

DISCLOSURE STATEMENT

November 27, 2023

St. Joseph of the Pines Belle Meade | Pine Knoll

100 Gossman Drive, Suite B, Southern Pines, NC 28387

Telephone Number

(910) 246-3100

Facsimile Number

(910) 246-3187

DISCLOSURE STATEMENT UNDER THE PROVISIONS OF ARTICLE 64 OF CHAPTER 58 OF THE GENERAL STATUTES OF NORTH CAROLINA

This Statement is required to be delivered to a contracting party before the execution of a contract for the provision of continuing care as required under said Article.

This Statement has been filed with the Department of Insurance of the State of North Carolina but has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

Copies of the standard forms of contract for continuing care used by St. Joseph of the Pines, Inc. for Belle Meade and Pine Knoll are attached hereto as a part of this Statement.

By: *Jackie Harris*

Jackie Harris, President
St. Joseph of the Pines, Inc.

The last day through which this statement may be delivered if not earlier revised is November 27, 2024.

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I. Organization Information

A. Sponsor

St. Joseph of the Pines, Inc. (“SJP” or “St. Joseph” or “Corporation”) is a not-for-profit corporation that owns and operates two retirement communities on separate campuses and eight affordable housing facilities in North Carolina. SJP was incorporated in 1948 and has been in continuous operation since that time. The mission of the Corporation, a part of Trinity Health, is “to serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.”

Trinity Health Corporation (“Trinity”) is a multi-institutional, Catholic health organization with 101 hospitals and 126 continuing care locations, the second largest PACE program in the country, 136 urgent care locations and many other health and well-being services. It is a family of 121,000 colleagues and nearly 36,500 physicians and clinicians caring for diverse communities across 27 states.

The Corporation is affiliated with the Roman Catholic Church. The sole member of the Corporation is Trinity, an Indiana nonprofit corporation.

A local Board of Directors, the members of which serve on a volunteer basis, governs SJP and is responsible for oversight of the corporation consistent with its fiduciary obligations. Trinity maintains a high level of authority over the entire health system and exercises this authority through certain reserved powers identified within SJP’s corporate bylaws. Action such as approval of SJP’s mission, strategic plan, operating plans and budgets are among the powers reserved to Trinity.

St. Joseph is dedicated to the care of the sick and needy and operates on the philosophy that all people, regardless of race, color, or creed, are entitled to high quality care in the attainment and maintenance of good health. St. Joseph has grown to include a wide variety of health care services and facilities.

B. Not-for-Profit Status

St. Joseph is classified by the Internal Revenue Service as a 501(c)(3) organization. This not-for-profit classification exempts the corporation from corporate income taxes and allows St. Joseph to receive charitable contributions that are tax deductible by the donor. Under Internal Revenue Service regulations, no earnings of the Corporation may be used for the benefit of, nor be distributed to, corporate directors, officers, or other private individuals.

C. Associations

St. Joseph maintains active membership in Leading Age.

D. Conflicts of Interest

There are no conflicts of interest that require disclosure in accordance with N.C.G.S. 58-64-20(a)(3)(b). No member of the board, officer or person managing the community on a day to day basis has a 10% or greater interest in any other entity or if any other entity has a 10% or greater interest in any member of the board, officer or person managing the community on a day to day basis has or will provide \$500 or more in goods or services to the community. (Unless disclosed, no Board member or individual responsible for daily management shall operate business ventures which provide any good or services to the facility). N.C.G.S. 58-64-20(a)(3)(b).

E. Licensures

Belle Meade and Pine Knoll are licensed by the North Carolina Department of Insurance as a Continuing Care Retirement Community (CCRC). St. Joseph of the Pines, Inc. is certified by Medicare/Medicaid and licensed by the North Carolina Department of Health and Human Services for the Health Center and Coventry.

II. Facilities Introduction and Information

A. A brief description of SJP entities is as follows:

- **Belle Meade Campus** (“Belle Meade”) is located at 100 Waters Drive and consists of two-hundred fifteen (215) available independent living residential apartments in three-story buildings, cottages, homes, and a community center with common areas and amenities. As of June 30, 2022, Belle Meade had approximately 196 occupied residential living units.
- **The Pine Knoll Campus** (“Pine Knoll”) began its operations in 1984 as St. Joseph of the Pines Villas. The 19-acre campus is located in Southern Pines at 590 Central Drive and is approximately one-point-five miles from Belle Meade. It consists of eighty-six (86) available independent living apartments and cottage homes and a community commons area with amenity space. As of June 30, 2022, Pine Knoll had approximately 80 occupied residential living units.
- **The Health Center** (“Health Center”), located at 103 Gossman Drive, is licensed for (ninety) 90 available nursing beds and is adjacent to Belle Meade. The Health Center includes a Rehabilitation Unit.
- **The Coventry** (“Coventry”), located at 105 Gossman Drive, is licensed as a (sixty) 60 bed Adult Care Home and is adjacent to Belle Meade.

B. Biographical Information of St. Joseph of the Pines’ Management

Jackie Harris, President and Chief Executive Officer

On July 31, 2023, Jaclyn (Jackie) Harris returned as President and Chief Executive Officer for Trinity Health Senior Communities (THSC.) Jackie previously served as President and CEO from 2001 to 2009. During her tenure, she had a pivotal role in facilitating growth for the organization through mergers and acquisitions and successfully aligned it with Trinity Health’s acute-care ministries. Under her leadership, THSC achieved notably high colleague and resident satisfaction rankings. Throughout her career, Jackie has proven herself to be a staunch advocate for older adults and for Trinity Health’s Mission and Core Values. Following her previous tenure with Trinity Health – during which she served in multiple positions of progressive leadership before becoming President and CEO – Jackie was President and CEO of Integrate: a senior living provider in the greater Washington, D.C. area. She pursued studies in business administration at Central Michigan University and Long-Term Care Administration at Michigan State University. In October 2023, Jackie was invited to join the Board of Directors of LeadingAge Michigan; she is a past President of that Board. A Certified Aging Services Professional, Jackie has also served as an executive board member and treasurer of the American Seniors Housing Association and a member of the Senior Living 100 Advisory Board.

Marcus Bowens, Chief Financial Officer

Marcus Bowens joined Trinity Health in 2022 as Chief Financial Officer of National Health Ministries. The National Health Ministries encompasses Trinity Health's home care and hospice, senior living communities, and its Programs for the All-inclusive Care of the Elderly. Marcus has comprehensive experience in all facets of accounting and financial management, reporting, and policy development and implementation critical to advancing performance and achieving objectives in continuing care.

Prior to joining Trinity Health, Marcus served as CFO at the Avante Group in Orlando, FL: a provider of skilled nursing, assisted living, home health care services, and a physicians group practice. Marcus holds a bachelor's degree in business administration from North Georgia College & State University and a Master of Accounting and financial management degree from DeVry University's Keller Graduate School of Management.

Scott Brewton, Vice President

Mr. Brewton joined St. Joseph of the Pines in October 2020. Prior to joining SJP, he served as senior vice presidents and general manager of Pinehurst Resort and Country Club for sixteen years, where he was responsible for the operations of three hotels, eight restaurants, a spa, and conference center. A trusted and visionary leader, Scott has extensive experience in overseeing successful capital improvement projects and campus enhancements and is committed to investing in staff education and customer satisfaction training.

Kimberly Wessell, Director of Sales and Marketing

Mrs. Wessell is a Hamlet native who joined SJP in June 2017, bringing with her more than two decades of sales and marketing experience. Prior to her arrival, Mrs. Wessell spent 10 years as a national integrated media sales executive for Valassis, Inc., where she consistently exceeded her annual sales quota and won numerous company awards. Mrs. Wessell earned a Bachelor of Science Degree in Early Childhood Education with Reading Certification from East Carolina University, where she also studied Fashion Merchandising.

C. Board of Directors

The Board of Directors ("Board") governs St. Joseph of the Pines as a community-based, not-for-profit corporation.

The board serves on a volunteer basis and consists of fifteen (15) people, including two (2) ex-officio member. Ex-officio trustees include a representative of Trinity Health Senior Communities - a member of Trinity Health who is also the president of St. Joseph of the Pines, Inc. All other board members are elected for a three-year term and may be re-elected to serve successive terms. Most board members reside in Moore County and are individuals with proven success in professional business or community activities.

Jackie Harris (ex-officio)

100 Gossman Drive, Suite B
Southern Pines, NC 28387

On July 31, 2023, Jaelyn (Jackie) Harris returned as President and Chief Executive Officer for Trinity Health Senior Communities (THSC.) Jackie previously served as President and CEO from 2001 to 2009. During her tenure, she had a pivotal role in facilitating growth for the organization through mergers and acquisitions and successfully aligned it with Trinity Health's acute-care ministries. Under her leadership, THSC achieved notably high colleague and resident satisfaction rankings. Throughout her career, Jackie has proven herself to be a staunch advocate for older adults and for Trinity Health's Mission and Core Values. Following her previous tenure with Trinity Health – during which she served in multiple positions of progressive leadership before becoming President and CEO – Jackie was President and CEO of Integrate: a senior living provider in the greater Washington, D.C. area. She pursued studies in business administration at Central Michigan University and Long-Term Care Administration at Michigan State University. In October 2023, Jackie was invited to join the Board of Directors of LeadingAge Michigan; she is a past President of that Board. A Certified Aging Services Professional, Jackie has also served as an executive board member and treasurer of the American Seniors Housing Association and a member of the Senior Living 100 Advisory Board.

Marcus Bowens (ex-officio)

100 Gossman Drive, Suite B
Southern Pines, NC 28387

Mr. Bowens joined Trinity Health in 2022 as Chief Financial Officer of National Health Ministries. Marcus has comprehensive experience in all facets of accounting and financial management, reporting, and policy development and implementation critical to advancing performance and achieving objectives in continuing care. Mr. Bowens holds a bachelor's degree in business administration from North Georgia College & State University and a Master of Accounting and financial management degree from DeVry University's Keller Graduate School of Management.

Dr. Jenifir Bruno

P.O. Box 3000
Pinehurst, NC 28374

Dr. Jenifir Bruno, M.D., was named FirstHealth chief medical officer on December 7, 2020. Dr. Bruno became affiliated with FirstHealth in March 2003 as a hospitalist at Moore Regional Hospital. In July 2008, she joined FirstHealth as assistant medical director for the Hospitalist Program. Dr. Bruno has also held leadership positions with FirstHealth Physician Group and FirstCarolinaCare Insurance Company. She earned her medical degree from Creighton University and completed an internship and residency at the University of Kentucky Medical Center. Dr. Bruno is certified by the American Board of Internal Medicine.

Brian Canfield

P.O. Box 7005
Quincy, IL 62305-7005

Brian Canfield has been the Chief Executive Officer (CEO) at FirstHealth/Moore Regional Hospital since September 2012. Prior to joining FirstHealth, he served in the United States Army and retired as a Colonel after more than 28 years of active service in a variety of command and staff leadership positions in the United States and overseas. Most recently he served as CEO/Commanding Officer for Womack Army Medical Center, Fort Bragg, North Carolina, U.S. Army Europe V CORPS Command Surgeon/NATO International Security Assistance Force (ISAF) Joint Command Medical Advisor in Kabul, Afghanistan, CEO/Commanding Officer for the 212th Combat Support Hospital and Commander, 30th Medical Command (Rear), Miesau, Germany. He also served as COO/Chief of Staff for D.D. Eisenhower Army Medical Center, Fort Gordon, Georgia, COO/Deputy Commander for Wurzburg Army Community Hospital and 67th Combat Support Hospital in Wurzburg, Germany, and VP/Director of Business Operations, Finance, Patient Administration and Managed Care Operations for Womack Army Medical Center, Fort Bragg, North Carolina.

Mitchell Capel, Sr.

235 Fairway Drive
Southern Pines, NC 28387

Mitchell G. Capel was born in and raised in Southern Pines, NC. He continued his educational studies at North Carolina A&T State University in Greensboro, NC and Howard University in Washington, D.C. studying Speech & Theater, Political Science and English. Mitchell was hired by Piedmont Airlines in 1985 (now American) and is still currently working in Inflight Services. In addition, Mitchell has been (and still is) an internationally known Storyteller, Writer and Motivational Speaker since 1985 teaching respect, character education, good morals and anti-drug messages to young audiences as the character "Gran'Daddy Junebug". He is the National Interpreter of Poet Laureate Paul Laurence Dunbar

and has performed at venues nationwide including The Kennedy Center, The Smithsonian, and the Inauguration of President Barack Obama. He is currently on the board of directors of The Boys & Girls Club and a past board member and treasurer for The National Association of Black Storytellers (NABS).

Fr. Javier Castrejon

300 Dundee Road
Pinehurst, NC 28374

Father Javier Castrejon serves as Administrator of San Juan Diego Mission in Robbins and Parochial Vicar of Sacred Heart Parish in Pinehurst. A priest of the Diocese of Ciudad Altamirano in Mexico, he is on loan to the Diocese of Raleigh where for the past three years he has ministered to both English and Spanish speaking residents of Moore County. Fr. Castrejon has partnered with St. Joseph of the Pines to help with the distribution of food and other assistance to residents of northern Moore County. A native of Mexico City, Father Castrejon received degrees in Philosophy and Theology at the seminaries in Tacambaro and Ciudad Altamirano. Subsequently he studied Canon Law at the Pontifical University of Mexico. Prior to his arrival in Moore County, he taught in the seminary and served as Judicial Vicar (judge of the diocesan ecclesiastical court) in his home diocese, as well as a member of the Council of Priests and the College of Consultors.

Patrick Corso

P.O. Box 2316
Pinehurst, NC 28370

Pat Corso was named President of Pinehurst Resort in 1987 a position he held for 17 years. He captained the effort in recruiting major championship golf events for Pinehurst including the 1999 and 2005 US Open Championships. He and a partner formed National Resort Management and managed PGA National Resort, Palm Beach Gardens, Florida and the Mount Washington Resort, Bretton Woods, New Hampshire. He has served as the Executive Director of Moore County Partners in Progress, a public/private partnership promoting economic development, chaired the North Carolina Travel & Tourism Board, founded and chaired the NC Travel & Tourism Coalition and served on the North Carolina Economic Development Board (2002-2004 & 2013) as well as the State Chamber Commerce Boards in both North Carolina and New Hampshire.

Michael Fiske

15 Muirfield Road
Pinehurst, NC 28374

Michael Fiske has traveled the world providing his expertise in sales and marketing as well as acquisitions and mergers. His travels include Bombay, China, Shanghai and Vietnam to name a few. Michael has held positions with JC

Penny USA and the Textile Alliance. His education includes Colgate University and Columbia Graduate School – special development program for Chase Bank.

Fr. John Forbes

300 Dundee Road
Pinehurst, NC 28374

Fr. John Forbes serves as Pastor of Sacred Heart Parish in Pinehurst, North Carolina. He has a BA in Psychology from North Carolina State University and a MS in Information and Library Science from University of North Carolina at Chapel Hill. He attended the University of Notre Dame in Indiana for two years of graduate theology and has attended classes at Weston School of Theology in Cambridge, Massachusetts. Fr. John has served in many roles including as a priest and deacon, seminarian for the Diocese of Raleigh, and Director of Religious Education.

Vinette Gordon

1200 Murchinson Road
Fayetteville, NC 28301

Vinette Gordon is currently the Director Student Health Services at Fayetteville State University and is responsible for the strategies and daily operations of the Student Health Services program. She joined the university in September 2017 after completing nearly 30 years of Active-Duty Service as an US Army Nurse, rising to the rank of Colonel. Vinette's accomplishments and her unique experiences include holding executive leadership positions at the Pentagon, working directly with the U.S. Surgeon General, serving as a nurse on the White House medical team for President Bill Clinton, and accompanying First Lady Hillary Clinton on a fact-finding mission to Africa.

Lin Hutaff (Chair)

25 Chinquapin Road, #15
Pinehurst, NC 28374

Lin Hutaff holds a Master's Degree in Mathematics from St. Louis University and a Bachelor's Degree, Mathematics, St. Louis University. Lin has held positions with NCR Corporation specializing in Customer Relationship Management Solutions and IBM Corporation as a member of the Executive Briefing staff. The Executive Briefing Center served IBM's top 50 accounts worldwide. Presently Lin has her own Real Estate Firm.

Matthew Prestwood

P.O. Box 3000
Pinehurst, NC 28374

Matthew Prestwood, MHA, has serviced as vice president, operations for Moore Regional Hospital since January 2022. In this role, Matt supports the environmental services, food services, guest services, imaging, and laboratory teams at Moore Regional. Matthew earned a Bachelor of Science in Public Health and Master of Healthcare Administration from the University of North Carolina at Chapel Hill. He is a member of the American College of Healthcare Executives. He previously served as vice president, medical, surgical, and critical care services and vice president, support services at Duke University Hospital. Matthew began his career in health care in 2008 and have served in multiple leadership roles with Duke University Health System.

Tony Price

211 Trimble Plant Rd.
Southern Pines, NC 28387

Tony Price is currently CEO of Moore Free and Charitable Clinic and owner and principal consultant for Quantum Technologies Consulting. As CEO of Moore Free and Charitable Clinic, Tony leads a medical clinic that provides primary, preventive and specialty care to limited income residents of Moore County who are uninsured and can't afford access to healthcare. Tony attended Virginia Tech where he studied Political Science and Urban Planning, and George Mason University where he studied Marketing. Tony is a member and past treasurer of Pinehurst United Methodist Church and is active in other community activities including Chairman of the North Carolina Association of Free and Charitable Clinics, President of Moore County Community Foundation, Chairman of the Moore County Board of Health, and member of the Rotary Club of Pinehurst.

Matt West

P.O. Box 5868
Pinehurst, NC 28374

Mr. West is currently the founder and CEO of Intangibles, LLC. His business experience includes serving as Vice President of Business Operations of the Carolina Hurricanes managing all sales, marketing, promotion and broadcasting. Mr. West has served on the board of the Museum of Life and Science, YMCA of Greater Durham and the First Tee of the Triangle. Mr. West has a degree in Political Science from Long Beach University.

Carla Williams, SPHR
190 Pinehurst Trace Drive
Pinehurst, NC 28374

Ms. Williams is a Human Resource professional with experience in the areas of Employee Relations, Administration, Policies and Procedures, Employment Law Compliance, Selection and Placement, Compensation and Performance Management, Labor Relations, Supervisory and Management Training, Recognition Programs, Risk Management and International Human Resources, to name a few. Ms. Williams has served as Senior Vice President, Human Resources, Pinehurst Resort and Country Club from 2006 to 2019.

D. Criminal Violation Statement

No board member or individual responsible for the management of SJP has been convicted of a felony, pleaded no contest to a felony charge, or been held liable in a civil action by final judgment in cases in which the felony or civil charge has involved fraud, embezzlement, misappropriation or fraudulent conversion of property. Likewise, no board member or individual responsible for the management of SJP is subject to a current injunctive or restrictive court order or within the past five (5) years have had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department involving the business activity of operating a retirement home, assisted living or skilled nursing facility.

E. Location and Description of Physical Property

The Belle Meade campus is located on a 100-acre property off Camp Easter Road at 100 Waters Drive in Southern Pines, North Carolina. The property has been owned and maintained by St. Joseph of the Pines, Inc. since 1991. Belle Meade opened in 1999 and includes a clubhouse, four buildings housing a total of 170 apartment residences, 28 cottage duplexes, and 20 freestanding homes.

The Pine Knoll campus is located on a 19-acre property at 590 Central Drive in Southern Pines, North Carolina. The property has been owned and maintained by St. Joseph of the Pines, Inc. since 1948. The Pine Knoll campus, formally St. Joseph of the Pines Villas, opened in 1984 and currently includes 68 apartment residences and 22 cottage units.

Assisted living and skilled nursing home services for Belle Meade and Pine Knoll residents are provided in the Coventry and Health Center, respectively, located adjacent to Belle Meade.

F. Residents Association

All residents are eligible for membership in the Resident Association. The Residents Association meets periodically and is often joined by Management. Management works closely with the residents through its committees. Each department manager meets routinely with the appropriate resident committees.

III. Facility Policies

A. Resident Health Criteria

Prior to the occupancy date, a prospective resident will submit a physical examination report made by his/her personal physician. The report must state that the resident is in good health, can move about independently, and is able to take care of him or herself in daily living without assistance from the St. Joseph of the Pines staff.

SJP may require the prospective resident to undergo a second physical examination by a physician approved by SJP. The resident will be responsible for the cost of such physical examination. If the results of the examination report(s) differ materially from the information disclosed in the Application for Residency Form and Personal Health History Form, SJP retains the right to decline residency and to terminate the Residency Agreement.

B. Financial and Insurance Criteria

All residents must have sufficient assets and income to pay the financial obligation under the Residency Agreement and to meet ordinary current and future living expenses of the resident. Beyond the Confidential Financial Statement, SJP may require the prospective Resident to furnish additional financial information as may be needed. All Residents must secure and keep in force during the term of the Residency Agreement health insurance approved by SJP (e.g., supplemental insurance). Residents eligible for Medicare/Medicaid must apply for and secure the maximum benefits available under Medicare Parts A and B and provide copies of policies and/or Medicare coverage upon admission or upon eligibility.

C. Execution of Certain Forms

Residents will, from time to time as appropriate, take such action and execute such forms as are necessary to secure the payment to any hospital, skilled nursing facility, or other provider of services, or to any physician (including reimbursement to the corporation for services rendered) of any and all amounts payable in respect of services to Resident and for which benefits, such as Medicare and Medicaid, are available, or may be available in the future.

D. Execution of Power of Attorney

Residents will grant to a family member or other responsible individual a durable power of attorney to act on behalf of the resident with respect to the resident's other rights and obligations under the Residency Agreement. Evidence of such provision will be made available to a representative of SJP prior to the resident's

occupancy.

E. Age Requirements

Admission is restricted to persons sixty-two (62) years of age or older; if the Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of occupancy.

F. Cancellation/Termination in Relation to Refunds

1. Termination Prior to Occupancy

You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. You are not required to move into the Residential Unit before the expiration of the 30-day period.

If You die before physically occupying a unit in the facility, or if, on account of illness, injury, or incapacity, before physically occupying a unit in the facility, You are precluded from ever physically occupying a Residential Unit under the terms of the Agreement for continuing care, this Agreement is automatically canceled.

For rescinded or canceled Agreements under this section, You or Your legal representative shall receive a refund of the Deposit and Entrance Fee paid or Membership Fee paid to the Corporation, as applicable, less (i) periodic charges specified in this Agreement and applicable only to the period a Residential Unit was actually occupied by You; (ii) those nonstandard costs specifically incurred by the Corporation at Your request and described in the Agreement (i.e. including but not limited to costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit); (iii) nonrefundable fee of \$250 which is a processing fee of the Deposit; and (iv) a reasonable service charge not to exceed the greater of one thousand dollars (\$ 1,000) or two percent (2%) of the Entrance Fee paid or Membership Fee, as applicable.

2. Voluntary Termination After Occupancy

You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. Also, at any time after occupancy, the Resident may terminate the Residency Agreement by giving SJP thirty (30) days written notification. The Refund Option selected as indicated on the Residency Agreement will determine the amount refunded to the Resident.

a. Standard Refund Option

The Resident will receive a refund amount equal to the Entrance Fee paid less two percent (2%) for each month of residency during the first 49 months of occupancy and less an administrative charge of the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You; and less any other unpaid fees. Any refund due to You will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund.

b. 50% Refund Option

The Resident will receive a refund equal to the Fifty Percent (50%) Refund Entrance Fee less two percent (2%) for each month of residency for up to twenty-four (24) months of occupancy; and less an administrative charge of the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You; and less any other unpaid fees. The refund will never be less than Fifty Percent (50%) of the Fifty Percent Refund Entrance Fee, less the periodic charges specified in the Agreement, and applicable only to the period of occupancy by You. Upon termination of the Agreement, any refund will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of closing date.

c. 90% Refund Option

The Resident will receive a refund amount equal to the Ninety Percent (90%) Refund Entrance Fee less two percent (2%) for each month of residency for up to four months of occupancy and less an administrative charge of the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You. The refund will never be less than Ninety Percent (90%) of the Ninety Percent Refund Entrance Fee, less the periodic charges specified in the Agreement, and applicable only to the period of occupancy by You, and less any other unpaid fees. Upon termination of the Agreement, any refund due will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the

Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of closing date.

3. Termination Upon Death

In the event of a Resident's death after occupancy, the Residency Agreement will terminate and the refund of the Entrance Fee paid will be determined by the arrangements made by the Resident as indicated on the signed Residency Agreement.

4. Termination by St. Joseph

SJP may terminate the Residency Agreement if there has been a material misrepresentation or omission made by the Resident in his or her Application for Residency and associated forms; if the Resident fails to make payment of any fees or expenses due SJP within sixty (60) days of due date; if the Resident does not abide by the rules and regulations adopted by the community; or if the Resident breaches any of the terms and conditions of the Residency Agreement. In the event of termination by any of these causes, the refund will be determined by the arrangements made with the Resident upon entering into the Residency Agreement.

G. Moves

The resident may transfer from one residence to another or from independent living to assisted living or skilled nursing, on a permanent or temporary basis. SJP must approve all changes in the accommodations and all decisions are binding. A transfer fee may be assessed for resident moves between independent living units.

In the event that two Residents occupy a residence under the terms of the Residency Agreement, upon the permanent transfer to the Health Center, the Coventry or other health care facility, or in the event of the termination of the Residency Agreement with respect to one of such Residents, the Residency Agreement will continue in effect as to the remaining or surviving Resident who will have the option of retaining the same residence, in which event there will be no addition to or refund of the entrance fee, or the surviving resident may move to a less spacious residence. If a co-Resident terminates the Residency Agreement by death or otherwise, the remaining Resident will pay the monthly fee for single occupancy associated with the occupied residence.

SJP will have authority to determine if a Resident should be transferred from an independent living residence to assisted living or skilled nursing care or from one level of care to another level of care. Such determination will be based on the professional opinion of Management and a physician approved by SJP and will be made only after consultation to the extent practical with the Resident and/or a representative of the family.

H. Marriage During Occupancy/New Second Occupant

1. Resident

In the event that a Resident wishes to marry and share a residence with another Resident, or share a residence with another Resident, they may occupy either residence and choose to surrender the other residence, subject to the approval of SJP. A refund will be payable with respect to the residence surrendered, based on the selected refund option for such surrendered residence less the current second person fee/periodic charge applicable only to the period the non-surrendered residence was actually occupied by the surrendering Resident as prorated on a per-diem basis.

2. Non-Resident

In the event that a Resident wishes to marry and share a residence with a non-Resident, or share a residence with a non-Resident, the non-Resident spouse/occupant may occupy the residence with the Resident only if he or she meets the current residency criteria, executes a Residency Agreement, and pays the subsequent second person entrance fee as determined by Management. Upon entry, the Resident and the new spouse/occupant will pay the double occupancy monthly fee associated with the occupied residence. Should the new spouse/occupant not meet the requirements for entry, the non Resident spouse/occupant must vacate the residence within 30 days.

I. Financial Hardship

It is the intent of SJP to permit a resident to reside in the community if the resident is no longer capable of paying the prevailing fees and charges as a result of financial hardship occurring after occupancy, provided such difficulties are not the result of willful or unreasonable dissipation of the resident's finances. SJP will give careful consideration to subsidizing the fees and charges payable by the resident so long as such subsidies can be made without impairing the ability of SJP to attain its objectives while operating on a sound financial basis. SJP may request that the resident make every effort to obtain assistance from all available resources both private and public. When a resident dies, the estate, if any, will be liable to SJP for the full amount of the subsidy received during the resident's time of residency.

IV. Facility Services

A. Independent Living Services

Residents are entitled to enjoy the following services, programs, amenities, and common areas, which are supported by the initial Entrance Fee and an ongoing Monthly Fee.

a. Amenities/Programs:

Belle Meade

1. Public and private dining rooms for parties and other functions
2. A lounge area for use by residents for social and other activities
3. A swimming pool and fitness room equipped with exercise equipment
4. A beauty salon/barber shop
5. A library where an assortment of books and current periodicals can be checked out by residents
6. A game room for cards, chess, and other table games
7. A multi-purpose room, art room and woodworking shop, where residents can participate in private or group activities
8. A branch office of a local FDIC insured bank
9. Paved sidewalks for resident exercise and a wellness trail
10. An ecumenical chapel for worship
11. A putting green, practice golf range, shuffleboard, and croquet courts
12. A pickle ball court for resident use
13. Golf membership at ten local golf courses available for a nominal monthly fee

Pine Knoll

1. Public and private dining rooms for parties and other functions
2. A lounge area for use by residents for social and other activities
3. A fitness room equipped with exercise equipment
4. A beauty salon/barber shop
5. A library where an assortment of books and current periodicals can be checked out by residents
6. A billiard room
7. A theater
8. A game room for cards, chess, and other table games
9. A multi-purpose room, where residents can participate in private or group activities
10. Paved sidewalks for resident exercise and a wellness trail
11. An ecumenical chapel for worship
12. Golf membership at ten local golf courses available for a nominal monthly fee

b. Services:**Belle Meade**

1. A monthly discretionary credit allowance
2. All utilities
3. Emergency call devices will be provided and twenty-four (24) hour emergency call response.
4. Housekeeping service
5. Trash removal
6. Interior and exterior maintenance of Residence and common areas
7. Scheduled transportation to medical appointments
8. Health and exercise programs in the indoor pool, fitness center and in other open areas
9. Scheduled activities
10. Receptionist/Concierge
11. Routine landscaping
12. Lighted parking areas
13. Guest parking
14. Personal storage space
15. General liability and property insurance coverage (residents are encouraged to consider personal property insurance coverage)

Pine Knoll

1. A monthly discretionary credit allowance
2. All utilities
3. Emergency call devices will be provided and twenty-four (24) hour emergency call response
4. Housekeeping service
5. Trash removal
6. Interior and exterior maintenance of Residence and common areas
7. Scheduled transportation to medical appointments
8. Scheduled activities
9. Receptionist/Concierge
10. Routine landscaping
11. Lighted parking areas
12. Guest parking
13. General liability and property insurance coverage (residents are encouraged to consider personal property insurance coverage)

B. Healthcare Benefit

If you are in need of temporary care in the Health Center or in Assisted Living, it will be provided after a qualifying medical stay or for a physician order for up to fourteen (14) days of a stay in any calendar year in the Health Center or Assisted Living after consultation between the Corporation's Health Evaluation Team,

Your physician, You, and Your spouse (if any) or immediate family. During such period, You shall continue to pay the Monthly Fee for the Residential Unit.

The Corporation offers two Healthcare Benefit Options as part of the Residency Agreement for Belle Meade and Pine Knoll, as set forth below.

1. **Extensive Benefit:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and You will no longer pay the Monthly Fee for Your Residential Unit. Instead, You shall receive a fifty percent (50%) discount from the published per diem fee at the time You transfer to either Assisted Living or nursing care. Resident's short- and long-term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.
2. **Fee-for-service:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and You will no longer pay the Monthly Fee for Your Residential Unit and, instead, shall pay the then current, published per diem fee for either assisted living or nursing care. Resident's short- and long-term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

You agree that the Corporation will have the right and ability to file for any health care reimbursement available to You on Your behalf.

C. Services Available at Extra Charge

In addition to the standard services included in the Monthly Fee, SJP will make available: delivery of meals to residences, catering for special occasions, beauty salon/barber shop services, additional housekeeping and maintenance services, and transportation at additional costs.

Independent Living Ancillary Charges	
BEAUTY/BARBER SHOP	COST
<i>Varies upon selection</i>	
ADDITIONAL HOUSEKEEPING	
1 Hour	\$60.00
ADDITIONAL MAINTENANCE	
1 Hour	\$60.00
CATERING	

<i>Varies upon selection</i>	
Delivery of meals to residents	\$6.00

D. Continuum Services Available

1. Assisted Living

Assisted living is available for residents who need assistance with activities of daily living. Residents will receive three meals a day, snacks, assistance with bathing and dressing, medication, medical treatments, support services, housekeeping, and laundry services.

Coventry	Qty	Square Footage	2024	2023	2022	2021	2020
Studio - 1st Floor	40	301	\$ 7,317	\$ 6,903	\$ 6,574	\$ 6,321	\$ 6,137
Apartment - 2nd Floor	10	651	\$ 8,179	\$ 7,716	\$ 7,349	\$ 7,066	\$ 6,860
	50 % Change		6.0%	5.0%	4.0%	3.0%	3.0%
	Average \$ Change		\$ 424	\$ 337	\$ 259	\$ 188	\$ 183

There are currently 60 licenses available for Assisted Living.

2. Skilled Nursing Services

The Health Center is licensed to provide services in 90 skilled nursing beds. Residents' short- and long- term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

Health Center	Quantity	2024	2023	2022	2021	2020
Private Pay Daily Room Rate	90	390	390	\$ 368	\$ 350	\$ 339
	% change	0.0%	6.0%	5.1%	3.2%	3.0%

V. Facility Fees

A. Residency Agreement Deposit

Upon submission of Residency Agreement, a prospective resident is required to make a deposit equal to 10 percent (10%) of the Standard Entrance Fee described in the Residency Agreement. The Residency Agreement Deposit is fully refundable for thirty (30) days, less an administrative charge of two hundred and fifty dollars (\$250), from the execution date of the Residency Agreement or the receipt of a disclosure statement that meets the requirement of North Carolina General Statutes, whichever is later.

B. Entrance Fee and Monthly Fee

Residents will pay an initial Entrance Fee and an ongoing Monthly Fee, both of which are partially tax-deductible under current tax law. The entrance fee is a payment that assures the resident a place in the community for life; payment of a membership fee provides this same assurance. A membership fee is an option detailed in the Residency Agreement; this option affords a lower entry fee counterbalanced with a higher monthly fee.

Schedule of past Independent Living Monthly Fees with % and dollar amount of annual increases:

Belle Meade	Quantity	Square Footage	2024	2023	2022	2021	2020
Bristol	3	800	\$2,979	\$2,824	\$2,664	\$2,562	\$2,487
Somerset	26	962	\$3,317	\$3,144	\$2,966	\$2,852	\$2,769
Wellington	27	1,205	\$3,806	\$3,608	\$3,404	\$3,273	\$3,178
Cotswold	55	1,366	\$4,135	\$3,919	\$3,697	\$3,555	\$3,451
Avington	21	1,454	\$4,211	\$3,991	\$3,765	\$3,620	\$3,515
Dorset I	11	1,518	\$4,216	\$3,996	\$3,770	\$3,625	\$3,519
Dorset II	21	1,620	\$4,456	\$4,224	\$3,985	\$3,832	\$3,720
Keswick	4	1,906	\$5,117	\$4,850	\$4,575	\$4,399	\$4,271
Combo	4	2,323	\$5,717	\$5,419	\$5,112	\$4,915	\$4,772
Prescott Cottage	11	2,060	\$5,080	\$4,815	\$4,542	\$4,367	\$4,240
Essex Cottage	13	1,973	\$5,446	\$5,162	\$4,870	\$4,683	\$4,547
Sterling Cottage	14	2,322	\$5,960	\$5,649	\$5,329	\$5,124	\$4,975
Windsor Home	2	1,632	\$4,880	\$4,626	\$4,364	\$4,196	\$4,074
Hampstead Home	8	1,799	\$5,195	\$4,924	\$4,645	\$4,466	\$4,336
	220						
		% change	5.5%	6.0%	4.0%	3.0%	2.7%
		Average \$ change	\$227	\$234	\$150	\$109	\$94

Pine Knoll	Quantity	Square Footage	2024	2023	2022	2021	2020	2019
Halsford	7	384	\$1,735	\$1,645	\$1,552	\$1,492	\$1,449	\$1,414
Lampford	18	573	\$2,072	\$1,964	\$1,853	\$1,782	\$1,730	\$1,688
Upton	15	720	\$2,356	\$2,233	\$2,107	\$2,026	\$1,967	\$1,919
Newland	8	836	\$2,612	\$2,476	\$2,336	\$2,246	\$2,181	\$2,128
Ashemore	8	1,295	\$3,267	\$3,097	\$2,922	\$2,810	\$2,728	\$2,661
Scotsgrove	4	1,344	\$3,342	\$3,168	\$2,989	\$2,874	\$2,790	\$2,722
Kingston	8	1,618	\$3,567	\$3,381	\$3,190	\$3,067	\$2,978	\$2,905
Woodleigh	8	1,211	\$3,605	\$3,417	\$3,224	\$3,100	\$3,010	\$2,937
Bickleigh	10	1,322	\$3,725	\$3,531	\$3,331	\$3,203	\$3,110	\$3,034
Ashleigh	1	1,347	\$3,763	\$3,567	\$3,365	\$3,236	\$3,142	\$3,065
Kingsford	1	1,381	\$3,824	\$3,625	\$3,420	\$3,288	\$3,192	\$3,114
Dunsford	1	1,443	\$3,855	\$3,654	\$3,447	\$3,314	\$3,217	\$3,139
Fernhill	1	1,733	\$4,310	\$4,085	\$3,854	\$3,706	\$3,598	\$3,510
	90							
		% change	5.5%	6.0%	4.0%	3.0%	2.5%	-15.9%
		Average \$ change	\$148	\$152	\$98	\$71	\$58	(\$374)

C. Adjustments in the Monthly Fee

SJP retains the right to adjust the Monthly Fee, fee-for-service charges, and any other fees and charges, as necessary to meet the financial obligations of the Corporation. In the event that it should be determined that SJP is required to pay sales tax or ad valorem taxes upon its property, the Monthly Fee may be adjusted to reflect the amount of such taxes. SJP may make any such adjustments in the Monthly Fee or other charges upon sixty (60) days written notice to residents.

D. Fee Change Policies

Fees are generally changed once annually but may be changed at any time. At least sixty (60) days' notice is provided to residents before new fees take effect. The objective in setting fees is to keep them at the lowest feasible rates consistent with sound fiscal practices and maintenance of the quality of service. Notification of any adjustment in the Monthly Fee will be given to all residents at least sixty (60) days prior to the actual adjustment.

E. Options Costs

Residents may request structural changes to their units and, if approved, must make an advance deposit of the construction cost, and upon move out the Resident may be required to return the unit to its original condition. The Corporation may charge (with advance notice to You upon your selection of custom features) a nonrefundable "upfit fee" to You as a result of Your custom features, in the sole discretion of the Corporation. The upfit fee shall correlate to the anticipated cost of returning the Residential Unit to its original condition upon vacating of the Unit by You.

VI. Financial Information

A. Financial Statement Summary

St. Joseph of the Pines, Inc. ended fiscal year 2023 with a net operating loss of \$0.9 Million. A copy of the audited financial statements is included.

B. Compliance with Operating Reserve Requirement

North Carolina State law requires that existing CCRCs provide for a minimum operating reserve. The North Carolina Department of Insurance requires that an operating reserve calculated on the total operating costs of the facility forecasted for the 12-month period following the period reported in the most recent disclosure statement shall be maintained.

SJP Independent Living and Assisted Living occupancy was ninety-three percent (93%) as of June 30, 2023. The Pine Knoll Independent Living campus ended 2023 with an occupancy of ninety-five percent (95%) with 83 of the 87 available units occupied/unoccupied but reserved, the Belle Meade Independent Living campus ended 2023 ninety-six percent (96%) occupied with 205 of 214 available units occupied/unoccupied but reserved, the Coventry Assisted Living building was eighty percent (80%) occupied. SJP is expected to continue to exceed the ninety (90%) occupancy target in this coming fiscal year.

SJP is required to maintain a minimum operating reserve of \$3.11 million for the 2024 fiscal year.

Total Forecasted 2024 Operating Costs for
Belle Meade & Pine Knoll
(in thousands of dollars)

Total Operating Costs:	\$14,559
Plus Principal Payment	867
Less Debt Service Reserve Amount	0
Less Depreciation & Amortization Expense	<u>3,012</u>
Total Adjusted Cost	\$12,414

Operating Reserve Requirement
(in thousands of dollars)

Projected FY24 Adjusted Operating Costs	\$12,414
Multiplied by Required Percentage	<u>x 25%</u>
Total Operating Reserve Required	<u>\$3,104</u>

The invested funds identified to meet the operating reserve requirement are managed through the Treasury Services department of Trinity. The Treasury Services department is responsible for managing approximately \$10.2 billion in investments and contracts with experienced consultants that assist with the oversight of the various fund managers.

C. Amortization of Entrance Fees

Entrance Fees are fees used to help cover costs of providing services to a resident over ones' lifetime. As such, the Entrance Fee is not recorded as revenue in the year it is paid, but rather is deferred over time and recognized as income over the estimated life expectancy of the residents in accordance with generally accepted accounting principles.

D. Contracts for Continuing Care

An estimated 370 independent living residents of the facility are provided services by SJP pursuant to contracts for continuing care.

E. 2023 Variances from Previous Forecast

St. Joseph of the Pines operations consists of four lines of service:

Independent Living	Assisted Living
Skilled Nursing	HUD Property Management

Operating Margin

St. Joseph of the Pines operating margin was \$0.9 million, which is almost \$0.4 million favorable to the 2023 forecasted operating loss of \$1.3 million.

Total Operating Revenues

Total operating revenues were forecasted at \$32.6 million. Actual operating revenues were \$33.6 million. The favorable variance is primarily due to Health Center higher than forecasted occupancy and reimbursement, as well as an increase in amortization of entrance fees.

Total Operating Expenses

Total operating expenses were forecasted at \$33.9 million. Actual operating expenses were \$34.5 million. The organization was unfavorable to forecasted expenses because of increased health care occupancy and the impact of inflation on supplies and services, and healthcare worker demand on labor costs.

Independent Living Revenues

- Monthly Service Fee income was forecasted at \$18.4 million, while actual Service Fee income for 2023 was slightly favorable at \$18.5 million.
- Entrance Fee amortization income forecast was \$3.8 million, and actual amortization was \$4.4 million. This favorability is primarily related to the recognition of revenues related to residents that had transitioned through the continuum of care. Fee amortization is the portion of the entrance fee that is recognized into revenue annually as the entrance fee amortization may not be fully realized upon entrance.

St. Joseph of the Pines
Comparison 2023 Forecast to 2023 Actuals
Statement of Operations (In Thousands of Dollars)

Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.

	2023 Forecast	2023 Actual	\$ Variance	% Variance	Footnote
Revenues, gains and other support:					
Monthly fees	18,442	18,517	\$ 75	0%	
Amortization of entrance fees	3,850	4,437	587	15%	L
Health Care Revenues	7,937	8,568	631	8%	
Contributions and gifts	650	19	(631)	-97%	J
Other operating revenues	1,689	2,093	404	24%	D
Total unrestricted revenues, gains and other support	<u>32,568</u>	<u>33,634</u>	<u>1,066</u>	<u>3%</u>	
Expenses:					
Health Care	7,602	8,221	619	8%	
Dietary	6,504	6,495	(9)	0%	
Administrative	6,116	6,064	(52)	-1%	
Maintenance	4,710	4,926	216	5%	
Laundry (Linen)	23	29	6	26%	
Housekeeping	1,609	1,695	86	5%	
Depreciation and amortization	4,982	4,857	(125)	-2%	
Interest	1,695	1,749	54	3%	
Other operating expenses	615	489	(126)	-20%	
Total expenses	<u>33,856</u>	<u>34,525</u>	<u>669</u>	<u>2%</u>	
Operating (loss) income	<u>(1,288)</u>	<u>(891)</u>	<u>397</u>	<u>-31%</u>	
Equity changes (rel from rest capital & equity xfer)					
Equity changes (rel from rest capital & equity xfer)	(500)	(255)	245	-49%	B
Non-operating gains (losses)	1,000	518	(482)	-48%	C
Increase (Decrease) in Unrestricted Net Assets	<u>(788)</u>	<u>(628)</u>	<u>160</u>	<u>-20%</u>	
Increase (Decrease) in Restricted Net Assets	0	121	121	100%	
Net assets (deficit), beginning of year	<u>735</u>	<u>734</u>	<u>(1)</u>	<u>0%</u>	
Net assets (deficit), end of year	<u>(53)</u>	<u>227</u>	<u>396</u>	<u>-750%</u>	

Based on material variance of 10% in main category with floor of \$200,000

St. Joseph of the Pines
Comparison 2023 Forecast to 2023 Actuals

Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.

Balance Sheet (In Thousands of Dollars)

	2023 Forecast	2023 Actual	\$ Variance	% Variance	Footnote
Current Assets:					
Cash & cash equivalents	1,082	\$ 65	\$ (1,017)	-94%	A
Investments	3,387	6,830	3,443	102%	A
Related party receivable	9,272	6,655	(2,617)	-28%	A
Patient accounts receivable (AR), net	1,399	1,160	(239)	-17%	F
Prepaid expenses, inventories and other current assets	282	285	3	1%	
Total current assets	15,423	14,995	(428)	-3%	
Assets Limited as to Use:					
Statutory Operating Reserve Investments	3,003	3,087	84	3%	
Other Restricted Investments	1,642	1,835	193	12%	
	4,645	4,922	277	6%	
Property, Plant and Equipment	149,386	139,585	(9,801)	-7%	
Less: accumulated depreciation	97,693	89,895	(7,798)	-8%	
Net Property, Plant and equipment	51,693	49,690	(2,003)	-4%	
Other Assets:					
Other long-term assets	981	733	(248)	-25%	E
Total other assets	981	733	(248)	-25%	
Total assets	72,741	70,340	(2,401)	-3%	
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long term debt	851	867	16	2%	
Accounts Payable (AP) and accrued expenses	2,789	2,907	118	4%	
Other accrued liabilities	109	-	(109)	-100%	
Total current liabilities	3,749	3,774	25	1%	
Deferred revenues - refundable	4,843	3,955	(888)	-18%	K
Deferred revenues - nonrefundable	21,432	19,702	(1,730)	-8%	
Long-term debt	42,688	42,671	(17)	0%	
Other long-term liabilities	82	12	(70)	-85%	
Total deferred revenues and long-term liabilities	69,044	66,340	(2,704)		
Total liabilities	72,793	70,114	(2,679)	-4%	
Net Assets (Deficit)					
Unrestricted	(517)	(359)	158	-31%	
Temporarily restricted	464	585	121	26%	
Permanently restricted	0	-	-	0%	
Total net assets (deficit)	(53)	226	279	-529%	
Total liabilities and net assets (deficit)	72,741	70,340	(2,401)	-3%	

Based on material variance of 10% in main category with floor of \$200,000

St. Joseph of the Pines
Comparison 2023 Forecast to 2023 Actuals
Statement of Cash Flows (In Thousand of Dollars)

Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.

	2023 Forecast	2023 Actual	\$ Variance	% Variance	Footnote
Changes in net assets	\$ (788)	\$ (507)	\$ 397	-50%	
Adjustments to reconcile changes in nets assets to cash:					
Entrance fees received	5,182	3,760	(1,422)	-27%	K
Amortization of entrance fees	(3,850)	(4,437)	(587)	15%	L
Depreciation and amortization	4,982	4,857	(125)	-2%	
Gain on disposal of property	-	(633)	(633)	100%	D
Changes in operating assets and liabilities:					
Patient accounts receivable	(60)	179	239	-397%	F
Related party receivable	-	2,616	2,616	100%	A
Prepaid expenses inventory and other assets	(8)	(11)	(3)	34%	
Accounts payable and accrued expenses	81	(269)	(350)	-431%	H
Other LT liabs	(2)	(68)	(66)	2736%	
Net cash provided by operating activities	5,536	5,487	132	2%	
Cash flows from investing activities:					
Change in investments and assets limited as to use	2,156	(1,564)	(3,720)	-173%	A
Proceeds from sale of property	0	700	700	100%	D
Acquisitions of property and equipment	(4,982)	(2,919)	2,063	-41%	G
Net cash used in investing activities	(2,826)	(3,783)	(957)	34%	
Cash flows from financing activities:					
Payments on Long term debt	(806)	(808)	(2)	0%	
Refund of advance fees	(1,000)	(1,008)	(8)	1%	
Net cash used in financing activities	(1,806)	(1,816)	(10)	1%	
Net increase (decrease) in cash and cash equivalents	905	(112)	(1,017)	-112%	
Cash and cash equivalents, beginning	177	177	(0)	0%	
Cash and cash equivalents, ending	1,082	65	(1,017)	-94%	
Cash payments for interest	1,769	1,756	(13)	-1%	

Based on material variance of 10% in main category with floor of \$200,000

St. Joseph of the Pines
Comparison 2023 Forecast to 2023 Actuals
Footnotes

Material Variances of greater of 10% and over \$200,000 are itemized and explained on Notes page.

- A - More funds drawn from Trinity organization than anticipated, offset is higher cash and investments
- B - System development fund contribution lower than FY2022
- C - Lower than anticipated performance of investment earnings
- D - Skilled nursing bed license sale
- E - Resident receivable netted with entrance fee liability
- F - Improved resident AR turnover rate
- G - Lower capital purchases than forecasted
- H - Increase in wait list liability and AP check date timing
- J - Discontinuation of grant revenue
- K - Increase in residents with membership fee contracts
- L - Recognition of entrance fees earned for transitioned residents

ST. JOSEPH OF THE PINES, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



ST. JOSEPH OF THE PINES, INC.

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Independent Auditor's Report

To the Board of Trustees
St. Joseph of the Pines, Inc.
Southern Pines, North Carolina

Opinion

We have audited the accompanying financial statements of St. Joseph of the Pines, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph of the Pines, Inc. as of June 30, 2023, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
October 13, 2023

ST. JOSEPH OF THE PINES, INC.
Statement of Financial Position
June 30, 2023

<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 65,478
Patient accounts receivable, net of allowance for doubtful accounts of \$590,865	1,159,489
Other receivables	6,655,265
Prepaid expenses, inventories and other current assets	284,827
Total current assets	8,165,059
Assets Limited as to Use:	
Operating reserve	3,104,329
Board designated	1,244,818
Donor designated	589,908
Total assets limited to use	4,939,055
Investments	6,813,095
Property, Plant and Equipment:	
Property, plant and equipment	139,026,097
Construction in progress	558,784
	139,584,881
Less: accumulated depreciation	89,895,350
Total property, plant and equipment	49,689,531
Other Assets:	
Other long-term assets	733,030
Total other assets	733,030
Total assets	\$ 70,339,770
<u>Liabilities and Net Assets</u>	
Current Liabilities:	
Current portion of long-term debt	\$ 866,903
Accounts payable and accrued expenses	2,907,226
Total current liabilities	3,774,129
Deferred Revenues and Long-Term Liabilities:	
Deferred revenues - refundable	3,954,557
Deferred revenues - nonrefundable	19,701,648
Long-term debt	42,670,621
Other long-term liabilities	11,852
Total deferred revenues and long-term liabilities	66,338,678
Total liabilities	70,112,807
Net Assets (Deficit):	
Without donor restrictions	(358,616)
With donor restrictions	585,579
Total net assets	226,963
Total liabilities and net assets	\$ 70,339,770

See Notes to Financial Statements

ST. JOSEPH OF THE PINES, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

Net Assets Without Donor Restrictions:

Revenue, Gains, and Other Support:

Resident service revenue	\$ 18,517,327
Amortization of entrance fees	4,436,890
Health care	8,567,833
Investment income	177,050
Contributions and gifts	19,038
Other operating revenues	1,915,570
Total unrestricted revenue, gains and other support	33,633,708

Expenses:

Salaries and wages	11,780,010
Employee benefits	2,816,052
Contract labor	385,270
Supplies	2,842,499
Medical and professional fees	44,330
Purchased services	5,900,239
Depreciation and amortization	4,856,590
Occupancy	3,107,529
Interest	1,749,456
Insurance	344,752
Other expenses	698,387
Total expenses	34,525,114

Loss from continuing operations	(891,406)
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Other changes in net assets without donor restrictions:

Nonoperating losses	518,380
Net assets released from restrictions	58,219
Funding for pension plan and system development fund	(247,236)
Other expenses	(66,732)
	262,631
Decrease in net assets without donor restrictions	(628,775)

Net Assets With Donor Restrictions:

Contributions and grants	63,213
Investment gain	116,257
Net assets released from restrictions	(58,219)
Increase in net assets with donor restrictions	121,251

Change in net assets	(507,524)
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Net assets, beginning	734,487
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Net assets, ending	\$ 226,963
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ST. JOSEPH OF THE PINES, INC.
Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ (507,524)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Entrance fees received	3,760,040
Amortization of advance fees received	(4,436,890)
Depreciation	4,855,557
Amortization	1,033
Gain on the disposal of property	(633,268)
(Increase) decrease in:	
Accounts receivable	179,198
Other receivables	2,616,328
Other current assets	(10,871)
Increase (decrease) in:	
Accounts payable and accrued expenses	(268,514)
Other long-term liabilities	(68,061)
Net cash provided by operating activities	<u>5,487,028</u>
Cash flows from investing activities:	
Net change in investments and assets limited as to use	(1,564,338)
Purchases of property	(2,918,725)
Proceeds from disposal of property	700,000
Net cash used in investing activities	<u>(3,783,063)</u>
Cash flows from financing activities:	
Payments on long-term debt	(807,655)
Refund of advance fees	(1,008,086)
Net cash used in financing activities	<u>(1,815,741)</u>
Decrease in cash and cash equivalents	(111,776)
Cash and cash equivalents at beginning of year	<u>177,254</u>
Cash and cash equivalents at end of year	<u>\$ 65,478</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	<u>\$ 1,756,513</u>

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Joseph of the Pines, Inc. (the "Organization and SJP") is a charitable not-for-profit health care organization, incorporated under the laws of North Carolina, primarily providing long-term care and senior housing. SJP consists of two independent living facilities, Belle Meade with 218 units, and Pine Knoll with 90 units. The independent living communities are located on separate campuses. SJP also provides assisted living services at The Coventry, a 60 unit assisted living facility located on the Belle Meade campus; and nursing services at the Health Center, a 176 bed licensed nursing center located adjacent to Belle Meade.

Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates market value. The Organization maintains cash balances with banks in excess of FDIC-insured limits.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance less an allowance for doubtful accounts. The Organization determines past-due status based on the billing dates and does not charge interest on overdue accounts. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to bad debt expense.

Inventories

Inventories are carried at the lower of cost (first-in, first-out method) or market and included in prepaid expenses.

Investments and Assets Limited as to Use

The Organization's investments, including those classified as assets limited as to use, are pooled with other related entities that are held by and administrated by Trinity Health, a not for profit Catholic health care system, which are recorded and reported at the net asset value per share, which closely approximates fair value. Investment income from the investment pool, including interest, dividends, realized and unrealized gains or losses are distributed to the Organization based on weighted value of the Organization's investment to the overall value of the pool.

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Assets Limited as to Use (Continued)

Assets limited as to use includes designated assets set aside by the Board of Directors for future capital improvements to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes; operating reserve required by State statute; and the amount associated with donor restricted investments.

Operating Reserves

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% to 50% of operating expenses (net of depreciation and amortization) plus debt service, for the projected year ended June 30, 2023, for those facilities depending on occupancy levels of each facility.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. The Organization capitalizes property and equipment with an estimated useful life of greater than three years and a cost of more than \$500. Depreciation is computed using the straight-line method over its estimated useful life of the related assets.

Building	40 years
Fixture equipment	10 years
Other	5 - 10 years

The Organization periodically assesses the value of its long-lived assets and evaluates such assets for impairment 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 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 net realizable value is less than the carrying amount.

Deferred Revenue from Advance Fees

Fees paid by a resident upon entering into a continuing care contract, net of the portion thereof that is contractually refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of each resident, or couple, adjusted on an annual basis. Fifteen percent and four percent of the advance fee is earned by the Organization upon admission to Pine Knoll and Belle Meade, respectively. Upon termination (moving away from the community or death), Pine Knoll and Belle Meade residents are entitled to a refund of a pro-rated portion of their advance fee. The various contract terms are as follows:

Standard refund option - The refund for death or withdrawal is reduced by 4% in the first month and then 2% for the next 48 months. There is no refund after 49 months of occupancy.

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue from Advance Fees (Continued)

50% refund option - The refund for death or withdrawal is reduced by 4% in the first month and then 2% for the next 23 months. The refund is never less than 50% of the advance fee, which is refundable upon reoccupancy of the unit by another resident or within 180 days after the resident has vacated the unit, whichever occurs first.

90% refund option - The refund for death or withdrawal is reduced by 4% in the first month and then 2% for the next 3 months. The refund is never less than 90% of the advance fee, which is refundable upon reoccupancy of the unit by another resident or within 180 days after the resident has vacated the unit, whichever occurs first.

The refundable percentage is reduced monthly, according to the terms of the contract, until there is no refund due or the minimum refundable amount guaranteed under the contract has been reached. Refundable fees and nonrefundable fees are classified as refundable fees and deferred revenue from advance fees, respectively.

Revenue Recognition

The Organization generates revenues, primarily by providing housing, amenities (recreational, dining, etc.) and access to health care services to its residents and participants. The various life care contract streams of revenue are recognized as follows:

Entrance fees: The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment under the life care contract and included in liabilities in the statement of financial position until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the expectant life of the resident as the performance obligation is associated with access to future services. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the statement of financial position.

Health care services: The Organization also provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed rates from government and commercial payers. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the estimated net realizable amounts from patients, third-party payors, and others for services rendered while in the health care unit, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically such adjustments for the Organization have been immaterial in relation to the financial statements as a whole.

Monthly service fees: The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space 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. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Obligation to Provide Future Services

The Organization annually calculates the present value of net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No liability has been recorded at June 30, 2023, because the present value of the estimated net costs of future services and use of facilities for the years then ended is less than deferred revenue from advance fees. The obligation is discounted 5.5% for June 30, 2023, which is based on the expected long-term rate of return on government obligations.

Net Patient Service Revenues

Third-party payors (Medicare, Medicaid and commercial insurance payors) provide payments to skilled nursing facilities at amounts different from their established rates. Payment arrangements include prospectively determined rates based on RUG scores, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is the estimated amount to be realized for services rendered, including retroactive adjustments. Net patient service revenues from the Medicare and Medicaid programs, exclusive of managed care, accounted for approximately 55% of total net patient service revenues.

Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and adjusted in future periods upon final settlements. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that adequate provision has been made for adjustments that may result from reviews by their third-party payors.

Operating Income

The statement of activities and changes in net assets includes operating income. Changes in unrestricted net assets which are excluded from the operating income, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, unrestricted contributions of long-lived assets (including assets required using contributions which, by donor restriction were to be used for the purpose of acquiring such assets) and the cumulative effect of change in accounting principle.

Social Accountability Costs

The Organization has a policy of providing health services to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Organization does not expect payment from these patients, estimated charges for charity care are not included in net patient service revenue.

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recorded as revenue and are considered to be available for unrestricted use, unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

The Organization reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization examined the restrictions related to all their permanently restricted assets and, with legal counsel, determined certain gifts could be reclassified as unrestricted and temporarily restricted.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2023.

Risks and Uncertainties

The Organization's investments consist of various combinations of fixed income securities, money market funds, equity securities and mutual funds held as part of a pooled investment fund. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the Organization's investment balance reported in the financial statements.

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expense that is primarily allocated include salaries and benefits which are allocated on the basis of estimates of time and effort.

Defined Contribution Plan

The Organization participates in the Trinity Health Senior Communities 403(b) Retirement Savings Plan for substantially all of its employees and makes an annual contribution to the plan on behalf of the employees (See Note 7).

Subsequent Events

The Organization has evaluated subsequent events through October 13, 2023, the date on which the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment at year end is as follows:

Land and land improvements	\$ 7,030,596
Buildings and improvements	117,027,682
Equipment	12,927,742
Vehicles	964,299
Other capitalized assets	1,075,778
	<u>\$ 139,026,097</u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors is as follows at year end:

Medicare	45%
Medicaid	7%
Commercial insurance	8%
Patients	40%

ST. JOSEPH OF THE PINES, INC.**Notes to Financial Statements**

NOTE 4 - FUNCTIONAL EXPENSES

The Organization provides general health care services to residents within their geographical location including long-term nursing care, hospice, short-term recuperative care, and rehabilitation. Expenses from continuing operations related to providing general health care services are as follows:

	Program Services	General and Administrative	Total
Salaries and wages	\$ 9,693,639	\$ 2,086,371	\$ 11,780,010
Employee benefits	2,317,298	498,754	2,816,052
Contract labor	385,270	-	385,270
Supplies	2,814,635	27,864	2,842,499
Medical and professional fees	44,330	-	44,330
Purchased services	4,141,621	1,758,618	5,900,239
Depreciation and amortization	4,470,290	386,300	4,856,590
Occupancy	2,194,634	912,895	3,107,529
Interest	1,610,302	139,154	1,749,456
Insurance	213,746	131,006	344,752
Other expenses	433,000	265,387	698,387
	<u>\$ 28,318,765</u>	<u>\$ 6,206,349</u>	<u>\$ 34,525,114</u>

NOTE 5 - LONG-TERM DEBT

The Organization entered into a related party debt agreement with Trinity Health with a maturity date of February 2051. Principal payments range from \$113,137 to \$5,058,987 and carries a variable interest rate (4.25% at June 30, 2023).

Maturities of the bonds outstanding are as follows at year end:

2024	\$ 866,903
2025	837,211
2026	870,755
2027	923,746
2028	1,061,223
Thereafter	38,977,686
	<u>\$ 43,537,524</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of year end:

Resident Assistance	\$ 32,027
Expansion Fund	4,710
Endowment Fund	161,424
Scholarship	184,862
Other	58,590
Mobile Rural Health	143,966
	<u>\$ 585,579</u>

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 7 - RELATED PARTY TRANSACTIONS

In addition to the investments administered by Trinity Health and the long term debt with Trinity Health, the Organization has the following related party transactions for the year ended with Trinity Health: purchased services of \$2,393,161; insurance of \$344,752; contribution for pension and system development funding of \$247,236; and receivable of \$4,018,646. The Organization also has related party receivable with several Providence Place independent living facilities in the amount of \$246,108.

NOTE 8 - CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 9 - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 19,632,382
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted for refundable contracts	3,954,557
Restricted by donor with purpose restrictions	585,579
Assets limited as to use:	
Board designations - Quasi-endowment fund for long-term investing	<u>1,244,818</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 13,847,428</u></u>

The Organization is substantially supported by healthcare and residential/assisted living revenues. As part of the Organization's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Determination of the source of liquidity is based on an analysis of the underlying cost of capital for each source of liquidity including the use of long term assets with Board approval. In addition, the Organization invests cash in excess of daily requirements in various investments held in assets limited as to use as board designated quasi-endowment funds for long term investing. These funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

ST. JOSEPH OF THE PINES, INC.
COMPILED FORECAST
FOR THE YEARS ENDING
JUNE 30, 2024, 2025, 2026, 2027, AND 2028



ST. JOSEPH OF THE PINES, INC.
Compiled Forecast
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To the Board of Directors
St. Joseph of the Pines, Inc.
Southern Pines, North Carolina

Management is responsible for the accompanying forecast of St. Joseph of the Pines, Inc. (the "Corporation"), which comprises the forecasted balance sheets as of June 30, 2024, 2025, 2026, 2027 and 2028, and the forecasted statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted 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.

The accompanying supplementary information contained in the forecasted schedules of operating expenses by location is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
December 8, 2023

ST. JOSEPH OF THE PINES, INC.
Forecasted Balance Sheets
June 30, 2024, 2025, 2026, 2027, and 2028

(in thousands of dollars)

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 448	\$ 278	\$ 264	\$ 369	\$ 397
Investments	5,830	6,330	7,080	8,080	9,580
Patient accounts receivable, net	1,212	1,267	1,324	1,383	1,446
Related party receivable	6,655	6,655	6,655	6,655	6,655
Prepaid expenses, inventories and other current assets	294	302	311	321	330
Total current assets	<u>14,439</u>	<u>14,832</u>	<u>15,634</u>	<u>16,808</u>	<u>18,408</u>
Assets Limited as to Use:					
Operating reserve	3,104	3,154	3,221	3,296	3,392
Other restricted investments	1,835	1,835	1,835	1,835	1,835
	<u>4,939</u>	<u>4,989</u>	<u>5,056</u>	<u>5,131</u>	<u>5,227</u>
Property, Plant and Equipment:					
Property, plant and equipment	143,803	148,148	152,622	157,232	161,979
Less: accumulated depreciation	94,113	98,458	102,932	107,542	112,289
Total property, plant and equipment	<u>49,690</u>	<u>49,690</u>	<u>49,690</u>	<u>49,690</u>	<u>49,690</u>
Other Assets:					
Other long-term assets	755	779	803	827	852
Total other assets	<u>755</u>	<u>779</u>	<u>803</u>	<u>827</u>	<u>852</u>
Total assets	<u>\$ 69,823</u>	<u>\$ 70,290</u>	<u>\$ 71,183</u>	<u>\$ 72,456</u>	<u>\$ 74,177</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long-term debt	\$ 837	\$ 871	\$ 924	\$ 1,061	\$ 1,177
Accounts payable and accrued expenses	2,994	3,083	3,177	3,271	3,370
Total current liabilities	<u>3,831</u>	<u>3,954</u>	<u>4,101</u>	<u>4,332</u>	<u>4,547</u>
Deferred Revenues and Long-Term Liabilities:					
Deferred revenues - refundable	3,955	3,955	3,955	3,955	3,955
Deferred revenues - nonrefundable	19,702	19,702	19,702	19,702	19,702
Long-term debt	41,834	40,963	40,039	38,978	37,801
Other long-term liabilities	12	13	13	14	14
Total deferred revenues and long-term liabilities	<u>65,503</u>	<u>64,633</u>	<u>63,709</u>	<u>62,649</u>	<u>61,472</u>
Total liabilities	<u>69,334</u>	<u>68,587</u>	<u>67,810</u>	<u>66,981</u>	<u>66,019</u>
Net Assets					
Without donor restrictions	(96)	1,118	2,788	4,890	7,573
With donor restrictions	585	585	585	585	585
Total net assets	<u>489</u>	<u>1,703</u>	<u>3,373</u>	<u>5,475</u>	<u>8,158</u>
Total liabilities and net assets	<u>\$ 69,823</u>	<u>\$ 70,290</u>	<u>\$ 71,183</u>	<u>\$ 72,456</u>	<u>\$ 74,177</u>

ST. JOSEPH OF THE PINES, INC.**Forecasted Statements of Operations and Changes in Net Assets
For the Years Ending June 30, 2024, 2025, 2026, 2027, and 2028***(in thousands of dollars)*

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Unrestricted Net Assets					
Revenues, gains and other support:					
Monthly fees	\$ 19,931	\$ 20,828	\$ 21,661	\$ 22,527	\$ 23,429
Amortization of entrance fees	3,861	3,977	4,096	4,219	4,346
Health care	9,989	10,189	10,494	10,757	11,080
Contributions and gifts	30	31	32	33	34
Other operating revenues	1,274	1,312	1,352	1,392	1,434
Total unrestricted revenues, gains and other support	<u>35,085</u>	<u>36,337</u>	<u>37,635</u>	<u>38,928</u>	<u>40,323</u>
Expenses:					
Health care	8,500	8,797	9,105	9,424	9,754
Dietary	6,657	6,857	7,063	7,275	7,493
Administration	6,064	6,125	6,186	6,248	6,310
Maintenance	5,074	5,251	5,435	5,625	5,822
Laundry (linen)	30	30	31	32	32
Housekeeping	1,686	1,720	1,754	1,789	1,825
Depreciation and amortization	4,218	4,345	4,474	4,610	4,747
Interest	1,836	1,799	1,763	1,725	1,682
Other operating	502	514	526	532	547
Total expenses	<u>34,567</u>	<u>35,438</u>	<u>36,337</u>	<u>37,260</u>	<u>38,212</u>
Other changes in net assets:					
Funding for system development fund	(255)	(255)	(255)	(255)	(255)
Non-operating gains	-	570	627	689	827
	<u>(255)</u>	<u>315</u>	<u>372</u>	<u>434</u>	<u>572</u>
Changes in net assets	263	1,214	1,670	2,102	2,683
Net assets, beginning of year	226	489	1,703	3,373	5,475
Net assets, end of year	<u>\$ 489</u>	<u>\$ 1,703</u>	<u>\$ 3,373</u>	<u>\$ 5,475</u>	<u>\$ 8,158</u>

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Cash Flows
For the Years Ending June 30, 2024, 2025, 2026, 2027, and 2028

(in thousands of dollars)

	2024	2025	2026	2027	2028
Cash flows from operating activities:					
Changes in net assets	\$ 263	\$ 1,214	\$ 1,670	\$ 2,102	\$ 2,683
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	3,839	3,953	4,072	4,195	4,321
Amortization of entrance fees	(3,861)	(3,977)	(4,096)	(4,219)	(4,346)
Depreciation and amortization	4,218	4,345	4,474	4,610	4,747
Changes in operating assets and liabilities:					
Patient accounts receivable, net	(52)	(55)	(57)	(59)	(63)
Prepaid expenses, inventories and other current assets	(9)	(8)	(9)	(10)	(9)
Accounts payable and accrued expenses	87	89	94	94	99
Other long-term liabilities	-	1	-	1	-
Net cash provided by operating activities	<u>4,485</u>	<u>5,562</u>	<u>6,148</u>	<u>6,714</u>	<u>7,432</u>
Cash flows from investing activities:					
Change in investments and assets limited as to use	983	(550)	(817)	(1,075)	(1,596)
Purchases of property and equipment	(4,218)	(4,345)	(4,474)	(4,610)	(4,747)
Net cash used in investing activities	<u>(3,235)</u>	<u>(4,895)</u>	<u>(5,291)</u>	<u>(5,685)</u>	<u>(6,343)</u>
Cash flows from financing activities:					
Payments on long-term debt:	(867)	(837)	(871)	(924)	(1,061)
Net cash used in financing activities	<u>(867)</u>	<u>(837)</u>	<u>(871)</u>	<u>(924)</u>	<u>(1,061)</u>
Net increase (decrease) in cash and cash equivalents	383	(170)	(14)	105	28
Cash and cash equivalents, beginning	65	448	278	264	369
Cash and cash equivalents, ending	<u>\$ 448</u>	<u>\$ 278</u>	<u>\$ 264</u>	<u>\$ 369</u>	<u>\$ 397</u>
Supplemental cash flow information:					
Cash payments for interest	<u>\$ 1,836</u>	<u>\$ 1,799</u>	<u>\$ 1,763</u>	<u>\$ 1,725</u>	<u>\$ 1,682</u>

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

1. BASIS OF PRESENTATION

The accompanying forecast presents, to the best knowledge and belief of the Management ("Management") of St. Joseph of the Pines, Inc. (the "Corporation"), the Corporation's expected balance sheets, related statements of operations and changes in net assets, and cash flows as of and for each of the years in the five-year period ending June 30, 2028. Management's purpose in releasing these financial forecasts 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 forecast. Even if the hypothetical assumptions below occur within the forecast period, the Corporation recognizes that there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The financial statements included in the forecast have been prepared in accordance with the guidance contained in the *Audit and Accounting Guide, Health Care Organizations*, published by the American Institute of Certified Public Accountants. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive.

2. BACKGROUND OF THE CORPORATION

The Corporation is a not-for-profit corporation that owns and operates two licensed continuing care retirement communities in Southern Pines, North Carolina (collectively referred to as "Existing Operations"). Belle Meade Retirement Resort ("Belle Meade") is a 100-acre campus with 218 independent living residences; 60 assisted living beds ("Coventry"); and a 176-bed licensed skilled nursing facility (the "Health Center"). The Pine Knoll campus ("Pine Knoll") is a 19-acre campus with 90 independent living residences. The Corporation was incorporated in 1948 and has been in continuous operation since that time. The Corporation's mission is to provide a variety of housing and health services to senior citizens in the community.

The Corporation's sole corporate member is Trinity Health ("Trinity"), a tax-exempt Catholic multi-institutional health system. The Corporation is a National Health Ministry ("NHM") of Trinity. The mission of Trinity is to be a community of persons committed to being a transforming, healing presence within the communities it serves. The financial statements of the Corporation are included with other RHM's in the consolidated financial statements of Trinity.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

3. RESIDENCY AND CARE AGREEMENTS

Under the terms of the Residency Agreement (the "Agreement"), the Corporation accepts as residents ("Resident" or "Residents") those persons at least 62 years of age at the time of occupancy (only 1 member of a couple must meet this requirement) who are able to care for themselves with limited or no 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 a monthly service fee ("Monthly Service Fee") on an on-going basis. Payment of these amounts entitles Residents to occupy and use the residence, common areas, amenities, programs, and services of the Corporation subject to the terms of the Agreement. In addition to the items included in the Monthly Service Fee, certain services are available to Residents for an additional charge. Upon termination of the Agreement, Residents are entitled to a refund, which is determined according to the applicable Entrance Fee amortization schedule described in the Agreement.

The Corporation offers multiple types of Entrance Fee options, ranging from non-refundable to 90 percent refundable. There are also multiple options for Monthly Service Fees, which are documented in each Agreement.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

Use of Estimates - The preparation of these 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 amounts reported in the financial statements and accompanying notes. Estimates made by the Corporation relate primarily to the allowance for doubtful accounts, third-party payor settlements, deferred revenue from Entrance Fees and the obligation to provide future services. Actual results could differ from these estimates.

Cash and Cash Equivalents - All cash and highly liquid debt instruments purchased with a maturity of three months or less, other than those included in assets whose use is limited, are considered cash and cash equivalents. The carrying value of cash and cash equivalents approximates market value.

Investments and Investment Income - Investments in equity securities with readily determinable fair values are recorded at fair value and all investments in debt securities are measured at fair value. Investment income is reported as operating income unless the income or loss is restricted by donor or law. Management does not project any unrealized gains or losses on investments.

Inventories - Inventories are carried at the lower of cost (first-in, first-out method) or net realizable value.

Assets Limited as to Use - Assets limited as to use include amounts set aside for the statutory operating reserves and refundable deposits held in escrow. To determine the statutory operating reserves for Belle Meade and Pine Knoll, the Corporation has allocated the projected operating expenses of Coventry and Health Center based on resident days served at each location.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Net Assets - Unrestricted net assets are those, which have no external restrictions. Temporarily restricted net assets are those for which use has been limited by donors to a specific time period or purpose or to be maintained in perpetuity. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Property and Equipment - Property and equipment purchased by the Corporation are stated at cost. Donated property and equipment are stated at the estimated fair value at the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets, generally 5 - 40 years.

Deferred Financing Costs and Original Issue Discount - Deferred financing costs and original issue discounts are being amortized using the effective interest method over the term of the related financing agreement.

Deferred Revenue from Entrance Fees - Upon termination (moving or death), Corporation Residents are entitled to a refund of a pro-rated portion of their Entrance Fees. Entrance Fees of 4 percent are earned by the Corporation upon advancement to Pine Knoll and Belle Meade. The refundable percentage is reduced monthly, according to the terms of the contract, until there is no refund due or the minimum refundable amount guaranteed under contract has been reached. Refundable and non-refundable fees are classified as deferred revenue from Entrance Fees. Entrance Fees are recognized as income over the estimated life expectancy of each Resident, or couple, adjusted on an annual basis.

Derivative Financial Instruments - Accordingly, the Corporation recognizes all derivative financial instruments in the accompanying forecasted balance sheets at fair value.

Refundable Deposits - Deposits for Belle Meade and Pine Knoll accommodations are deferred when received. A portion of the deposit is refundable if the Resident terminates the Residency Agreement. Upon occupancy of the unit, the deposit is amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, or couple, adjusted on an annual basis.

Advertising Costs - The cost of advertising is expensed as incurred.

Social Accountability Costs - The Corporation has a policy of providing health services to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Corporation does not expect payment from these patients, estimated charges for charity care are not included in net patient service revenue.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Obligation to Provide Future Services - The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from Entrance Fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from Entrance Fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No liability has been estimated during the forecast period because the present value of the estimated costs of future services and the use of facilities is less than deferred revenue from Entrance Fees.

Operating Indicators - The forecasted statements of operations and changes in net assets include revenue, gains or losses, and other support. Changes in unrestricted net assets, which are excluded from operating income consistent with industry practice, include unrealized gains and losses on investments and unrestricted contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Net Patient Service Revenue - Third-party payors (Medicare, Medicaid, and commercial insurance payors) provide payments to providers at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is the estimated amount to be realized for services rendered, including estimated retroactive adjustments.

Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and adjusted in future periods upon final settlements. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that adequate provision has been made for adjustments that may result from reviews by third-party payors.

Resident Service Revenue - Resident service revenue represents the estimated net realizable amounts due from Residents for services rendered, including the portion of the deferred Entrance Fees earned in the current year. Amortization of deferred revenue from non-refundable Entrance Fees is included in Resident service revenue in the accompanying forecasted statements of operations and changes in net assets.

Contributions - Contributions are recorded as revenue and are considered to be available for unrestricted use, unless specifically restricted by the donor.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the forecasted statements of operations and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying forecasted financial statements.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions (Continued) - The Corporation reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, Management has assumed no income tax liability accruing to the Corporation.

5. ASSUMED INDEPENDENT LIVING UNIT UTILIZATION

Management assumes that the occupancy of independent living units will be in excess of 90% percent throughout the forecast period.

The assumed turnover for independent living units of the Corporation due to death, withdrawal or transfer to either the assisted living units or skilled nursing beds, and double occupancy of the independent living units has been estimated based on historic trends and is presented in the following table.

Projected Turnover Schedule - Independent Living Units	
<u>Year Ending June 30,</u>	<u>Existing ILU's</u>
2024	49
2025	45
2026	41
2027	40
2028	40

Management has assumed utilization of the Coventry and the Health Center to average 82 percent throughout the forecast period.

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

6. 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. 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.

**Entrance and Monthly Service Fees - Belle Meade
Independent Living Units**

Unit Type	Number of Units	Approximate Square Footage	Standard Entrance Fees	Monthly Service Fees
Apartments:				
Avington	21	1,454	\$ 229,267	\$ 4,211
Bristol	3	800	134,125	2,979
Combination	6	2,323	348,729	5,717
Cotswold	55	1,366	206,539	4,135
Dorset I	11	1,518	232,800	4,216
Dorset II	21	1,620	246,694	4,456
Keswick	4	1,906	288,187	5,117
Somerset	26	962	155,117	3,317
Wellington	23	1,205	192,607	3,806
Cottages:				
Essex Cottage	9	1,973	337,692	5,446
Prescott Cottage	11	1,841	303,385	5,080
Sterling Cottage	8	2,322	393,696	5,960
Homes:				
Essex	4	1,913	337,692	5,446
Hampstead	8	1,799	317,321	5,195
Sterling	6	2,221	393,696	5,960
Windsor	2	1,632	288,439	4,880
Total/Weighted Average	<u>218</u>	<u>1,506</u>	<u>\$ 240,278</u>	<u>\$ 4,380</u>

ST. JOSEPH OF THE PINES, INC.
Summary of Significant Forecast Assumptions and Accounting Policies

6. REVENUE (Continued)

**Entrance and Monthly Service Fees - Pine Knoll
Independent Living Units**

<u>Unit Type</u>	<u>Number of Units</u>	<u>Approximate Square Footage</u>	<u>Standard Entrance Fees</u>	<u>Monthly Service Fees</u>
Villas at Pine Knoll:				
Apartments:				
Halsford	7	385	\$ 60,578	\$ 1,735
Lampford	18	573	86,622	2,072
Upton	15	720	108,651	2,356
Newland	8	836	121,416	2,612
Total/Weighted Average	<u>48</u>	<u>635</u>	<u>377,267</u>	<u>8,775</u>
Overlook at Pine Knoll:				
Apartments:				
Ashmore	8	1,295	184,932	3,267
Kingston	8	1,618	221,010	3,567
Scotsgrove	4	1,344	191,203	3,342
Cottages:				
Woodleigh	8	1,211	177,795	3,605
Bickleigh	10	1,322	215,928	3,725
Ashleigh	1	1,347	231,272	3,763
Kingsford	1	1,381	236,737	3,824
Dunsford	1	1,443	246,975	3,855
Fernhill	1	1,733	294,738	4,310
Total/Weighted Average	<u>42</u>	<u>1,369</u>	<u>204,850</u>	<u>3,569</u>
Total/Weighted Average	<u>90</u>	<u>978</u>	<u>\$ 296,806</u>	<u>\$ 6,345</u>

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 rates established by the Corporation except for any Healthcare Benefit that may be available. The Health Center provides services to private-pay, commercial insurance, Medicaid and Medicare Residents. Average per-diem charges are assumed to be \$390 in 2024, increasing 2-3 percent annually for 2025 through 2028.

Assisted Living - Coventry Residents are charged a base per diem 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").

Earned Entrance Fees - Management has assumed that all of the existing Residents are enrolled under the standard option with a 4-4.5 percent annual increase.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

6. REVENUE (Continued)

Other Income - Forecasted other income consists of revenue 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. These revenues are projected by Management to increase approximately 3 percent annually throughout the forecast period.

Contributions and Release of Temporary Restrictions - Contributions and bequests include endowment income and unrestricted gifts. Management assumes that total contributions and bequests in unrestricted contributions to net assets will increase approximately 3 percent annually throughout the forecast period.

7. OPERATING EXPENSES

Forecasted operating expenses are estimated by Management based upon the historical experience of the Corporation.

Staff salaries and wages are forecasted to comprise approximately 35 to 36 percent of operating expenses. Salaries and wages are based on prevailing local salary and wage rates of the Corporation and are assumed by Management to increase 3.5 percent annually throughout the forecast period.

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 2-3 percent annually throughout the forecast period.

8. PROPERTY AND EQUIPMENT AND DEPRECIATION EXPENSE

Management estimates that the Corporation will incur Project costs and routine capital additions during the forecast period that will be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40 and 10 years, respectively. Project-related costs as well as routine capital additions during the forecast period are summarized in the table below.

Schedule of Property and Equipment
(In Thousands of Dollars)

At June 30,	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Beginning balance	\$ 139,585	\$ 143,803	\$ 148,148	\$ 152,622	\$ 157,232
Routine additions	<u>4,218</u>	<u>4,345</u>	<u>4,474</u>	<u>4,610</u>	<u>4,747</u>
	143,803	148,148	152,622	157,232	161,979
Accumulated depreciation	<u>94,113</u>	<u>98,458</u>	<u>102,932</u>	<u>107,542</u>	<u>112,289</u>
Property and equipment, net	<u>\$ 49,690</u>	<u>\$ 49,690</u>	<u>\$ 49,690</u>	<u>\$ 49,690</u>	<u>\$ 49,690</u>

ST. JOSEPH OF THE PINES, INC.
Summary of Significant Forecast Assumptions and Accounting Policies

9. LONG-TERM DEBT

An unsecured promissory note was executed on December 16, 2013, whereby Trinity loaned \$52,345,000 to the Corporation. The Corporation used the proceeds to repay existing long-term debt. Monthly payments on the loan fluctuate throughout the projection period and range from \$36,585 and \$327,643, including interest at a rate of 4.05%. The debt has a scheduled maturity of March 2051.

The following table presents the assumed principal payments on the Bonds during the forecast period and thereafter.

Projected Principal Payments on Bonds, Net of Swap Agreement Impact
(In Thousands of Dollars)

Calendar Year Ending June 30,	
2024	\$ 867
2025	837
2026	871
2027	924
2028	1,061
Thereafter	38,978
	\$ 43,538

10. CURRENT ASSETS AND CURRENT LIABILITIES

Current assets and current liabilities (working capital) have been estimated based on industry standards and Management's historical experience as follows:

Working Capital - Days on Hand

Cash and related party receivable	40 -100 days operating expenses (H)
Accounts receivable	25 days operating revenues (I)
Prepaid expenses	3 days operating expenses (H)
Accounts payable and accrued expenses	20 days operating expenses (H)

Notes:

(H) Operating expenses exclude amortization, depreciation and interest expense.

(I) Operating revenues include independent living monthly fees and Health Center service fees.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

11. OPERATING RESERVE REQUIREMENT

North Carolina General Statute §58-64-33 requires that a Continuing Care Retirement Community (CCRC) maintain an operating reserve equal to 50 percent of the total operating costs in a given year, or 25 percent of such total operating costs if occupancy as of a certain date exceeds 90 percent of the independent living unit capacity (the "Operating Reserve Requirement"). This law provides security to residents that the community will be able to meet its contractual obligations to provide certain continuing care. The Corporation is forecasted to have sufficient cash and investment balances to comply with the Operating Reserve Requirement and expects to maintain an occupancy rate in excess of 90 percent at the Pine Knoll campus and the Belle Meade campus for the forecasted period.

SUPPLEMENTARY INFORMATION

ST. JOSEPH OF THE PINES, INC.
Forecasted Schedules of Operating Expenses by Location
For the Years Ending June 30, 2024, 2025, 2026, 2027, and 2028

(in thousands of dollars)

	2024	2025	2026	2027	2028
Belle Meade:					
Health care	\$ 935	\$ 968	\$ 1,002	\$ 1,037	\$ 1,073
Dietary	3,181	3,277	3,375	3,476	3,580
Administration	1,380	1,370	1,360	1,349	1,336
Maintenance	1,472	1,524	1,577	1,632	1,689
Laundry (linen)	23	23	24	25	25
Housekeeping	492	502	512	523	533
Depreciation and amortization	2,467	2,541	2,617	2,696	2,776
Interest	989	969	950	929	906
Other operating	37	37	38	39	40
Total	<u>\$ 10,976</u>	<u>\$ 11,211</u>	<u>\$ 11,455</u>	<u>\$ 11,706</u>	<u>\$ 11,958</u>
Pine Knoll:					
Health care	\$ 340	\$ 352	\$ 364	\$ 377	\$ 390
Dietary	1,406	1,449	1,492	1,534	1,583
Administration	305	299	293	287	281
Maintenance	564	584	604	626	647
Laundry (linen)	4	4	4	4	4
Housekeeping	184	188	192	196	199
Depreciation and amortization	545	561	578	596	614
Interest	211	206	202	198	193
Other operating	24	24	25	25	26
Total	<u>\$ 3,583</u>	<u>\$ 3,667</u>	<u>\$ 3,754</u>	<u>\$ 3,843</u>	<u>\$ 3,937</u>
Non-resident clients:					
Health care	\$ 7,225	\$ 7,477	\$ 7,739	\$ 8,010	\$ 8,291
Dietary	2,070	2,131	2,196	2,265	2,330
Administration	4,379	4,456	4,533	4,612	4,693
Maintenance	3,038	3,143	3,254	3,367	3,486
Laundry (linen)	3	3	3	3	3
Housekeeping	1,010	1,030	1,050	1,070	1,093
Depreciation and amortization	1,206	1,243	1,279	1,318	1,357
Interest	636	624	611	598	583
Other operating	441	453	463	468	481
Total	<u>\$ 20,008</u>	<u>\$ 20,560</u>	<u>\$ 21,128</u>	<u>\$ 21,711</u>	<u>\$ 22,317</u>
Total expenses:					
Health care	\$ 8,500	\$ 8,797	\$ 9,105	\$ 9,424	\$ 9,754
Dietary	6,657	6,857	7,063	7,275	7,493
Administration	6,064	6,125	6,186	6,248	6,310
Maintenance	5,074	5,251	5,435	5,625	5,822
Laundry (linen)	30	30	31	32	32
Housekeeping	1,686	1,720	1,754	1,789	1,825
Depreciation and amortization	4,218	4,345	4,474	4,610	4,747
Interest	1,836	1,799	1,763	1,725	1,682
Other operating	502	514	526	532	547
Total	<u>\$ 34,567</u>	<u>\$ 35,438</u>	<u>\$ 36,337</u>	<u>\$ 37,260</u>	<u>\$ 38,212</u>



ST. JOSEPH of the PINES

FUTURE RESIDENT AGREEMENT

ST. JOSEPH OF THE PINES SOUTHERN PINES, NORTH CAROLINA

This *Future Resident* Agreement (“Agreement”) is made this _____ day of _____, 20_____ by and between St. Joseph of the Pines, and

_____ (“Future Resident”, “You” or “Your”).

BACKGROUND

The Corporation is a not-for-profit corporation that owns and operates two retirement communities on separate campuses in Southern Pines, North Carolina. A part of Trinity Health, the Corporation was established in 1948 and has been in continuous operation since that time. The mission of the Corporation is to provide senior living and health services. A brief description of the Corporation’s facilities is as follows:

Belle Meade Campus (“Belle Meade”) is located at 100 Waters Drive and consists of two-hundred twenty (220) independent living residential apartments in three story buildings, cottages, homes, and a community center with common areas and amenities.

The Pine Knoll Campus (“Pine Knoll”) is located at 590 Central Drive and is approximately two miles from Belle Meade and consists of ninety-one (91) independent living residential apartments, cottages, and a community center with common areas and amenities.

St. Joseph of the Pines Health Center (the “Health Center”) is located at 103 Gossman Drive and is licensed for 176 nursing beds and is adjacent to Belle Meade. The Health Center includes Rehabilitation.

Assisted Living

- **The Coventry** (the “Coventry”) is located at 105 Gossman Drive and is licensed as a fifty (50) unit Adult Care Home and is adjacent to Belle Meade.

(check the applicable boxes)

<input type="checkbox"/>	<input type="checkbox"/>
Belle Meade Community	Pine Knoll Community
<input type="checkbox"/> \$10,000 deposit for an apartment.	<input type="checkbox"/> \$10,000 deposit for an Overlook apartment or Cottage.
<input type="checkbox"/> \$50,000 deposit for a home or cottage.	<input type="checkbox"/> \$5,000 deposit for a Villa apartment.

You and St. Joseph of the Pines agree as follows:

1. **Priority.** Priority for the *Future Resident* selection of a residence at _____ is determined by the size of Residence preferred and date of this Agreement.
2. **Preference.** You shall specify the following preferences:
 - a. You prefer to occupy a _____ type of Residence.
3. **Future Resident Deposit.** You agree to pay a *Future Resident* Deposit based on the selected membership level above. The *Future Resident* Deposit is a non-interest-bearing deposit associated with this Agreement and will be credited towards the Entrance Fee due by you as outlined in the Residency Agreement.
4. **Notification.** St. Joseph of the Pines will notify you of the availability of the preferred size(s) of Residence specified by you. You may accept or reject the offer to reserve the Residence within Three (3) days from the date of notification.

If you accept the offer to reserve the Residence, you agree to execute a Residency Agreement and take Occupancy within ninety (90) days of the acceptance date, unless otherwise agreed to in writing by both parties.

If you turn down three offers, you will forfeit your position on the *Future Resident* list. You will be placed on the bottom of the list or you may cancel and receive a full refund of the *Future Resident* Deposit paid by You.
5. **Application Forms.** Upon execution of this Agreement, you will submit completed Application Forms for a preliminary approval. Upon acceptance of an offer, you will update the Application Forms as requested by St. Joseph of the Pines. Upon final approval, you will enter into the Residency Agreement.

6. **Termination and Refund.** You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to St. Joseph of the Pines. After the lapse of the seven (7) day rescission period, but prior to your acceptance, you may terminate this Agreement for any reason by providing a written notice to St. Joseph of the Pines. In either situation, a full refund of the *Future Resident* Deposit will be made to you within thirty (30) days of such written notification of termination.

7. **Privileges Under the Future Resident Membership.** In addition to the Priority established above, you shall have the following privileges with St. Joseph of the Pines as a Future Resident Member:
 - a. **Culinary Services.** You have access to dine at either Belle Meade or Pine Knoll restaurants with prior reservations at established meal rates.
 - b. **Use of Commons Area and Amenities.** You may use the cultural/multi-purpose rooms, lounges, libraries, arts/crafts rooms, classrooms, indoor/outdoor recreational areas including the indoor pool, exercise rooms and other common areas and amenities.
 - c. **Participation in Planned Activities.** You may participate in planned social, recreational, educational, and cultural programs provided by Belle Meade and Pine Knoll with prior reservations provided space is available and at established rates, if any.

8. **Preliminary Agreement.** This *Future Resident* Agreement is preliminary to the execution of the Residency Agreement (or the Direct Admission Agreement). Upon payment of the Ten Percent (10%) Deposit of the Entrance Fee for the Residence and execution of the Residency Agreement, this Agreement shall terminate and will be superseded by the Residency Agreement.

St. Joseph of the Pines and you have executed this Agreement, and the *Future Resident* Deposit has been paid as of the day and year first written above.

Witness

Future Resident

Witness

Future Resident

THE CORPORATION: **St. Joseph of the Pines**

Signature

Title

Date



ST. JOSEPH of the PINES

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20____. You may rescind and terminate your *Fulfillment* Program Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into either of the two (2) continuing care communities before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your *Fulfillment* Program Agreement within this seven (7) day period.

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

Kimberly Wessell, Sales & Marketing Director
St. Joseph of the Pines
590 Central Drive
Southern Pines, NC 28387

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

Pursuant to this notice, I hereby cancel my *Future Resident* Agreement.

Date: _____

PROSPECTIVE RESIDENT’S SIGNATURE

**RESIDENCY AGREEMENT
CONTINUING CARE RETIREMENT COMMUNITY
OF BELLE MEADE AND PINE KNOLL
SOUTHERN PINES, NORTH CAROLINA**

THIS RESIDENCY AGREEMENT (“Agreement”) is made this _____ day of _____, 20____ between SAINT JOSEPH OF THE PINES, INC. (the “Corporation”) and _____ (“You”, “Your”, “Yourself” or “Resident”).

BACKGROUND

The Corporation is a not-for-profit corporation that owns and operates retirement communities in Southern Pines, North Carolina. The Corporation was established in 1948 and has been in continuous operation since that time. The mission of the Corporation, a part of Trinity Health System, is to provide outstanding senior living and health services. As we do so, we will listen with special care to those who are least able to speak to their own needs. A brief description of the Corporation’s facilities is as follows:

Belle Meade Campus (“Belle Meade”) is located at 100 Waters Drive and consists of two-hundred twenty (220) independent living residential apartments in three story buildings, cottages, homes, and a community center with common areas and amenities.

The Pine Knoll Campus (“Pine Knoll”) began its operations in 1984 as St. Joseph of the Pines Villas. The 19-acre campus is located in Southern Pines, North Carolina at 590 Central Drive and is approximately two miles from Belle Meade.

- **The Overlook at Pine Knoll** (the “Overlook”) consists of twenty (20) independent living apartments in a renovation of the historic Pine Needles Resort Inn, four (4) cottage homes in a renovation of the historic Pine Needles Pro Shop, and eighteen (18) existing cottage homes.
- **The Villas at Pine Knoll** (the “Villas”) consists of forty-seven (47) independent living apartments in three wings connected to the community center with common areas and amenities.

St. Joseph of the Pines Health Center (the “Health Center”) is located at 103 Gossman Drive and is licensed for 176 nursing beds and is adjacent to Belle Meade. The Health Center includes Rehabilitation.

Assisted Living

- **The Coventry** (the “Coventry”) is located at 105 Gossman Drive and is licensed as a fifty (50) unit Adult Care Home and is adjacent to Belle Meade.

THE CORPORATION AND YOU HEREBY AGREE AS FOLLOWS:**I. RESIDENTIAL UNIT REQUIREMENTS AND PROCEDURES**

The residency requirements for occupying a residential unit (“Residential Unit”) are non-discriminatory, and Belle Meade and Pine Knoll are open to both married and single men and women of all races, religions and national origin. Residency requirements and procedures are administered by management of the Corporation (“Management”) as follows:

- A. **Age.** Admission is restricted to persons sixty-two (62) years of age or older; if the Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of Residency.
- B. **Application Forms.** To apply for residency at Belle Meade and Pine Knoll, You shall submit an application on forms furnished by the Corporation for approval by Management.
- C. **Health Requirements.** You must be in good health, able to move about independently, and capable of performing activities of daily living without assistance. Personal health disclosures are required and may need to be updated periodically. Residents eligible for Medicare/Medicaid must apply for and secure the maximum benefits available under Medicare Parts A and B and provide copies of policies and/or Medicare coverage upon admission or upon eligibility.
- D. **Financial Requirements.** You must possess adequate financial resources to meet present and future financial obligations of this agreement, as well as Your personal living expenses. Personal financial disclosures are required and may need to be updated periodically.
- E. **Representations.** You affirm that the representations made in the application forms and all supporting information are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement. Should such representations not be accurate, the Corporation reserves the right to decline admission, or to offer admission under alternative requirements and criteria.
- F. **Additional Disclosure.** The Corporation may require additional or updated personal information prior and subsequent to Residency.
- G. **Approval for Residency.** Upon receipt of completed application forms, Management will review the forms submitted by You for initial acceptance to Belle Meade and Pine Knoll. Based on entrance criteria and policies established by the Board of Trustees of the Corporation, Management will respond to the application for initial acceptance within approximately fifteen (15) business days of receipt of completed application forms.

II. RESIDENTIAL UNIT

- A. **Unit.** You have selected _____ Pine Knoll/ _____ Belle Meade Residence Number _____, a _____ type of Residence. You shall have the right to occupy, use and enjoy Your Residential Unit subject to the terms of this Agreement. The common areas and amenities provided are available for the use and enjoyment of all Residents.
- B. **Furnishings in the Residential Unit.** Each Residential Unit in Belle Meade will providewall-to-wall carpeting, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings. Each Pine Knoll Residential Unit in The Villas will provide wall-to-wall carpeting, refrigerator, mini-blinds, and other furnishings. Each Pine Knoll Residential Unit in the Overlook and the Cottages will provide wall-to-wall carpeting, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings.
- C. **Options and Custom Features in the Residential Unit.** You may select options and custom features for the Residential Unit for an additional charge that is collected from You at the time of work commencement or Closing. Any such options and custom features selected and paid for by You will become part of the Residential Unit and the property of the Corporation. Some options and custom features will be submitted to the Options Committee for approval. If You are paying an Entrance Fee, Your Entrance Fee Refund, if applicable to You, may be decreased by the amount required to return the Residential Unit to its original condition should the Corporation deem that such customization chosen by You has rendered the Residential Unit less marketable. Alternatively, and especially if You do not pay an Entrance Fee but pay a Membership Fee, the Corporation may charge (with advance notice to You upon your selection of custom features) a non refundable “upfit fee” to You as a result of Your custom features, in the sole discretion of the Corporation. The upfit fee shall correlate to the anticipated cost of returning the Residential Unit to its original condition upon vacating of the Unit by You. Itemization of options and custom features ordered by You, as well as any “upfit fee,” as applicable, and the terms of payment for such options and custom features, are outlined in a Statement of Account.

III. COMMON AREAS AND AMENITIES

- A. **Common Area and Amenities.** The Corporation will provide common areas and amenities for the use and benefit of all residents. Common areas at Belle Meade include: three dining options, main lobby, a chapel, bank, hair salon, an activities room, an art room, a game room, a woodworking shop, croquet court, putting green, walking paths, fitness center, swimming pool, and tennis court. Common areas at Pine Knoll include: two dining options, a private dining room, main lobby, additional lobbies in the Villas residential wings, a chapel, hair salon,

an activities room, mail center, lounges, card and game room, fitness room, walking paths, greenhouse, an outdoor courtyard; and other common areas and amenities described in the Resident Handbook.

- B. Parking.** The Corporation will provide lighted parking areas for Your personal vehicle(s), including one surface parking space per Residential Unit and additional parking for guests. Covered parking, as available, will be an optional feature for apartment Residents at an additional cost.

IV. SERVICES AND PROGRAMS

After Your Closing Date, You shall receive the following services from the Corporation for as long as this Agreement is in effect:

- a. Discretionary Credits.** A Discretionary Credit allowance, as stated in the current Resident Handbook, is included for each Resident of an independent living Residential Unit. The Resident Handbook describes items available for purchase with Discretionary Credits; however, the Corporation reserves the right to change the Resident Handbook and thus the items capable of being purchased with Discretionary Credits is subject to change. Unused Discretionary Credits are non-transferable. The Discretionary Credit allowance is subject to change with thirty (30) days' notice. The cost of items purchased that exceed the monthly Discretionary Credit allowance will be billed to You on a monthly basis. Upon transfer to the Health Center or Assisted Living, the Discretionary Credit allowance will be suspended.
- b. Temporary Healthcare.** If you are in need of temporary care in the Health Center or in Assisted Living, it will be provided for no additional charge for fourteen (14) cumulative days of a stay in any calendar year in the Health Center or Assisted Living. Unless otherwise directed by You, the aforesaid fourteen (14) days shall commence following the conclusion of payment for such services by any insurance You may have, such as Medicare paid skilled nursing facility benefits. Decisions concerning temporary care in the Health Center or in Assisted Living are made after consultation between the Corporation's Health Evaluation Team, Your physician, You, and Your spouse (if any) or immediate family. During such period, You shall continue to pay Your Monthly Fee.
- c. Healthcare Benefit Option.** The Corporation offers Healthcare Benefit Options as set forth below. Extensive Benefit may be offered based on a required health evaluation and management approval.
- a) **Extensive Benefit:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and Your Monthly Fee shall change such that You shall receive a fifty percent (50%) discount from the published per diem fee at the time You transfer to either Assisted Living or nursing care. Resident's short and long term skilled nursing needs are provided in the Health Center through the standard

accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability. The Extensive Benefit Fee is non-refundable.

- b) **Fee-for-service:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and Your Monthly Fee shall change such that You will pay the then current, published per diem fee for either Assisted Living or nursing care. Resident's short and long term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

You agree that the Corporation will have the right and ability to file for any health care reimbursement available to You on Your behalf.

- d. **Activities.** The Corporation will provide planned and scheduled social, recreational, spiritual, educational and cultural activities, arts and crafts classes, exercise, health and wellness programs, and other special activities. Some activities may require an additional charge and all participation is voluntary.
- e. **Maintenance and Repairs.** The Corporation will maintain and repair its own improvements, furnishings, appliances and equipment. You will be responsible for the cost of repairing damage to the property of the Corporation caused by You or any guests of Yours, ordinary wear and tear excepted.
- f. **Ad Valorem Taxes.** The Corporation is currently exempt from ad valorem taxes. Should the ad valorem tax obligations of the Corporation change, the Corporation may change the Monthly Fee accordingly.
- g. **Dining Services.** Dining will be available in a choice of dining venues. Subject to the terms of the Resident Handbook, Discretionary Credits may be used to pay for the cost of meals. You will be charged monthly for mealstaken that exceed the monthly Discretionary Credits amount.
- h. **Utilities.** The Corporation will furnish heating, air conditioning, electricity, basic cable service, internet services, water, sewer service, and trash removal. You are responsible for the charges related to long-distance telephone (outside the continental USA) and premium cable television service. *
- i. **Housekeeping Services.** The Corporation will provide housekeeping services once per every two weeks. The Corporation may require certain housekeeping activities to be conducted to preserve the Residential Unit in good condition. You may purchase additional housekeeping time. *
- j. **Grounds keeping.** The Corporation will furnish basic grounds keeping services including lawn, tree and shrubbery care. Depending on the availability of space, as determined by the Corporation, You may be permitted to plant and maintain certain areas designated for such purpose by Management. *

- k. **Transportation.** The Corporation will provide local transportation for residents on a regularly scheduled basis outlined in the Resident Handbook. An additional charge may be made for transportation for special, personal or private group trips.*
- l. **Safety.** The Corporation will provide emergency call devices and twenty-four (24) hour emergency call response. In addition, smoke detectors are located in each Residential Unit.*
- m. **Administrative Services.** The Corporation will provide personnel and administrative services to include those required to deliver services to residents, maintain and support required staff, comply with regulatory requirements, maintain the assets and liabilities of the Corporation, and generally conduct prudent business practices.*
- n. **Away Allowance.** When You are away from Belle Meade and Pine Knoll for fourteen (14) consecutive days or more, and have made arrangements in advance with Management, You will be credited with a current, published away allowance determined by Management beginning on the fifteenth (15) day.*

*these services and programs are applicable upon Your actual, physical occupancy of a Residential Unit.

V. FINANCIAL ARRANGEMENTS

A. **Residents who pay an Entrance Fee.** If You have elected to pay an Entrance Fee (either deferred or non-deferred), You agree to pay to the Corporation the Entrance Fee as a condition of becoming a Resident. Additionally, You agree as follows:

(1) **Refund Plans.** The Corporation offers three Entrance Fee Refund Plans, the Standard Plan, the Fifty Percent (50%) Refund Plan, and the Ninety Percent (90%) Refund Plan. The cost of any options or custom features added to the Residential Unit by You shall not be considered part of the Entrance Fee and will not be refunded to You unless specifically indicated in an Addendum to this Agreement. The Extensive Benefit Fee shall not be considered part of the Entrance Fee and will not be refunded to you. The Extensive Benefit Fee does not have a refund plan option.

(a) Standard Refund Option: If You have elected the Standard Refund Option, You will receive a refund in an amount equal to the Entrance Fee paid by You less two percent (2%) for each month after Your Closing Date for up to forty nine (49) months; and less an administrative charge of the greater of one thousand dollars (\$1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated, per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. No refund of the paid Entrance Fee shall be issued to You after forty nine (49) months from Your Closing Date. Any other unpaid fees to the Corporation shall reduce any refund.

(b) Fifty Percent (50%) Refund Option: If You have elected the fifty percent (50%) Refund Option, You shall receive a refund in an amount equal to fifty percent (50%) of the Entrance Fee paid by You less two percent (2%) of the Total Entrance Fee for each month after Your Closing Date for up to twenty four (24) months; and less an administrative charge of the greater of one thousand dollars (\$1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. Notwithstanding the foregoing, the Refund under this Option shall never be less than 50% of the Entrance Fee paid by You less the periodic charges specified in the Agreement. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of Closing Date (defined in Section VI (B)).

(c) Ninety Percent (90%) Refund Option: If You have elected the ninety percent (90%) Refund Option, You shall receive a refund in the amount equal to the ninety percent (90%) Entrance Fee paid by You less two percent (2%) of the Total Entrance Fee for each month after Your Closing Date for up to four (4) months and less an administrative charge of the greater of one thousand dollars (\$1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. Notwithstanding the foregoing, the Refund under this Option shall never be less than 90% of the Entrance Fee paid by You less the periodic charges specified in the Agreement. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of Closing Date (defined in Section VI (B)).

(2) **Entrance Fee Term Sheet.** See Appendix 1 entitled **Entrance Fee Term Sheet**. By signing this Agreement, You have agreed with the choices and provisions of the Entrance Fee Term Sheet of Your Agreement.

(3) **Balance of the Entrance Fee.** If you are paying the Entrance Fee, then the balance of the Total Entrance Fee for the Residential Unit will be due and payable on the Closing Date. If You should find that you are unable to timely make the Entrance Fee payment under the terms of this Agreement, you should immediately contact the Corporation.

B. Residents who Pay a Membership Fee. If You have elected to pay a Membership Fee You agree to pay to the Corporation a Membership Fee as a condition of becoming a Resident. Additionally, You agree as follows:

(1) **Membership Fee.** Your Membership fee for your Residence is \$_____ and is due on Your Closing Date, as set forth below in Your Membership Fee Term Sheet set out in **Appendix 2**. The Membership Fee shall in no way be considered or interpreted to be a security deposit.

(2) **Membership Fee Term Sheet.** See Appendix 2 entitled **Membership Fee Term Sheet**. By signing this Agreement, You have agreed with the choices and provisions of the Membership Fee Term Sheet of Your Agreement.

- C. **Monthly Fee.** Upon Closing, You agree to pay the Corporation a monthly fee in the amount of \$_____ per month for the first person intending to occupy the Residential Unit, plus an additional \$_____ per month for the second person (if applicable) occupying the Residential Unit (collectively, the “Monthly Fee”) beginning _____ (date). These fees are published with an effective date through _____ (Month) _____ (Year).
- D. **Ability to Pay after payment in full of Entrance Fee or Membership Fee.** After Your Closing Date and your payment in full of Your Entrance Fee or Membership Fee, as applicable, if You shall become insolvent or otherwise become unable to pay charges for residing in Belle Meade and Pine Knoll, due to no fault of your own, the Corporation shall attempt to find alternative means to secure payment of the Monthly Fee and other charges. The Corporation makes no guarantee or promise that it will be able to find an alternative source of payment, only that it will make an attempt. If the Corporation cannot secure other sources of financing to cover Your expense, the Corporation shall begin accruing its charges with repayment thereof, to whatever extent possible, to be made from You and Your estate. You agree to cooperate with the Corporation in filing applications with agencies that may assume responsibility for payment of charges that You are unable to pay. The Corporation has the right to adjust Your Residential Unit size and location if You are unable to pay, or obtain payment of the Monthly Fee and any other charges owed to the Corporation for services provided to You. If, in the judgment of the Corporation, You fully cooperate with the Corporation, then You shall continue to be entitled to the minimum privileges and benefits enjoyed by residents of Belle Meade and Pine Knoll, although such privileges and benefits may be less than those enjoyed by you before your ability to pay was compromised.
- E. **Membership Fee v. Entrance Fee.** Your decision to pay either a Membership Fee or Entrance Fee is personal and is driven by Your personal economic factors and economic considerations. For an understanding of the differences between payment of an Entrance Fee versus payment of a Membership Fee, See Appendix 3.
- F. **Adjustments in the Monthly Fee.** The Corporation reserves the right to increase the Monthly Fee and anticipates an adjustment of the Monthly Fee on an annual basis. At least a sixty (60) day notice will be given to You before any adjustments in the Monthly Fee take effect.
- G. **Double Residency.** If more than one person occupies or intends to occupy the Residential Unit, they shall both be equally and fully responsible for the payment of all fees required under this Agreement.

VI. DATE OF AVAILABILITY, CLOSING DATE, and RESIDENCY

A. **Date of Availability.** Many times, the Residential Unit or an interim Residential Unit is ready for Your immediate occupancy. Therefore, in such instances of immediate availability, the

Date of Availability is simultaneous with the date of your execution of this Agreement. If the Residential Unit or an interim Residential Unit is not ready for immediate occupancy, however, the Corporation will keep You apprised on a regular basis of the schedule for availability of the Residential Unit or comparable interim Residential Unit. The Corporation retains the right to extend the Date of Availability to account for delays in the preparation of the Residential Unit for Residency.

B. Closing Date. If You are paying a Membership Fee or an Entrance Fee, You will choose a Closing Date at which time You will pay the balance of the Entrance Fee or Membership Fee (as applicable) and the Monthly Fee as stipulated in V. C above. If You do not choose a Closing Date within a timely manner of the Date of Availability, the Corporation may offer the Residential Unit to another prospective resident, unless other arrangements are agreed to in writing between You and the Corporation.

C. Residency. Residency begins on Your Closing Date. Upon Residency, The Corporation shall be obligated to provide You with the services and amenities outlined in this Agreement. Residency continues so long as you comply with the terms of this Agreement; and so long as You pay Your Monthly Fee and additional expenses.

VII. ACCESS TO HEALTH CARE SERVICES THROUGH THE CORPORATION

The Health Center is owned and operated by the Corporation and provides accommodations for the Residents of the Corporation as well as patients from the community and is licensed for 176 nursing beds. It is located on at 103 Gossman Drive and is adjacent to Belle Meade.

Residents of the Corporation have priority access to the Health Center and the Coventry before non-residents. In the event You require care that is within the limits of the health care services available at the Health Center or the Coventry, but no facilities (beds) are available in which to provide such care, the Corporation may provide Home Care services until a facility is available or transfer You to a comparable off-site medical facility of Management's selection where You would receive the same level of benefit. You would return to the Health Center or Assisted Living at the earliest possible opportunity.

- A. **Assisted Living.** The Corporation will make available Assisted Living in its or an affiliates licensed facilities to provide assistance with daily living activities as may be deemed necessary by Management and/or the Medical Director. Services may include bathing, dressing, administration of medication, three (3) meals per day, housekeeping, personal laundry service, transportation and activities.
- B. **Skilled Nursing.** The Corporation will make available routine nursing care in the Health Center or an affiliates licensed facilities as may be deemed necessary by Management and/or the Medical Director. Services shall include three (3) meals per day, housekeeping, personal laundry service, assistance with daily living activities and nursing services as ordered by the appropriate physician. High-acuity nursing or specialty nursing services may not be provided at the Health Center upon determination by Management that the needs of the Resident cannot be met.
- C. **Rehabilitative Services.** The Corporation will provide occupational, physical,

speech and other rehabilitative therapeutic services, as approved by Management. Services requiring an additional fee will be described in Resident Handbook.

- D. **Staffing.** The Health Center is staffed by licensed and certified nursing staff twenty-four (24) hours per day.
- E. **Licensure.** The Corporation will provide care to Residents in keeping with respective North Carolina licensure requirements and limitations.
- F. **Wellness Services.** The Corporation provides Wellness Services in the form of activities, fitness instruction, therapies, education, and many scheduled events.
- G. **Medical Director.** The overall coordination and supervision of health care services by the Corporation will be provided by a Medical Director who will be a licensed physician selected by the Corporation.
- H. **Physician and Hospital Services.** You are responsible for the cost of all physician and hospital services. You are free to choose Your personal physicians.
- I. **Outside Service Providers.** Should You choose to engage the services of an outside party, unaffiliated with the Corporation, for additional personal services delivered at Belle Meade and Pine Knoll, You agree to abide by all current Belle Meade and Pine Knoll policies and procedures for the use of such Service Providers to include security screening, proper identification and disclosure. You also indemnify and hold harmless the Corporation for any actions of such Service Providers.
- J. **Decisions Regarding Admissions and Transfer.** The Corporation will involve Resident and Resident's family and/or representatives to the extent practical in decisions regarding admissions, the transfer of Resident to appropriate venues of care, and all decisions regarding the safety and wellbeing of all residents living at Belle Meade and Pine Knoll. The role of Resident's family and/or representatives is advisory in nature. The Corporation shall have the final decision in all such matters, and such decisions shall be binding.
- K. **Illness Away From The Corporation.** You agree to assume financial responsibility for hospital, medical and nursing care during any illness or accident occurring while away from Belle Meade and Pine Knoll and to see that, upon Your return, full medical information is supplied to Management for Your medical records.
- L. **Transfer to the Health Center or Assisted Living.** You agree that Management has the authority to determine when You should be transferred from one level of care to another. Such determination shall be based on the professional opinion of Management, and shall be made only after consultation to the extent practical with You, a representative of Your family, and Your physician.
- M. **Transfer Appeal Process.** You have the right to appeal the Management's

decision to transfer You to the Corporation's Health Center or Assisted Living Residence. Your appeal should be in writing, should state Your reasons for disagreement with the transfer, and should be delivered to the Management no later than ten (10) days after the date of your written notification of the decision to transfer as aforesaid. Upon receipt of Your written appeal, the Health Evaluation Team and the Medical Director will review Your written appeal, and submit a recommendation to the Chief Executive Officer of the Corporation who shall review the same with the Board of Trustees Executive Committee of the Corporation. The decision of the Chief Executive Officer and the Board of Trustees Executive Committee shall be final as to the matter of Your transfer. The final decision shall be delivered to you in writing, and if the appeal is denied and transfer is determined, then You shall have thirty (30) days to transition to the Health Center or Assisted Living Residence as determined.

- N. **Transfer to Hospital or Other Facility.** If it is determined by Management that You need care beyond that which can be provided by the Corporation, You may be transferred to a hospital or institution equipped to give such care. Such care, and transportation to receive such care, will be Your responsibility. Such transfer will be made only after consultation to the extent possible with You, or Your representative and Your physician.
- O. **Surrender of Residential Unit.** If a determination is made by Management that any transfer is likely to be permanent in nature, You agree to vacate and waive your right to use the Residential Unit upon such transfer. If Management subsequently determines that You can resume Residency in a Residential Unit comparable to that occupied by You prior to such transfer, You shall have a priority to such Residential Unit as soon as it becomes available.

VIII. TRANSFERS OR CHANGES IN RESIDENTIAL UNIT

- A. **Voluntary Transfer Between Residential Units.** Upon approval by Management, You may transfer from one Residential Unit to another. There may be a fee charged for such a transfer.
1. **Transfer to a Residential Unit with a Higher Entrance Fee or Membership Fee, as applicable.** Should You elect to transfer to a Residential Unit with a current Entrance Fee in excess of the listed price for Your current Residential Unit or a current Membership Fee that is higher than the Membership Fee paid by You, as applicable, You will pay the Corporation an additional Entrance Fee or Membership Fee as applicable, equal to the difference between the then current Entrance Fee or Membership Fee as applicable, for Your Residential Unit and the new Residential Unit. You will also pay the then current Monthly Fee associated with the new Residential Unit.
 2. **Transfer to a Residential Unit with a Lesser Entrance Fee or Membership Fee as applicable.** Should You elect to transfer to a

Residential Unit with a current Entrance Fee less than the listed price of Your current Residential Unit or a current Membership Fee that is lower than the Membership Fee paid by You, as applicable, there is no refund on any portion of Your Entrance Fee or Membership Fee as applicable. You will also pay the then current Monthly Fee associated with the new Residential Unit.

IX. TERMS OF RESIDENCY

- A. **Your Rights.** In accordance with this Agreement, You have the right to occupy, use, and enjoy the Residential Unit, common areas, amenities, programs and services of the Corporation during Residency. This Agreement does not transfer or grant to You any interest in the real or personal property owned by the Corporation other than the rights and privileges as described in this Agreement.
- B. **Policies and Procedures.** You will abide by the Corporation's policies and procedures and such amendments, modifications and changes of the policies and procedures as may hereafter be adopted by the Corporation. Such policies and procedures and current charges for services not included in the Monthly Fee will be printed in the Resident Handbook, which will be updated by the Corporation on a regular basis.
- C. **Monthly Statements.** The Corporation will furnish You with a monthly statement showing the total amount of Monthly Fees and other charges owed by You which are due and payable by the tenth (10th) day of each month. The Corporation may charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance owed by You twenty (20) days after the due date. Resident shall be responsible for the payment of all actual attorneys' fees and costs incurred relative to the collection of any amounts past due in excess of ninety (90) days.
- D. **Changes in the Residential Unit, Services and Fees.** The Corporation has the right to change the Residential Unit, the services offered and the fees charged. The Residential Unit may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation. The Corporation may modify the Residential Unit at any time to conform to the requirements of any zoning regulation, building code or other laws or regulations.
- E. **Visitors.** Except for short-term visitors (no more than 2 weeks) or guests in accordance with the Corporation's policy, no person other than You may reside in the Residential Unit without the approval of Management.
- F. **Residency by Two Residents.** In the event that two Residents occupy a Residential Unit and one Resident terminates this Agreement, this Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residential Unit and pay the First Person Monthly Fee. Should the remaining or surviving Resident wish to move to another Residential Unit, the current policies of the Corporation governing said transfer will prevail. Refunds will not be paid until both Residents have terminated this

Agreement, and all other terms and requirements regarding refunds under this Agreement have been met.

- G. Marriage During Residency.** If You marry a person who is also a Resident, You may occupy either Residential Unit and shall surrender the Residential Unit not to be occupied by You. You will pay the current Monthly Fee for double Residency associated with the occupied Residential Unit.

In the event that You marry a person who is not a resident of Belle Meade and Pine Knoll, the spouse may become a resident if such spouse meets all the current requirements for admission to Belle Meade and Pine Knoll, enters into a current version of the Agreement with the Corporation, and pays an appropriate Entrance Fee or Membership Fee, as applicable and as agreed to by Management. You and Your Spouse shall pay the Monthly Fee for double Residency associated with the Residential Unit occupied by You.

- H. Loss or Damage of Property.** The Corporation shall not be responsible for the loss or damage of any property belonging to You due to theft, disappearance, fire or any other cause. You will carry insurance protection to cover personal loss. The Corporation shall insure all property within all Residential Units and common areas belonging to the Corporation.

- I. Insurance and Assignments.** Before the Date of Residency and during Residency, You shall apply for, secure, and maintain coverage under Medicare Parts A and B and an additional hospital or medical insurance benefit program which supplements Medicare or other comparable insurance approved by Management. You shall provide the Corporation with evidence of such coverage, and You shall pay all premiums. To operate a vehicle, Resident shall maintain automobile liability insurance to cover liability and medical expenses arising from injury to the Resident or others.

You shall authorize, as necessary, any provider of hospital, medical, and health services to receive reimbursement under any and all reimbursement programs available to You.

If You become entitled to medical care and/or reimbursement from governmental agencies or insurance policies, You shall make application for such care and benefits, actively maintain such benefits, and You shall assign all insurance proceeds receivable to the Corporation to the extent necessary to reimburse the Corporation for all health care expenditures made by the Corporation on Your behalf.

- J. Right of Entry.** You hereby authorize employees or agents of the Corporation to enter the Residential Unit for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.

- K. Rights to Property/Subordination.** The rights and privileges granted to You by this Agreement do not include any right, title or interest in any part of the personal property, land, buildings and improvements owned or administered by the

Corporation. Your rights are primarily for services, with a contractual right of Residency. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between the Corporation and You.

- L. **Residents' Association.** Residents may organize an Association and committees, which will be open to all Residents. Such organizations may elect representatives, officers, and other positions to engage in concerted activities set forth by the formed Association.
 - M. **The Operation of Vehicles.** The Corporation shall have an interest in the matter of Residents' on-going capabilities in the operation of automobiles and electric or motorized carts. The current policies and procedures for the use of automobiles and motorized carts are outlined in the Resident Handbook.
 - N. **Smoking.** Smoking is prohibited within and upon the entirety of the Corporation's facilities, campus, and all Residential Units.
 - O. **Pets.** The Corporation allows Residents to have certain pets. The Residential Units in which pets are permissible are at the discretion of Management. An additional fee will be applied to residents who have pets.
 - P. **Guest Privileges.** Short Term 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 Management. A daily charge will be billed to You for each guest remaining beyond Fourteen (14) days. You are responsible for paying all applicable guest charges.
- X. **Termination.**
- A. **Your Termination or Your Death more than Thirty Days after the execution of this Agreement and AFTER Your physical Occupancy of a Residential Unit.** At any time more than thirty days after Your execution of this Agreement and AFTER your physical occupancy of a Residential Unit, You may terminate this Agreement by giving the Corporation thirty (30) days written notice of such termination. Additionally, and only in accordance with Item X, C herein, this Agreement may be terminated by the Corporation at such time. In such instances the following governs refunds:
 - 1. If You paid an **Entrance Fee**, the terms of Refund of the Entrance Fee are stipulated in Article V and the remittance of the same is governed by Article X, D.
 - 2. If You paid a **Membership Fee**, then in the event of voluntary termination more than 30 days after execution of this Agreement and after Your physical occupancy of a unit, then no part of the Membership Fee is paid or refunded to You in any event.

Notwithstanding the foregoing, if a Second Person is part of this Agreement, then this Agreement shall terminate only upon termination by the You and the Second Person or upon the death of You and the Second Person of this Agreement.

B. Your Termination for reasons other than death or illness, incapacity, or injury at a time that is more than Thirty Days after the execution of this Agreement and BEFORE Your physical Occupancy of a Residential Unit. At any time more than thirty days after Your execution of this Agreement and BEFORE your physical occupancy of a Residential Unit, You may terminate this Agreement by giving the Corporation thirty (30) days written notice of such termination. Additionally, in accordance with Item X, C herein, this Agreement may be terminated at such time. In such instances the following governs refunds:

1. If the reason for termination of the agreement more than thirty days after Your execution of this Agreement and BEFORE your physical occupancy of a Residential Unit, is due to your death, illness, incapacity or injury, such that You cannot occupy a Residential Unit pursuant to the provisions of this Agreement, then Article XI applies.
2. If You or the Corporation terminates this Agreement more than thirty days after your execution of this Agreement and before physical occupancy by you, for any reasons **other than** your death, illness, incapacity or injury as aforesaid, then the following applies:
 - a. If You paid a **Membership Fee**, then the Corporation shall refund the entire Membership Fee, less a non-refundable charge of one thousand dollars (\$1000.00) less any other charges owed to the Corporation. Such refund shall occur within thirty (30) days of receipt of written notice.
 - b. If you paid an **Entrance Fee**, then the Corporation shall refund the Entrance Fee in accordance with the provisions of Article V and actually transmit the refund to You or Your legal representative in accordance with item X, D hereinbelow.
 - c. Additionally, if you paid a **Deposit**, the Deposit, less a non refundable charge of \$1000.00 shall be refunded to you. Such refund shall occur within thirty (30) days of receipt of written notice.

Notwithstanding the foregoing, if a Second Person if part of this Agreement, then this Agreement shall terminate only upon termination by You and the Second Person or upon the death of You and the Second Person of this Agreement.

C. Termination by the Corporation. The Corporation may terminate this Agreement upon a determination of just cause and delivery of at least thirty (30) days' Notice or such notice as is reasonable under the circumstances to You. Just cause may include, among other reasons, a material misrepresentation or omission made by You in Your application forms for admission; subject to the "ability to pay" provision set forth herein, Your failure to make payment to the Corporation of any fees and charges due the Corporation; Your failure to abide by the rules and regulations adopted by the Corporation; the breach of any

of the terms and conditions of this Agreement; or a good faith determination in writing by the Medical Director that You are a danger to Yourself or others. In situations where You are a danger to Yourself or others, only such notice as is reasonably practicable under the circumstances will be provided to You, and termination may be effective immediately. The refund of the Entrance Fee paid or Membership Fee, as applicable, and Deposit shall be determined in the manner described herein, depending on the number of days that has expired since You signed this Agreement, the refund option You selected (if you paid an Entrance Fee), and whether you have actually physically occupied a Residential Unit.

D. Payment of Refunds of Entrance Fee. Notwithstanding the foregoing, Entrance Fee Refunds, if applicable to You, are payable upon Your vacating and waiving of your right to use the Corporation's facilities and/or Your Residential Unit, Your move from the facilities of the Corporation and/or death, and the termination of this Agreement, but no later than the Corporation has received a replacement Entrance Fee for Your Residential Unit from a new resident. In cases of double Residency, the permanent transfer from the Corporation and/or death of one Resident will not terminate this Agreement as to the remaining Resident. Refunds shall not be paid until both Residents have vacated the Corporation and a replacement Entrance Fee for the Residential Unit has been received. All refunds shall be paid less any costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit; and within sixty (60) days of the receipt by the Corporation of a replacement Entrance Fee for Your Residential Unit. The Corporation may remove personal articles deemed by Management to have been abandoned by Resident.

XI. RESCISSION, CANCELLATION AND REFUND PROVISIONS WITHIN THIRTY DAYS OF YOUR EXECUTION OF THIS AGREEMENT.

A. RESCISSION AND CANCELLATION.

1. You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. You are not required to move into the Residential Unit before the expiration of the 30-day period.
2. If You die before physically occupying a unit in the facility, or if, on account of illness, injury, or incapacity, before physically occupying a unit in the facility, You are precluded from ever physically occupying a Residential Unit under the terms of the Agreement for continuing care, this Agreement is automatically canceled.
3. For rescinded or canceled Agreements under this section, You or Your legal representative shall receive a refund of the Deposit and Entrance Fee paid or Membership Fee paid to the Corporation, as applicable, less (i) periodic charges specified in this Agreement and applicable only to the period a Residential Unit was actually occupied by You; (ii) those nonstandard costs specifically incurred by the Corporation at Your request and described in the Agreement (i.e. including but not

limited to costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit); (iii) nonrefundable fee of \$250 which is a processing fee of the Deposit; and (iv) a reasonable service charge not to exceed the greater of one thousand dollars (\$ 1,000) or two percent (2%) of the Entrance Fee paid or Membership Fee, as applicable. The remittance of the refund of the Entrance Fee to You or Your legal representative is subject to the provisions of Article X, item D. The remittance of the balance of the Deposit and Membership Fee to You or Your legal representative shall occur within thirty (30) days of receipt of written notice. Finally, the Monthly Service Charges paid by You, are not refundable in such event because they were payment for services accessible and available to You.

XII. FINANCIAL ASSISTANCE

Through charitable donations, the Corporation has established the Resident Assistance Fund, the income of which will be used to assist Residents who would otherwise not be able to live at Belle Meade and Pine Knoll. The income from such Resident Assistance Fund may be used for the purpose of providing financial assistance in accordance with the provisions of Section V (D) above. The Corporation manages the fund and may make contributions to the fund at the discretion of the Finance Committee and the Board of Trustees. Other benefactors, such as residents, members of the community, and others may contribute to the Resident Assistance Fund. The Corporation retains the right to offer this financial assistance at its sole discretion.

XIII. ORGANIZATION

The Corporation is affiliated with the Roman Catholic Church. The sole member of the Corporation is Trinity Health System, a Michigan nonprofit corporation (“THS”). Although a Board of Trustees governs the Corporation, THS maintains a high level of control over the Corporation through the exercise of certain powers reserved to it such as adoption or approval of the Corporation’s mission, strategic plan, operating plans and budgets, approval of significant financial transactions and the appointment and removal of the Trustees. Neither the Roman Catholic Church nor THS is responsible for the Corporation’s general financial or contractual obligations.

XIV. GENERAL

- A. Assignment.** Your rights and privileges under this Agreement to the Residential Unit, common areas, amenities, services and programs of the Corporation are personal to You and may not be transferred or assigned. Resident consents to the collateral, or other, assignment by the Corporation of its right, title and interest in the Agreement.
- B. Management of The Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Trustees, and its administration as

delegated by said Board of Trustees. The Corporation reserves the right to accept or reject any person for residency based on qualifying criteria. Residents do not have the right to determine admission, terms of admission, or terms of Residency for any other applicant or resident.

- C. **Entire Agreement.** This Agreement and its Addenda constitutes the entire agreement between the Corporation and You. The Corporation shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations, or promises are set forth in this Agreement or an Addendum to this Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and Your heirs, executors, administrators, and assigns.
- E. **Power of Attorney, Will and Health Care Power of Attorney.** You agree to execute a general power of attorney designating a competent person as attorney-in-fact, advance directives, and a Will prior to acceptance for admission. You shall provide Management with copies of Power of Attorney, any Living Will and Health Care Power of Attorney, as well as the location of any Will, prior to Residency and any subsequent revisions, as necessary.
- F. **Transfer of Property.** You agree not to make any gift or other transfer of property for less than equal consideration for the purpose of evading Your obligations under this Agreement, or if such gift or transfer would render You unable to meet Your obligations to the Corporation. Voluntary insolvency to the detriment of the Corporation and other Belle Meade and Pine Knoll residents will be considered cause for termination of this Agreement per Section X(C) hereof.
- G. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- H. **Third Party Injuries and Claims.** You shall promptly notify the Corporation when You are injured as a result of the fault or negligence of a third party or parties. In the event that the Corporation provides care for any such injuries incurred by You as can be furnished by its employees and facilities, You hereby assign to the Corporation any compensation that You may recover from such third party or parties to the extent necessary to reimburse the Corporation for the cost of such care furnished by the Corporation. You or Your legal representative shall have the duty to pursue diligently any and all proper claims for compensation due from a third party or parties for injury to You and to cooperate with the Corporation in collecting such compensation and reimbursing the Corporation for the cost of all such care provided to You.

- I. **Severability and Forbearance.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law. No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by the Corporation shall be construed as a waiver of rights granted to the Corporation, or limit the Corporations' ability to enforce all the provisions of this Agreement.
- J. **No Waiver of Rights.** No act, agreement or statement of Resident, or of an individual purchasing care for a Resident under any agreement to furnish care to Resident, shall constitute a valid waiver of any provision intended for the benefit or protection of Resident or the individual purchasing care for Resident.
- K. **Casualty Loss.** In the event the Residential Unit occupied by You or the building in which the Residential Unit is located, is destroyed or so damaged by fire or other casualty so as to render the Residential Unit or the building generally unfit for Residency, the Corporation will endeavor in good faith to rebuild and replace the Residential Unit and/or building with substantially similar accommodations. In the unlikely event that the Corporation determines that rebuilding threatens the financial viability of the Corporation so as to preclude replacement of the Residential Unit or building, then the Corporation will strive to develop an alternative restoration plan in which it will exercise its best efforts to locate, identify or provide, if financially feasible as determined by the Corporation, reasonable alternative accommodations for any resident affected by such a catastrophic loss. In the event You are unable to occupy the Residential Unit for any period of time during any reasonably necessary period of restoration of the Residential Unit, the Monthly Fee shall be reduced proportionately, unless a vacant Residential Unit is available for temporary Residency by You. The Corporation shall not be liable for any damage, compensation or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residential Unit or building, or the interruption in use of the Residential Unit, or the termination of this Agreement by reason of the destruction of the Residential Unit or building.
- L. **Notice Provisions.** Any notices, consents, or other communications to The Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

President/CEO
Saint Joseph of The Pines, Inc.
100 Gossman Drive, Suite B
Southern Pines, North Carolina 28387

M. **Acknowledgement of Receipt of Disclosure Statement.** You acknowledge receipt of Saint Joseph of The Pines’ Disclosure Statement, Resident Handbook and Notice of Privacy Practices and Policies.

IN WITNESS HEREOF, The Corporation has executed this Agreement and You have read, understand, and have executed this Agreement, and You have paid the Ten Percent (10%) Deposit for the Residential Unit as of the day and year above written.

Witness

Resident Signature

Witness

Resident Signature

THE CORPORATION

Signature

Title

Date



Appendix 1 – Entrance Fee Termsheet for Resident (Name):

Entrance Fee Refund Option Selected by You: _____

Residential Unit Selected: _____

Entrance Fee (based on Unit selected): _____

**Total Entrance Fee
(based on Refund Option and Unit Selected)** _____

Health Care Benefit Option: _____

Non-refundable Extensive Benefit Fee (if applicable): _____

**Ten Percent (10%) Deposit Due of Total Entrance Fee
plus Extensive Benefit Fee (if applicable):** _____

Less Deposit (if applicable): _____

Net Deposit Due: _____

Total Balance Due: _____

Resident signature

date

Resident signature

date

Appendix 2 – Membership Fee Termsheet for Resident (Name):

You have agreed to pay a Membership Fee of: _____

Residential Unit Selected: _____

Second Person Membership Fee (if applicable): _____

Healthcare Benefit Option: _____

Non-refundable Extensive Benefit Fee (if applicable): _____

Total Membership Fee: _____

Ten Percent (10%) Deposit Due: _____

Less Deposit (if applicable): _____

Total Balance Due: _____

Resident signature

date

Resident signature

date

Appendix 3: Understanding the major differences between payment of a Membership Fee versus payment of an Entrance Fee.

Important Items of the Residency Agreement that are identical for both Entrance Fee and Membership Fee Residents:

Identical...

- Health requirements for approval for residency in independent living unit.
- Access to Belle Meade and Pine Knoll common areas and amenities.
- Discretionary Credits.
- Temporary Health Care for 14 days in calendar year.
- Away allowance treatment
- Ability to use Belle Meade and Pine Knoll common areas and amenities prior to and after your actual physical occupancy of a unit.
- Priority access to the continuum of care offered by St. Joseph of the Pines, Inc.
- Ability to Cancel the Agreement within thirty (30) days of the date you sign the Residency Agreement. In such event, you are entitled to a full refund of your Membership Fee or Entrance Fee less certain charges itemized in the Agreement.
- Refund of your Deposit, if paid, upon termination of the Agreement, less a \$1000.00 non refundable charge.
- May choose between Extensive Benefit or Fee for Service Health Care Benefit Option.

The differences between choosing to pay an Entrance Fee and choosing to pay a Membership Fee are economic in nature.

Important Items of the Residency Agreement that are Only applicable to Entrance Fee Residents:

Entrance Fee Residents Only...

- Have options to select Refund Plans (You may elect a plan that would insure some refund of the entrance fee under the then existing conditions of the refund plans offered).
- Have options regarding deferred Entrance Fee payment (You may pay the entire Entrance Fee immediately or you may defer the payment of the Entrance Fee (or a portion of it) for the earlier of the date you physically occupy a residential unit or one year from your Closing Date.
- Generally, pay a higher fee (i.e. entrance fee) to acquire residency and pay a lesser monthly service fee.
- Upon termination **after** thirty days of the date of execution of the Agreement, You are entitled to a refund of the Entrance Fee consistent with the refund plan you selected less certain charges itemized in the Agreement.

Continue to next page...

Important Items of the Residency Agreement that are Only applicable to Membership Fee Residents:

Membership Fee Residents Only...

- Have no options regarding Refund Plans.
- Generally, pay a lower fee (i.e. membership fee) to acquire residency and pay a higher monthly service fee.
- Upon termination (including your death) **after** thirty days of the date of execution of the Agreement, and **After** occupancy of the Unit, You do not get a refund of the Membership Fee paid.
- Upon termination (other than death) **after** thirty days of the date of execution of the Agreement, and **before** occupancy of the Unit, You get a refund of the Membership Fee less a \$1000.00 non refundable charge and less certain charges itemized in the Agreement.
- Upon your death, **after** thirty days of the date of execution of the Agreement and **before** occupancy of the Unit, you get a full refund of the Membership Fee less certain charges identified in the Agreement.



ST. JOSEPH of the PINES

NOTICE OF PRIVACY PRACTICES

Effective Date: April 14, 2003

Revised: May 2, 2016

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.

St. Joseph of the Pines is required by the Health Insurance Portability and Accountability Act of 1996, and the Health Information Technology for Economic and Clinical Health Act (found in Title XIII of the American Recovery and Reinvestment Act of 2009) (collectively referred to as "HIPAA"), as amended from time to time, to maintain the privacy of individually identifiable patient health information (this information is "protected health information" and is referred to herein as "PHI"). We are also required to provide patients with a Notice of Privacy Practices regarding PHI. We will only use or disclose your PHI as permitted or required by applicable state law. This Notice applies to your PHI in our possession including the medical records generated by us.

St. Joseph of the Pines understands that your health information is highly personal, and we are committed to safeguarding your privacy. Please read this Notice of Privacy Practices thoroughly. It describes how we will use and disclose your PHI.

This Notice applies to the delivery of health care by St. Joseph of the Pines and its clinical staff in the skilled nursing facility, assisted living, home care and PACE. This Notice also applies to the utilization review and quality assessment activities of Trinity Health and St. Joseph of the Pines as a member of Trinity Health, a Catholic health care system with facilities located in multiple states throughout the United States.

I. Permitted Use or Disclosure

- A. Treatment:** St. Joseph of the Pines will use and disclose your PHI to provide, coordinate, or manage your health care and related services to carry out treatment functions. The following are examples of how St. Joseph of the Pines will use and/or disclose your PHI:
- ◆ To your attending physician, consulting physician(s), and other health care providers who have a legitimate need for such information in your care and continued treatment.
 - ◆ To coordinate your treatment (e.g., appointment scheduling) with us and other health care providers such as name, address, employment, insurance carrier, etc.
 - ◆ To contact you as a reminder that you have an appointment for treatment or medical care at our facilities.
 - ◆ To provide you with information about treatment alternatives or other health-related benefits or services.
 - ◆ If you are an inmate of a correctional institution or under the custody of a law enforcement officer, St. Joseph of the Pines will disclose your PHI to the correctional institution or law enforcement official.

- B. Payment:** St. Joseph of the Pines will use and disclose PHI about you for payment purposes. The following are examples of how St. Joseph of the Pines will use and/or disclose your PHI:
- ◆ To an insurance company, third party payer, third party administrator, health plan or other health care provider (or their duly authorized representatives) for payment purposes such as determining coverage, eligibility, pre-approval / authorization for treatment, billing, claims management, reimbursement audits, etc.
 - ◆ To collection agencies and other subcontractors engaged in obtaining payment for care.
- C. Health Care Operations:** St. Joseph of the Pines will use and disclose your PHI for health care operations purposes. The following are examples of how St. Joseph of the Pines will use and/or disclose your PHI:
- ◆ For case management, quality assurance, utilization, accounting, auditing, population based activities relating to improving health or reducing health care costs, education, accreditation, licensing and credentialing activities of St. Joseph of the Pines.
 - ◆ To consultants, accountants, auditors, attorneys, transcription companies, information technology providers, etc.
- D. Other Uses and Disclosures:** As part of treatment, payment and health care operations, St. Joseph of the Pines may also use your PHI for the following purposes:
- ◆ **Fundraising Activities:** St. Joseph of the Pines will use and may also disclose some of your PHI to a related foundation for certain fundraising activities. For example, St. Joseph of the Pines may disclose your demographic information, your treatment dates of service, treating physician information, department of service and outcomes information to the foundation who may ask you for a monetary donation. Any fundraising communication sent to you will let you know how you can exercise your right to opt-out of receiving similar communications in the future.
 - ◆ **Medical Research:** St. Joseph of the Pines will use and disclose your PHI without your authorization to medical researchers who request it for approved medical research projects. Researchers are required to safeguard all PHI they receive.
 - ◆ **Information and Health Promotion Activities:** St. Joseph of the Pines will use and disclose some of your PHI for certain health promotion activities. For example, your name and address will be used to send you general newsletter or specific information based on your own health concerns.
- E. More Stringent State and Federal Laws:** The State law of St. Joseph of the Pines is more stringent than HIPAA in several areas. Certain federal laws also are more stringent than HIPAA. St. Joseph of the Pines will continue to abide by these more stringent state and federal laws.
- i. **More Stringent Federal Laws:** The federal laws include applicable internet privacy laws, such as the Children's Online Privacy Protection Act and the federal laws and regulations governing the confidentiality of health information regarding substance abuse treatment.
 - ii. **More Stringent State Laws:** State law is more stringent when the individual is entitled to greater access to records than under HIPAA. State law also is more restrictive when the records are more protected from disclosure by state law than under HIPAA. In cases where St. Joseph of the Pines provides treatment to a patient who resides in a neighboring state, St. Joseph of the Pines will abide by the more stringent applicable state law.
- F. Health Information Exchange:** St. Joseph of the Pines shares your health records electronically with St. Joseph of the Pines for the purpose of improving the overall quality of health care services provided to you (e.g., avoiding unnecessary duplicate testing). The

electronic health records will include sensitive diagnoses such as HIV/AIDS, sexually transmitted diseases, genetic information, and mental health substance abuse, etc. The HIE is functioning as our business associate and, in acting on our behalf, the HIE will transmit, maintain and store your PHI for treatment, payment and health care operation purposes. The HIE has a duty to implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality and integrity of your medical information.

Health Information Exchange: If a statewide or regional health information exchange operates in this state the MO will share your health records electronically with the exchange for the purposes of improving the overall quality of health care services provided to you (e.g., avoids unnecessary duplicate testing). The electronic health records will include sensitive diagnosis such as HIV/AIDS, sexually transmitted diseases, genetic information, and mental health substance abuse, etc. The HIE is functioning as our business associate and, in acting on our behalf, the HIE will transmit, maintain and store your PHI for treatment, payment and health care operation purposes. The HIE has a duty to implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality and integrity of your medical information. State law may provide you rights to restrict, opt-in or opt-out of the exchange. For more information please contact the MO Privacy Officer.

II. Permitted Use or Disclosure with an Opportunity for You to Agree or Object

- A. Family/Friends:** St. Joseph of the Pines will disclose PHI about you to a friend or family member who is involved in or paying for your medical care. You have a right to request that your PHI not be shared with some or all of your family or friends. In addition, St. Joseph of the Pines will disclose PHI about you to an agency assisting in disaster relief efforts so that your family can be notified about your condition, status, and location.
- B. St. Joseph of the Pines – Facility Directory:** St. Joseph of the Pines will include certain information about you in facility directory while you are a hospital patient at St. Joseph of the Pines. This information will include your name, location in St. Joseph of the Pines, your general condition (e.g., fair, stable, critical, etc.) and your religious affiliation. The directory information, except your religious affiliation, will be disclosed to people who ask for you by name. You have the right to request that your name not be included in St. Joseph of the Pines's directory. If you request to opt-out of the facility directory, we cannot inform visitors of your presence, location, or general condition.
- C. Spiritual Care:** Directory information, including your religious affiliation, will be given to a member of the clergy, even if they do not ask for you by name. Spiritual care providers are members of the health care team at St. Joseph of the Pines and may be consulted upon regarding your care. You have the right to request that your name not be given to any member of the clergy.
- D. Media Reports:** St. Joseph of the Pines will release facility directory information to the media (excluding religious affiliation) if the media requests information about you using your name and after we have given you an opportunity to agree or object.

III. Use or Disclosure Requiring Your Authorization

- A. Marketing:** Subject to certain limited exceptions, your written authorization is required in cases where St. Joseph of the Pines receives any direct or indirect financial remuneration in exchange for making the communication to you which encourages you to purchase a

product or service or for a disclosure to a third party who wants to market their products or services to you.

- B. **Research:** St. Joseph of the Pines will obtain your written authorization to use or disclose your PHI for research purposes when required by HIPAA.
- C. **Psychotherapy Notes:** Most uses and disclosures of psychotherapy notes require your written authorization.
- D. **Sale of PHI:** Subject to certain limited exceptions, disclosures that constitute a sale of PHI require your written authorization.
- E. **Other Uses and Disclosures:** Any other uses or disclosures of PHI that are not described in this Notice of Privacy Practices require your written authorization. Written authorizations will let you know why we are using your PHI. You have the right to revoke an authorization at any time.

IV. **Use or Disclosure Permitted or Required by Public Policy or Law without your Authorization**

- A. **Law Enforcement Purposes:** St. Joseph of the Pines will disclose your PHI for law enforcement purposes as required by law, such as identifying a criminal suspect or a missing person, or providing information about a crime victim or criminal conduct.
- B. **Required by Law:** St. Joseph of the Pines will disclose PHI about you when required by federal, state or local law. Examples include disclosures in response to a court order / subpoena, mandatory state reporting (e.g., gunshot wounds, victims of child abuse or neglect), or information necessary to comply with other laws such as workers' compensation or similar laws. St. Joseph of the Pines will report drug diversion and information related to fraudulent prescription activity to law enforcement and regulatory agencies.
- C. **Public Health Oversight or Safety:** St. Joseph of the Pines will use and disclose PHI to avert a serious threat to the health and safety of a person or the public. Examples include disclosures of PHI to state investigators regarding quality of care or to public health agencies regarding immunizations, communicable diseases, etc. St. Joseph of the Pines will use and disclose PHI for activities related to the quality, safety or effectiveness of FDA regulated products or activities, including collecting and reporting adverse events, tracking and facilitating in product recalls, etc.
- D. **Coroners, Medical Examiners, Funeral Directors:** St. Joseph of the Pines will disclose your PHI to a coroner or medical examiner. For example, this will be necessary to identify a deceased person or to determine a cause of death. St. Joseph of the Pines may also disclose your medical information to funeral directors as necessary to carry out their duties.
- E. **Organ Procurement:** St. Joseph of the Pines will disclose PHI to an organ procurement organization or entity for organ, eye or tissue donation purposes.
- F. **Specialized Government Functions:** St. Joseph of the Pines will disclose your PHI regarding government functions such as military, national security and intelligence activities. St. Joseph of the Pines will use or disclose PHI to the Department of Veterans Affairs to determine whether you are eligible for certain benefits.
- G. **Immunizations:** St. Joseph of the Pines will disclose proof of immunization to a school where the state or other similar law requires it prior to admitting a student.

V. Your Health Information Rights

You have the following individual rights concerning your PHI:

- A. Right to Inspect and Copy:** Subject to certain limited exceptions, you have the right to access your PHI and to inspect and copy your PHI as long as we maintain the data.

If St. Joseph of the Pines denies your request for access to your PHI, St. Joseph of the Pines will notify you in writing with the reason for the denial. For example, you do not have the right to psychotherapy notes or to inspect the information which is subject to law prohibiting access. You may have the right to have this decision reviewed.

You also have the right to request your PHI in electronic format in cases where St. Joseph of the Pines utilizes electronic health records. You may also access information via patient portal if made available by St. Joseph of the Pines.

You will be charged a reasonable copying fee in accordance with applicable federal or state law.

- B. Right to Amend:** You have the right to amend your PHI for as long as St. Joseph of the Pines maintains the data. You must make your request for amendment of your PHI in writing to St. Joseph of the Pines, including your reason to support the requested amendment.

However, St. Joseph of the Pines will deny your request for amendment if:

- ◆ St. Joseph of the Pines did not create the information;
- ◆ The information is not part of the designated record set;
- ◆ The information would not be available for your inspection (due to its condition or nature); or
- ◆ The information is accurate and complete.

If St. Joseph of the Pines denies your request for changes in your PHI, St. Joseph of the Pines will notify you in writing with the reason for the denial. St. Joseph of the Pines will also inform you of your right to submit a written statement disagreeing with the denial. You may ask that St. Joseph of the Pines include your request for amendment and the denial any time that St. Joseph of the Pines subsequently discloses the information that you wanted changed. St. Joseph of the Pines may prepare a rebuttal to your statement of disagreement and will provide you with a copy of that rebuttal.

- C. Right to an Accounting:** You have a right to receive an accounting of the disclosures of your PHI that St. Joseph of the Pines has made, except for the following disclosures:

- ◆ To carry out treatment, payment or health care operations;
- ◆ To you;
- ◆ To persons involved in your care;
- ◆ For national security or intelligence purposes; or
- ◆ To correctional institutions or law enforcement officials.

You must make your request for an accounting of disclosures of your PHI in writing to St. Joseph of the Pines.

You must include the time period of the accounting, which may not be longer than 6 years. In any given 12-month period, St. Joseph of the Pines will provide you with an accounting of the disclosures of your PHI at no charge. Any additional requests for an accounting within that time period will be subject to a reasonable fee for preparing the accounting.

- D. **Right to Request Restrictions:** You have the right to request restrictions on certain uses and disclosures of your PHI to carry out treatment, payment or health care operations functions or to prohibit such disclosure. However, St. Joseph of the Pines will consider your request but is not required to agree to the requested restrictions.
- E. **Right to Request Restrictions to a Health Plan:** You have the right to request a restriction on disclosure of your PHI to a health plan (for purposes of payment or health care operations) in cases where you paid out of pocket, in full, for the items received or services rendered.
- F. **Right to Confidential Communications:** You have the right to receive confidential communications of your PHI by alternative means or at alternative locations. For example, you may request that St. Joseph of the Pines only contact you at work or by mail.
- G. **Right to Receive a Copy of this Notice:** You have the right to receive a paper copy of this Notice of Privacy Practices, upon request.

VI. Breach of Unsecured PHI

If a breach of unsecured PHI affecting you occurs, St. Joseph of the Pines is required to notify you of the breach.

VII. Sharing and Joint Use of Your Health Information

In the course of providing care to you and in furtherance of St. Joseph of the Pines's mission to improve the health of the community, St. Joseph of the Pines will share your PHI with other organizations as described below who have agreed to abide by the terms described below:

- A. **Medical Staff.** The medical staff and St. Joseph of the Pines participate together in an organized health care arrangement to deliver health care to you. Both St. Joseph of the Pines and medical staff have agreed to abide by the terms of this Notice with respect to PHI created or received as part of delivery of health care to you by St. Joseph of the Pines. Physicians and allied health care professionals who are members of St. Joseph of the Pines's medical staff will have access to and use your PHI for treatment, payment and health care operations purposes related to your care within St. Joseph of the Pines. St. Joseph of the Pines will disclose your PHI to the medical staff and allied health professionals for treatment, payment and health care operations.
- B. **Membership in Trinity Health.** St. Joseph of the Pines and members of Trinity Health participate together in an organized health care arrangement for utilization review and quality assessment activities. We have agreed to abide by the terms of this Notice with respect to PHI created or received as part of utilization review and quality assessment activities of Trinity Health and its members. Members of Trinity Health will abide by the terms of their own Notice of Privacy Practices in using your PHI for treatment, payment or health care operations. As a part of Trinity Health, a national Catholic health care system, St. Joseph of the Pines and other hospitals, nursing homes, and health care providers in Trinity Health share your PHI for utilization review and quality assessment activities of Trinity Health, the parent company, and its members. Members of Trinity Health also use your PHI for your treatment, payment to St. Joseph of the Pines and/or for the health care operations permitted by HIPAA with respect to our mutual patients.

Please go to Trinity Health's websites for a listing of member organizations at <http://www.trinity-health.org/>. Or, alternatively, you can call St. Joseph of the Pines's Privacy Official to request the same.

C. **Business Associates.** St. Joseph of the Pines will share your PHI with business associates and their Subcontractors contracted to perform business functions on St. Joseph of the Pines's behalf, including Trinity Health which performs certain business functions for St. Joseph of the Pines.

VIII. **Changes to this Notice.** **St. Joseph of the Pines** will abide by the terms of the Notice currently in effect. St. Joseph of the Pines reserves the right to make material changes to the terms of its Notice and to make the new Notice provisions effective for all PHI that it maintains. St. Joseph of the Pines will distribute / provide you with a revised Notice at your first visit following the revision of the Notice in cases where it makes a material change in the Notice. You can also ask St. Joseph of the Pines for a current copy of the Notice at any time.

IX. **Complaints.** If you believe your privacy rights have been violated, you may file a complaint with St. Joseph of the Pines's Privacy Official or with the Secretary of the Department of Health and Human Services. All complaints must be submitted in writing directly to St. Joseph of the Pines's Privacy Official. St. Joseph of the Pines assures you that there will be no retaliation for filing a complaint. ***You will not be retaliated against for filing any complaint.***

X. **Privacy Official – Questions / Concerns / Additional Information.** If you have any questions, concerns, or want further information regarding the issues covered by this Notice of Privacy Practice or seek additional information regarding St. Joseph of the Pines's privacy policies and procedures, please contact St. Joseph of the Pines' Privacy Official: 910-246-3114, 100 Gossman Drive, Southern Pines, NC 28387.

State of North Carolina
Department of Insurance

Continuing Care Retirement Community
License

License Number:

29-03

Effective:

May 28, 2013

This license is issued to:

Belle Meade and Pine Knoll at St. Joseph of the Pines

(Provider)

to offer and provide continuing care, as defined by N.C.G.S. §58-64, at the continuing care retirement community (facility) located at:

100 Waters Road and 590 Central Drive

in ***Southern Pines***, North Carolina, ***Moore*** County.

This license is issued subject to the statutes of North Carolina, is not transferable and shall remain in effect until revoked by the Commissioner of Insurance. Witness my hand and official seal, this ***28th Day of May***, 2013.



Wayne Goodwin, Commissioner of Insurance