,926                   | 11,447                 | (479)             | -4%                     | <b>F</b>     |
| Deferred revenue from advance fees   | 17,205                   | 18,524                 | 1,319             | 8%                      | <b>F</b>     |
| <b>Total liabilities</b>   | <u>94,797</u>            | <u>97,109</u>          | <u>2,312</u>      | <u>2%</u>               |              |
| <b>Net assets</b>  |                          |                        |                   |                         |              |
| Net assets   | 9,003                    | 7,496                  | (1,507)           | -17%                    |              |
| Net assets - board-designated  | 4,507                    | 10,447                 | 5,940             | 132%                    |              |
| <b>Total net assets</b>  | <u>13,510</u>            | <u>17,943</u>          | <u>4,433</u>      | <u>33%</u>              |              |
| <b>Total liabilities and net assets</b>  | <u>\$ 108,307</u>        | <u>\$ 115,052</u>      | <u>\$ 6,745</u>   | <u>6%</u>               |              |

## 2019 Balance Sheet

### Tickmarks on the Comparison of Forecasted and Audited Statement of Operations

These notes provide explanations of variances over 10% and \$100,000

- A** Cash and cash equivalents were increased due to the following:

  - decrease in Investments
  - Prepaid expenses, actual, increased due to additional payments required during the year
  - the statutory reserve increased due to additional total operating costs and reserve requirements
  
- B** Transitional Rehab Center, residence upgrades, beginning of the approved project and liquidation of investments to increase cash for the project.
  
- C** Unconditional promises were made during the year and funds will be received in 2020.
  
- D** Building improvements, land improvements, furniture and equipment increased in excess of the forecast due to purchase of adjacent land for future Transitional Rehab Center, residence upgrades and the beginnings of the approved project for building exterior improvements.
  
- E** The Statutory Operating Reserve was increased based upon increased actual operating costs
  
- F** Refundable entrance fees and Deferred Revenue increased as a result of the additional resident turnover that occurred during the year.



**MARYFIELD, INC. (D.B.A. PENNYBYRN AT MARYFIELD)**  
**COMPARISON OF FORECASTED AND AUDITED STATEMENT OF OPERATIONS**  
**FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019**

| <b>Statement of Cash Flows</b>   | <b>FORECASTED<br/>FY 2019</b> | <b>AUDITED<br/>FY 2019</b> | <b>Variance</b>     | <b>Notes</b> |
|--|-------------------------------|----------------------------|---------------------|--------------|
| <b>Cash flows from operating activities:</b>   |                               |                            |                     |              |
| Change in net assets   | \$ 860,168                    | \$ 6,484,079               | \$ 5,623,911        | <b>A</b>     |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                               |                            |                     |              |
| Depreciation and amortization  | 4,291,647                     | 4,064,235                  | (227,412)           | <b>B</b>     |
| Amortization of Original Issue Premium and Issuance Costs                                      | (222,898)                     | (223,502)                  | (604)               |              |
| Change in allowance for accounts receivable  |                               | 43,243                     | 43,243              |              |
| Realized and unrealized gains on investments, net  | -                             | (60,025)                   | (60,025)            | <b>C</b>     |
| Appreciation in perpetual trust, net   | (65,767)                      | 44,185                     | 109,952             | <b>D</b>     |
| Entrance fee receipts from resident turnover   | 3,919,965                     | 4,023,997                  | 104,032             | <b>E</b>     |
| Entrance fee refunds   | (1,888,923)                   | (1,378,871)                | 510,052             | <b>F</b>     |
| Amortization of entrance fees  | (2,290,880)                   | (2,314,631)                | (23,751)            |              |
| Decrease (increase) in current assets  | (16,566)                      | 194,732                    | 211,298             | <b>G</b>     |
| Increase (decrease) in line of credit  | -                             | -                          | -                   |              |
| Increase (decrease) in current liabilities   | (29,837)                      | 1,240,078                  | 1,269,915           | <b>H</b>     |
| <b>Net cash provided by (used in) operating activities</b>                                     | <b>4,556,910</b>              | <b>12,117,520</b>          | <b>7,560,610</b>    |              |
| <b>Cash flows from investing activities:</b>   |                               |                            |                     |              |
| Decrease (increase) in investments   | (532,763)                     | 1,931,715                  | 2,464,478           | <b>I</b>     |
| Capitalized Project costs  | -                             |                            |                     |              |
| Purchase of routine property and equipment, net  | (1,555,000)                   | (4,956,238)                | (3,401,238)         | <b>J</b>     |
| Capitalized interest   | -                             |                            |                     |              |
| Interest Earnings  | -                             |                            |                     |              |
| Marketing costs  | -                             |                            |                     |              |
| Change in escrowed resident deposits   | -                             |                            |                     |              |
| Decrease (increase) in assets whose use is limited   | 39,023                        |                            | (39,023)            |              |
| <b>Net cash provided by (used in) investing activities</b>                                     | <b>(2,048,740)</b>            | <b>(3,024,523)</b>         | <b>(975,783)</b>    |              |
| <b>Cash flows from financing activities:</b>   |                               |                            |                     |              |
| Entrance fee receipts from Project initial residents   | -                             |                            |                     |              |
| Change in fundraising capital campaign receivable, net   | -                             |                            |                     |              |
| Fundraising campaign contributions   | -                             | (2,826,855)                | (2,826,855)         | <b>K</b>     |
| Bank Borrowing   | -                             | 335,787                    | 335,787             | <b>L</b>     |
| Bond retirements & debt payments   | (2,106,341)                   | (2,118,455)                | (12,114)            |              |
| <b>Net cash provided by financing activities</b>   | <b>(2,106,341)</b>            | <b>(4,609,523)</b>         | <b>(2,503,182)</b>  |              |
| Change in cash and cash equivalents  | 401,829                       | 4,483,474                  | 4,081,645           |              |
| Beginning balance of cash and cash equivalents   | 4,334,400                     | 3,069,847                  | (1,264,553)         |              |
| Ending balance of cash and cash equivalents  | <u>\$ 4,736,229</u>           | <u>\$ 7,553,321</u>        | <u>\$ 2,817,092</u> |              |

## 2019 Statement of Cash Flows

### Tickmarks on the Comparison of Forecasted and Audited Statement of Cash Flows

These notes provide explanations of variances over 10% and \$100,000

- A** Change in net assets exceeded the Forecast because the forecast did not include the \$6,573,331 of Contributions received during the fiscal year due to the Capital Campaign that took place.
- B** Depreciation and Amortization expense were less than the Forecast because assets with longer depreciable lives were added during the current fiscal year.
- C** The Forecast did not include any realized or unrealized gains or losses.
- D** The Forecast included reduction due to distributions, which did occur, but without the market growth that took place during the fiscal year.
- E** Amounts actually received from new residents exceeded the Forecast, in part due to increase in entrance fee pricing.
- F** Entrance fee refunds were less than the Forecast due to the fact that resident turnover included residents who move from Independent Living to Assisted Living or Skilled Nursing accommodations.
- G** Total current assets increased due to the fact that there were more accounts receivable, contribution pledges and prepaid assets than forecasted.
- H** Total current liabilities increased due to the fact that accounts payable included recent invoices received for the current construction/expansion project.
- I** Investments decrease because investments were sold in order to provide cash as part of the planned funding for the construction/expansion project.
- J** The purchase of property, plant and equipment exceeded the Forecast because of the purchase of land for the new Transitional Rehabilitation Center and construction costs incurred as part of the expansion project.
- K** The Forecast did not include the funds that were raised through the Capital Campaign for the construction/expansion project.
- L** The Forecast did not include the amount initially borrowed from our bank for the first phase of the exterior refurbishment.