



**PENICK
VILLAGE**

**Disclosure Statement
February 27, 2024**

As required by Chapter 58, Article 64 of the North Carolina General Statutes:

- **This Disclosure Statement may be delivered, if not earlier revised, up to July 26, 2024.**
- **This Disclosure Statement must be delivered to a contracting party before execution of a contract for continuing care with Penick Village, Inc.**

NOTES:

- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the provided information.**
- **Whenever appropriate, in this Disclosure Statement, the singular shall include the plural and the masculine shall include the feminine as well as the reverse.**

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Attachments:

- Attachment 1 Consolidated Financial Statements and Supplementary Information Years Ended September 30, 2023 and 2022 (Annual Audit Report; 37 internal pages; begins on sequential page **45**)
- Attachment 2 Projected Financial Statements and Independent Accountants Compilation Report for the Years Ending September 30 2024 – 2028 (36 internal pages; begins on sequential page **46**)
- Attachment 3 Independent Living Residency Agreement (24 internal pages; begins on sequential page **47**)
- Attachment 4 Healthcare Residence and Services Agreement (26 internal pages; begins on sequential page **48**)
- Attachment 5 Short-Term Healthcare Residence and Services Agreement (23 internal pages; begins on sequential page **49**)
- Attachment 6 Future Residency Program Agreement (begins on sequential page **50**)
- Attachment 7 Expansion Plan – Phase I Escrow Agreement (begins on sequential page **53**)

Narrative Description of the Organization and Its Operations

Penick Village, Inc. (“Penick” the "Community," “Corporation" or “Organization”) was incorporated February 4, 1957 as The Episcopal Home for the Ageing in the Diocese of North Carolina, Inc. at the direction of the Diocese of North Carolina. While Penick shares an association with the Episcopal faith and the Diocese of North Carolina, the Diocese of North Carolina provides no direct financial support nor holds a voting seat on Penick’s Board of Directors.

The Corporation is a not-for-profit, single-site Life Plan Community (f/k/a Continuing Care Retirement Community or “CCRC”) under Internal Revenue Code Section 501-c-(3) and is, therefore, exempt from Federal and State income taxes.

The Corporation has two affiliates:

1. The Penick Village Foundation, Inc. (the “Foundation”) was organized in September 2003 to raise funds for the Village’s support including its resident financial assistance program.

The Foundation is also a not-for-profit corporation under Internal Revenue Code Section 501-c-(3) and is, therefore, exempt from Federal and State income taxes.

The Foundation began receiving contributions in October 2005 and is not considered a private foundation.

2. The JA Greer Group, LLC (“Greer”) was organized in November 2016 to own and manage a multi-family property and other off-campus residences purchased by Greer in December 2016 and later.

Greer is a for-profit, single-member limited liability company formed and organized in the State of North Carolina of which Penick is the sole member.

The Corporation began operations as The Bishop Edwin A. Penick Memorial Home in Southern Pines, North Carolina in April 1964.

In 2015, Penick’s Board approved and the Corporation filed Amended and Restated Articles of Incorporation and By-Laws with the North Carolina Secretary of State formerly changing the Corporation’s name to Penick Village, Inc.

In 2022, Penick’s Board approved and the Corporation filed Amended and Restated Articles of Incorporation and By-Laws with the North Carolina Secretary of State primarily for the purpose of updating and streamlining its By-Laws and related Articles.

Penick Village admission is open to any person at least 62-years old who is independently able to experience daily living and meets certain financial and medical qualifications.

Infrequently, persons who do not meet the 62-years age requirement are admitted, contingent upon the needs of those currently residing in the respective level-of-care area.

Except for age, the admission policy is otherwise non-discriminatory.

Healthcare:

Throughout this Statement, “Healthcare” will mean residences, programs and practices associated with the following levels of care: Assisted Living (which includes memory-support at the Garden Cottage), Skilled Nursing and Home Care.

Affiliations:

The Corporation maintains memberships in LeadingAge, LeadingAge North Carolina, North Carolina Health Care Facilities Association, Moore County Chamber of Commerce and the Moore County Economic Development Partnership.

Licensure:

The Corporation and its Life Plan Community are licensed by the North Carolina Department of Insurance (“NC DOI”) as a Continuing Care Retirement Community.

Penick Village is licensed by both Medicare and Medicaid and its Skilled Nursing, Assisted Living and Home Care departments are licensed by the North Carolina Department of Health and Human Services (“NC DHHS”).

Board of Directors:

The business and other affairs of the Corporation are managed by a Board of Directors composed of no less than 9 and no more than 17 members and, albeit non-voting members, representatives of the Episcopal Bishop of the Diocese of North Carolina.

Directors are elected for staggered three-year terms by the current Board of Directors.

Resident Board member terms are one (1) year with a maximum of four (4) consecutive terms.

The members of the Board of Directors as of January 1, 2024, including the 12/31/xx expiration date of their terms (i.e., “class”) follow:

All Board members may be addressed to the Corporation:

- 500 E. Rhode Island Ave., Southern Pines, NC 28387

Jim Lewis Resident	Class of 2024
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Anne Hocutt Resident	Class of 2024
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Marsha Coles Volunteer	Class of 2024
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John R. Frizzell, III Retired Banker	Class of 2024
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W. Lance Craig, CPA, Treasurer Businessman	Class of 2024
Dr. Gary Krasicky Retired Doctor	Class of 2024
Frank Quis, Vice President County Commissioner	Class of 2024
Sherry Price, Secretary Volunteer	Class of 2025
Micah Niebauer, President Business Owner	Class of 2025
Mike Penick Business Owner	Class of 2025
Mary Recca Todd Volunteer	Class of 2025
Wayne Robbins Retired Lawyer	Class of 2026
Rev. J. Carr Holland Retired Minister	Class of 2026
Jacklynn Lesniak Chief Nursing Officer	Class of 2026
JoAnne Davis Volunteer	Class of 2026

Ex-Officio, Non-Voting and Lifetime Board Members:

- On behalf of the Episcopal Bishop of the Diocese of North Carolina:
 - The Right Reverends
 - Bishop Samuel R. Rodman and
 - Assisting Bishop Jennifer Brooke-Davidson

Chip Cromartie (Ex-Officio)
CEO, Penick Village, Inc.

Terry Kees (Ex-Officio)
CFO, Penick Village, Inc.

Jim Heisey (Ex-Officio)
Chairperson, Penick Village Foundation, Inc.

Bill Giles (Ex-Officio)
President, Penick Village Residents Council

Robert G. Darst (Lifetime)
Resident, Penick Village

Mahlon W. DeLoatch, Jr. (Lifetime)
Retired Lawyer

Officers:

Chief Executive Officer: Alva “Chip” Cromartie was appointed CEO effective September 7, 2021. Chip has extensive experience working with North Carolina nonprofits and life plan communities. He has served on the Board of Directors for LeadingAge NC, in addition to various other board and committee positions. His academic background includes a Master of Public Affairs with a concentration in Nonprofit Management from the University of North Carolina at Greensboro. Previously, Chip served as Executive Vice-President of Home and Community Based Services with The Well-Spring Group in Greensboro, NC. In that role, he developed and managed Well-Spring Solutions as well as the subsidiary Well-Spring Home Care, LLC.

Chief Financial Officer: Terry Kees joined Penick Village in August 2014. He has 40+ years of experience in public accounting, independent consulting and industry – primarily in the manufacturing and distribution sectors. Terry graduated from the University of Portland with a Bachelor of Business Administration degree. Terry is retiring effective March 1, 2024.

Terry’s successor both as Chief Financial Officer and an ex-officio Board member will be the Company’s present Senior Director of Accounting, Chris Mooney, who has been with Penick approximately 2 years. Chris is a CPA/MBA, has nearly 40 years of business experience, primarily in family-owned businesses ranging from \$6 million to \$2 billion in annual revenues.

Related Service Providers

Darlene Vaughn, now-former Board Member: Johnson and Vaughn CPAs PLLC provides tax return preparation and tax planning services which residents of Penick Village may utilize. The anticipated cost to residents cannot presently be estimated.

Wayne Robbin, Board member: The Organization uses his former, retired-from law firm as retained general counsel.

In compliance with North Carolina General Statute 58-64-20(a) (2), we confirm no officer, director, trustee, manager or other person involved in managing the Organization on a day-to-day basis has 10% or greater equity or beneficial interest in the Organization.

Criminal Violations Statements

To the best knowledge of the Corporation:

- No one connected with the Corporation, Penick Village or its affiliates, as a Director, Trustee, Officer or in any other capacity, has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable or enjoined in a civil action by final judgement that involved action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property, or
- Is subject to a currently effective injunctive or restrictive court order, or within the past five years, has had any State or federal license or permit suspended or revoked as a result of an action by brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to

operate a foster care Community, nursing home, retirement home, home for aged, or Community subject to G.S. 58-64-20(a)(3)c or similar laws in any other state.

Location and Description of Physical Property

Penick is located on 38 acres in the town of Southern Pines, Moore County, North Carolina.

The campus is presently composed of:

- One two-story Healthcare building (“The Terrace”) which includes 32 Assisted Living and 50 Skilled Nursing residences,
 - All Assisted Living and Skilled Nursing residences are private rooms.
- Independent Living (150 residences):
 - The Woodlands apartments (73 residences),
 - The Wharton apartments (19 residences),
 - The Parkview apartments(18 residences) and
 - 40 cottage-type residences.
- One Assisted Living, memory care-oriented 10-bed small-house (the Garden Cottage) and
- A community center (the Village House).

Long Range Plans

Penick Village continues to refine its long-range strategic plan to strengthen the Organization’s sustainability, comply with its stated mission and vision while continuing to serve its current and future generations of residents, their families and its teammates. Penick’s long-range, multi-phase Strategic and Expansion Plans include:

Accomplishments:

- In prior Disclosure Statements, Penick identified the renovation of the Healthcare (Terrace) building as a long-range plan to, among other improvements, enhance and augment our resident service capabilities and provide additional education and training space and opportunities.
 - That effort is included in the Organization’s Board-approved Expansion Plan – Phase I (see below).
- Also in prior Disclosure Statements, Penick established the long-range plan to develop a formal Strategic Plan that addresses:
 - Optimizing operational strategies including long-term financial sustainability,
 - Creation and implementation of a Master Site Plan,
 - Fundraising to support the Strategic Plan,
 - Off campus services and
 - Recruitment and retention.

In the latter part of fiscal 2022, that formal Strategic Plan was documented, presented to and adopted by Penick’s Board of Directors and was further refined / adopted by the Board of Directors in fiscal 2023. Expansion Plan, Phase I:

Penick Village, Inc.’s (“Penick”) Expansion Plan - Phase I (the “Project”) expands Independent Living (“IL”) to include 44 new IL residences including:

- 18 new IL residences in three separate, six-residence buildings inclusive of under-building parking (the “Villas”) and
- 26 new so-called hybrid IL residences in one building also inclusive of under-building parking (the “Hybrid”).

Simultaneously, Penick will (a.) renovate the existing two-story “Terrace” Healthcare Building, (b.) construct a New Wellness Center and (c.) replace the existing campus-entrance guard house and gate with a New Welcome House and gate.

Penick will continue to operate the Project with the same standards as they currently operate in all levels of care.

- **The “Villas”** - 18 min-hybrid IL residences in 3 separate buildings to collectively be known as the “Grove.” Each building will include 6 two-bedroom apartments ranging from 1,500 – 1,900 square feet, in a two-story building over a parking garage consisting of approximately 16,100 total square feet. Each Villa residence includes a private, individual parking garage.
- **The “Hybrid”** – 26 hybrid IL residences in a single building to be known as “Weymouth Glen.” The Hybrid is planned to include one- and two-bedroom apartments ranging from 1,000 – 1,900 square feet, in an approximate 67,000 square feet, three-story building over an underground parking garage. Each residence floor will include a shared common area. Each Hybrid residence will include assigned, underground parking.
- **The “Terrace Healthcare Renovation”** – The existing, two-story Terrace Healthcare Center’s interior will be renovated to include new paint, carpet and renovations to the dining and common areas. Additionally, various improvements and repairs to the building’s exterior will be performed including new paint and an upgraded porte-cochere.
- **The “New Wellness Center”** – In this Phase I, Penick will add an approximate 5,000 square feet New Wellness Center to include a fitness room, a separate multipurpose room for aerobics, classroom education and a pickle ball court.
- **The “Welcome House”** – Finally, Penick will construct a new security guard house and install a replacement security gate at the main entrance to campus.

This Phase will be subject to applicable NC DOI and NC DHHS requirements/oversight and will include, among others:

- Engaging a third-party to perform a financial feasibility study,
 - Construction to commence upon achieving 70% pre-sales (i.e., a minimum 10% reservation deposit on at least 70% of the to-be-constructed residences that, in our Phase I equals 31 (i.e., 44 x 70%).
 - Escrowing all pre-sale reservation deposits.
 - Presently, we expect construction to commence in 18 – 24 months and initial move-ins to begin in approximately 48 months.
 - It is expected financing for this Phase I will come from a combination of bank debt and/or the public bond market.
- Ongoing:
 - Penick continues to emphasize its Sales and Marketing programs, including the timely and customer-responsive renovation of existing residences in all levels of care.
 - As well as continuing to expand Penick’s successful Home Care Program to give both residents and off-campus client choices to maintain residency in their preferred location.
- Resident Financial Assistance:
 - To continue supporting Penick’s \$1 million+ of annual resident financial assistance (i.e., the combination of annual Benevolent Assistance and Medicare/Medicaid contractual adjustments), the Penick Village Foundation strives to:
 - Raise at least an equal amount in annual contributions while simultaneously
 - Growing its permanent (i.e., endowed) funds to \$20 million over the next 10 years.

Number of Residents

During fiscal 2023, Penick’s average daily occupancy was:

- 178 Independent Living residents (includes 42 “2nd-persons”)
- 32 Assisted Living/Garden Cottage residents and
- 32 Skilled Nursing residents for a total of
- 242 total residents (including “2nd persons”).

Community Services

Historically, Penick Village has been involved in developing non-resident services to help meet the needs of the greater Southern Pines / Moore County community, including:

- Penick Village regularly donates teammates' time to Habitat for Humanity, Helping Hands, Goodwill and similar organizations.
- When a resident passes or moves, he/she/the family may leave unwanted furniture and fixtures to Penick. In such cases, in concert with a local vendor, the unwanted items are removed and the vendor makes an estimated salvage-value resulting donation.
- Penick Village makes periodic donations to the Southern Pines Fire and Police Departments, Friend to Friend and annually funds two nursing scholarships at the local Community College.
- In fiscal 2023, a resident made a scholarship-targeted donation that Penick matched. The resulting yield of the invested principal from the combination of those principal amounts will be used to fund additional nursing scholarships.
- Additionally, several Board, management and leadership team members serve on and/or actively participate in local not-for-profit organizations, boards and advisory committees.

POLICIES

Admission

To be admitted as an Independent Living Resident, the applicant(s) must:

- Be at least 62 years old.
- Be independently able to attend to activities of daily living.
 - Submit a medical report completed by his or her physician.
 - Be interviewed and evaluated by a member of the Penick Village staff.
 - Be able to adjust to group living.
 - Submit a Confidential Application and meet certain financial and medical requirements.

To be admitted directly to a Healthcare level of care residence, the applicant must:

- Be admitted on the recommendation of the resident's attending physician.
- Submit physical examination forms, provide a complete transcript of medical records before admission for review by Penick Village's Health Services staff and undergo an evaluation by a Penick Village Assisted Living staff member.

- Meet the financial requirements as hereinafter stated to include Medicare coverage if the Resident meets the coverage criteria.

Smoking

Except in a specifically-designated area, Penick Village became a Limited Tobacco Use Campus on January 1, 2010.

Financial and Insurance Criteria

Residents are expected to meet the financial requirements based upon ability to pay or the availability of third-party assistance (e.g., family, church, government programs (including Medicare and Medicaid)).

Where Penick considers it appropriate or necessary, it may, at the time of the execution of the Residency Agreement and in its sole and exclusive discretion, require a guarantor endorsement of the Agreement guaranteeing the Resident's performance of their Penick financial obligations.

Should a resident become unable to pay for the care furnished or being furnished by Penick, the resident shall make application to the proper authorities for financial assistance from Medicaid or any other available form of public or private assistance.

Benevolent Assistance

Primarily through unrestricted, general contributions, fundraising events, foundation grants and net investment earnings, Penick provides financial assistance to residents who are unable to meet the full cost of the applicable ongoing monthly or daily fees, provided:

- Such inability to pay is due to circumstances beyond the Resident's control,
- Resident paid an entrance fee in conjunction with becoming an Independent Living resident,
- Resident acts in good-faith in dealing with Penick regarding the matter and
- Management determines the facts justify special consideration.

Typically, such assistance is in the form of reduced monthly service fees.

Penick cannot and does not promise or guarantee in-advance to that resident the continuing availability or extent of such assistance.

Benevolent Assistance residents undergo an initial financial review to confirm their Program eligibility and subsequent financial reviews every 1-2 years.

To maintain the availability of funds for future Benevolent Assistance, Penick has the right to claim and collect on a preferred basis from any resident beneficiary of such assistance whose financial situation subsequently improves or from his/her estate, up to the total amount of the total Penick Village-provided assistance.

Entrance Fees – Independent Living:

There are three Entrance Fees available for irrevocable selection at the time a Residency Agreement is initially entered into by or for each residence and/or person as the case may be.

Penick reserves the right to limit entrance fee options to potential residents based on information provided to the community. In exchange, Penick agrees to provide Applicant(s) continuing services for life pursuant to said Agreement.

Upon executing the Residency Agreement, the Applicant(s):

- Pays Penick 10% of the Entrance Fee
- Is generally required to take financial occupancy of the Independent Living Residence within ninety (90) days and
- Is expected to remit full Entrance Fee amount on or before taking financial responsibility for the residence.
- All specific residential upgrade costs, irrespective of level-of-care, are non-refundable and due in full in advance of the construction of the specific upgrades and become a permanent part of the residence and Penick property.
- The applicant may terminate the agreement prior to entering into a Residency Agreement or taking occupancy for any reason by giving written notice to Penick. Penick shall refund the amount of the 10% deposit paid less a \$1,000 administrative and processing fee within 30 days of such notice.

24-Months Declining Refundable Entrance Fee

Once the Resident(s) has (have) chosen and paid the required 24-Month Declining Entrance Fee and has (have) taken occupancy of a residence at Penick under a continuing care contract, the Entrance Fee is reduced and becomes non-refundable at the rate of 8% the first day of the first month occupied, then 4% per month for any portion of each month the Resident(s) occupied the residence for the next 23 months.

After the beginning of the 24th month of occupancy, the Entrance Fee paid by the Resident(s) is fully amortized and nonrefundable.

Typically, if a refund is applicable, the amount will be refunded within 30 days after receipt of proceeds obligation from the next re-sale of the residence listed in the resident's Residency Agreement.

Also see "Entrance Fee Refunds" below.

"Occupancy" is defined as the time the residence is occupied by the resident(s) or any of the resident's belongings.

50% Refundable Entrance Fee

The 50% Refundable Entrance Fee is a higher, actuarially-determined rate than the comparable, in-affect 24 months declining balance entrance fee.

Once the Resident(s) has (have) chosen and paid the required Entrance Fee and has (have) taken occupancy of a Residence at Penick Village under a life plan care contract, the amount of the 50% Refundable Entrance Fee will reduce 5% the first day of the first month occupied, 4% monthly for any portion of each month the Residence is occupied for the next 11 months, and 1% percent on the first day of the 13th month the Residence is occupied.

At this time, 50% of the entrance fee is fully exhausted.

"Occupancy" is defined as the time the unit is occupied by the resident or any of the resident's belongings.

Also see "Entrance Fee Refunds" below.

The 50% Refundable Entrance Fee option is not available to potential residents 85 years of age and older as of the first scheduled day of residency.

- A couple's entrance fees age qualification applies to the older of the two applicants.

90% Refundable Entrance Fee

The 90% Refundable Entrance Fee is a higher, actuarially-determined rate than the comparable, in-affect 24 months declining balance entrance fee.

Once the Resident(s) has (have) chosen and paid the required Entrance Fee and has (have) taken occupancy of a Residence at Penick under a life plan care contract, the amount of the 90% Refundable Entrance Fee will reduce 5% the first day of the first month occupied and then 1% monthly for any portion of each month the Residence is occupied for the next five months.

At that time, 10% of the entrance fee is fully exhausted.

Also see "Entrance Fee Refunds" below.

"Occupancy" is defined as the time the unit is occupied by the resident or any of the resident's belongings.

The 90% Refundable Entrance Fee option is not available to potential residents 85 years of age and older as of the first scheduled day of residency.

- A couple's entrance fees age qualification applies to the older of the two applicants.

Right of Offset

Penick reserves the right to offset against the refund of the Entrance Fee any fees or amounts payable to the Organization under a Residency Agreement including any charges deferred or unpaid and as stated in Section 4.7 of Penick's Residency Agreement.

Termination of the Residency Agreement for any reason will not affect or impair the exercise of any right or remedy granted to Penick or the Resident under his or her Residency Agreement for any claim or cause of action occurring prior to the date of such termination.

Since residents have moved into Penick at different times and under different contracts, as these contracts have evolved over the years, the terms outlined in the signed Residency Agreement applies.

Entrance Fees – Healthcare:

“Direct admits” to a Healthcare residence (i.e., excluding Home Care), pay a non-refundable, non-amortized \$10,000 entrance fee.

Pets

Penick Village accepts the following pets in independent living: Cats, dogs, small caged bird, fish and in all residences as agreed upon by Penick.

It is the Resident’s responsibility for care of their pets and they must abide by the applicable administrative rules regarding pets detailed in the Resident Handbook.

A minimum \$500 non-refundable pet fee will be required and an additional fee(s) will apply if the pet has done any damage that the non-refundable pet fee does not cover.

Right to Rescind

The Resident(s) may rescind Penick’s Residency Agreement within 30 days following the later of the execution of the Residency Agreement or the receipt of this Disclosure Statement. These meet the requirements of North Carolina General Statutes 58-64-20 and 58-64-25(a) (1).

The Resident will be required to move into the Residence before expiration of this 30-day rescission period.

In the event of rescission, the Resident shall receive a refund of all monies paid Penick less:

- Periodic charges specified in the Residency Agreement and applicable only to the period a Residence was actually occupied by the Resident,
- Any non-standard cost specifically incurred by Penick at the Resident’s request and described in the Agreement or any Addendum signed by the Resident.

Termination Prior to Occupancy

See Section 6.1 “Termination Prior to Occupancy” of Attachment 3 “Independent Living Residency Agreement” for details.

Termination of Residency after Occupancy

See Section 6.2 “Termination Prior to Occupancy” of Attachment 2 “Independent Living Residency Agreement” for details.

Effect of Double Occupancy

See Section 6.3 “Effect of Double Occupancy” of Attachment 3 “Independent Living Residency Agreement” for details.

Entrance Fee Refunds

See Section 6.4 “Refund of Entrance Fee” of Attachment 3 “Independent Living Residency Agreement” for details.

Moves

See Section 6.7 “Relocation” of Attachment 3 “Independent Living Residency Agreement” for details.

Marriage/New Second Occupant

In the event of the marriage of a resident to another resident,

They may continue to maintain two Residential Apartments/Cottages and pay the applicable Monthly Service Fee for single occupancy for each residence then in effect, or

Release either Residence occupied by them and pay the applicable Monthly Service Fee for first and second-person occupancy then in effect.

All benefits provided in each Residency Agreement shall remain and continue in effect.

There shall be no refund of the Entrance Fee to either resident until both residents leave and the conditions of the Residency Agreement(s) have been met, or unless otherwise agreed-to in writing.

If a resident and a non-resident (such as a new spouse) desire to share the Independent Living Residence,

- The non-resident may become a resident and live in the Independent Living Residence only if he/she meets the qualifications for residency set forth in the Residency Agreement and both persons execute a new Residency Agreement.
- In such events, the Monthly Service Fee shall be adjusted to reflect the additional monthly charge for a second-person.

In the event that a resident marries an individual while at Penick who does not meet the residency requirements, Penick, in its sole discretion, may allow such person to reside at Penick including requiring additional care (e.g., Home Care) to assure the new resident may safely reside in Independent Living.

- However, this person would not have any Residency Agreement rights privileges or protection.
- But the couple would be required to pay the prevailing 2nd-person Monthly Service Fee.

IV. SERVICES

General Services and Facilities

See “Section I: General Services and Facilities” of attachment III “Residency Agreement” for details.

FEES AND CREDITS

Future Residency Program Deposit

It is Penick policy to charge a \$1,000 refundable Future Residency Program (“FRP”) Deposit which, to the extent not previously refunded, is applied as a credit to the Residency Agreement Entrance Fee if the applicant actually takes up residence in Penick.

If an applicant decides to not take residency at Penick the Future Residency Program Deposit will be refunded within thirty (30) days of refund request.

Reservation Deposit

It is Penick’s policy to charge (i.) a non-refundable \$250 Administrative Application Fee and (ii.) a \$5,000 Reservation Deposit. The Reservation Deposit which, to the extent not previously refunded, is applied as a credit to the Residency Agreement Entrance Fee if the applicant actually takes-up residence in Penick Village.

Monthly Service and Daily Service Fees

A listing of current Independent Living and Assisted Living / Garden Cottage Entrance Fees, Independent Living Monthly Service Fees, Assisted Living, Garden Cottage and Skilled Nursing Center daily fees and Home Care hourly fees are included in the below “Penick Village Fees” effective January 1, 2024 section.

The Monthly Service Fee and/or Daily Service Fee shall be due beginning on the Occupancy Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. All Monthly and/or Daily Service Fees and related miscellaneous resident fees, costs and expenses are to be paid by an ACH draft from the resident’s designated account (applicable to-be-completed form is provided).

Penick may increase the Monthly Service Fee and/ or Daily Service Fee, upon thirty (30) days written notice to the resident.

When a determination is made by the resident's physician and approved by the appropriate Penick representative that the resident needs Assisted Living or Nursing services, Penick will admit the resident to the Residential Assisted Living, the Garden Cottage, or Skilled Nursing Center or another Community under the conditions set forth in the following paragraph.

If a resident is residing in the Residential Assisted Living or the Garden Cottage and requires Skilled Nursing services leading to a transfer to the Skilled Nursing Center and the resident would like to keep his or her room in Residential Assisted Living or the Garden Cottage, the resident will be responsible for paying for a room hold of his or her room in the Residential

Assisted Living or the Garden Cottage as well as the fees he or she are incurring in the nursing center.

The cost of the room-hold is the current daily published rate minus \$10.00 per day.

In the event that, for any reason, space for the resident is not available in Residential Assisted Living, the Garden Cottage, or Skilled Nursing Center, upon determination that a permanent transfer is required, Penick will arrange for the care at the resident's cost in their Independent Living Residence by a certified Home Health Care Agency or Home Care Agency, if reasonably possible, until space becomes available in Residential Assisted Living, the Garden Cottage, or Skilled Nursing Center.

The aforementioned is contingent upon the terms outlined in the individual's Residency Agreement.

If Home Health Care is not medically possible Penick will contact another Community of Penick's choice that can provide similar care that would otherwise have been provided by Penick until space becomes available.

Penick will provide transportation to another Community as appropriate and pay for transportation costs above those costs paid by third party payers such as Medicare.

Payment Due Date

See Section 4.4 "Payment Due Date" of the attached Residency Agreement for details.

Late Payments

See Section 4.5 "Late Fee" of the attached Residency Agreement for details.

Temporary Services

Should a resident have a temporary need for Assisted Living or Skilled Nursing services while still occupying his/her Independent Living Residence, he/she will be required to continue paying the prevailing Monthly Service Fee for their Independent Living Residence.

No-Charge Nursing Days

Penick will provide, without additional charge, an Independent Living Resident who is temporarily in Assisted Living (including the Garden Cottage) or Skilled Nursing Center, 14 days per calendar year for such services.

This benefit is provided in addition to the Nursing Services covered by Medicare or insurance.

Thereafter, the resident will pay the prevailing applicable daily rate for Residential Assisted Living, the Garden Cottage or the Skilled Nursing Center residence as well as the monthly service fee for their Independent Living Residence.

In the case of Double Occupancy, should one or both residents have a temporary need for Assisted Living or Nursing services while they are still occupying the Independent Living Residence, he/

she will be required to pay the prevailing Monthly Service Fee plus the prevailing second person Monthly Service Fee for his/her Independent Living Residence.

Changes in Fees for the Previous Five Years

During the past five years, the monthly service fees and daily fees have increased on an annual basis effective January 1 of each year.

Independent Living rates are monthly; Skilled Nursing, Garden Cottage, and Assisted Living rates are daily. Generally, Home Care billing rates are on an hourly basis.

The Board of Directors reviews and approves each new fiscal year's annual Budget inclusive of the included rate fee increases.

All changes in Fees will be in accordance with the terms of the Continuing Care Residency Agreement.

Reserves

Provisions for reserve funding required by North Carolina General Statute 58-64-20(a) (9), 58-64-33 and 58-64-35 are as follows:

- **Debt Service Reserve:** As Trustee, U.S. Bank maintains and manages a Debt Service Reserve Fund for the Penick Village 2019 Bonds issued by the Public Finance Authority November 6, 2019. This Fund can be used, if necessary, to make any required bond-related principal and/or interest payments as they accrue on Penick Village's outstanding capital indebtedness.
 - The Fund's December 31, 2023 balance was \$2,007,067.
- **Operating Reserve:** Section 58-64-33 of the North Carolina General Statutes requires Continuing Care Retirement Facilities that maintain an as-defined occupancy level in excess of 90% to establish an Operating Reserve equal to 25% of its following fiscal year's projected operating expenses as detailed in the compiled Five-Year Forecast, otherwise a 50% Operating Reserve is required.
 - At September 30, 2023 and based on the Five-Year Forecast in-affect during that audit (i.e., the 5 years fiscal 2023 – fiscal 2027), Penick Village complied with the General Statute and reported a required Operating Reserve of \$ 4.175 million in its fiscal 2023-related audit report (a copy of which is attached).
 - Subsequent to completion of the fiscal 2023 audit but prior to issuing this Disclosure Statement, an updated Five-Year Forecast was prepared and a related Compilation Report issued by CliftonLarsonAllen, LLP (copy attached). In that Compilation Report, inclusive of the included assumptions, the fiscal 2023 required Operating Reserve was calculated to be \$ million. Penick Village will adjust its fiscal 2024 internally-prepared Balance Sheet to reflect the amount required Operating Reserve.

- At December 31, 2023, the Operating Reserve Fund’s market value was \$ 5.606 million.
- The Fund is managed by Hamilton Point Investment Services, Chapel Hill, North Carolina. The Fund is managed pursuant to a Board-approved Investment Policy Statement and is invested in a diversified portfolio of investment-grade securities including equities as well as corporate and government fixed income issues.
- In conjunction with the aforementioned Expansion Plan – Phase I and in compliance with prevailing State regulations, Penick has adopted and implemented a related Escrow Agreement.

Other Material Information, As Applicable: Penick Village is not the subject of a bankruptcy filing nor a receivership, liquidation or any similar petition.

Penick Village, Inc.

Fees

(Effective January 1, 2024)

	<u>Beginning on Page</u>
➤ Independent Living (Parkview, Wharton, Woodlands)	21
➤ Healthcare (Assisted Living, Garden Cottage, Skilled Nursing)	23
➤ Home Care	24
➤ Optional Service Fees	25
➤ Salon Fees	27



PARKVIEW & WHARTON APARTMENTS

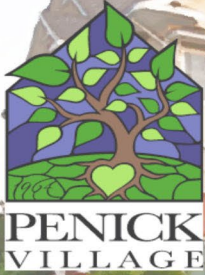
RATE SCHEDULE

Effective January 01, 2024

Apartments	Square Footage	Basic Entrance Fee	Monthly Service Fee	
			1st person	w/ 2nd person
Topanga <i>1 Bedroom</i>	600	\$116,270	\$2,369	\$3,687
Acadia <i>1 Bedroom</i>	650	\$125,960	\$2,567	\$3,885
*Boyd <i>1 Bedroom</i>	800	\$165,871	\$2,845	\$4,163
Lincoln <i>1 Bedroom with den</i>	1,050	\$230,146	\$3,485	\$4,803
*Sierra <i>1 Bedroom with den</i>	1,095	\$252,348	\$3,635	\$4,953
*Umstead <i>1 Bedroom with den</i>	1,130	\$260,415	\$3,751	\$5,069
Griffith <i>2 Bedroom</i>	1,300	\$292,645	\$3,853	\$5,171
Franklin <i>2 Bedroom</i>	1,500	\$364,365	\$4,446	\$5,764
Aurora <i>2 Bedroom with den</i>	1,500	\$364,365	\$4,446	\$5,764
Hyde <i>2 Bedroom with den</i>	1,600	\$388,654	\$4,741	\$6,059

- 2nd person Monthly Service Fee is \$1,318
- All square footage and pricing are approximate
- Price includes one covered parking space per apartment
- Prices are subject to change, and may be higher due to personalizations

*Only available in Wharton. **Second Floor Premium \$5,000. Excludes Franklin Floor plan.



WOODLANDS APARTMENTS

RATE SCHEDULE

Effective January 01, 2024



Apartments	Square Footage	Basic Entrance Fee	Monthly Service Fee	
			1st person	w/ 2nd person
Crape Myrtle <i>1 Bedroom</i>	700	\$112,386	\$2,366	\$3,684
Linden <i>1 Bedroom</i>	850	\$146,021	\$2,872	\$4,190
Periwinkle <i>1 Bedroom</i>	1,000	\$177,714	\$3,320	\$4,638
Redbud <i>1 Bedroom with den</i>	1,000	\$186,848	\$3,320	\$4,638
Birch <i>2 Bedroom</i>	1,250	\$241,346	\$3,704	\$5,022
Pin Oak <i>2 Bedroom</i>	1,500	\$257,436	\$4,268	\$5,586
Poplar <i>2 Bedroom with den</i>	1,700	\$312,184	\$4,635	\$5,953
Chestnut <i>2 Bedroom with den</i>	1,900	\$348,911	\$5,181	\$6,499

- 2nd person Monthly Service Fee is \$1,318
- Prices are subject to change, and may be higher due to personalizations
- Covered parking available for purchase, based on availability
- All square footage and pricing are approximate



Assisted Living and Skilled Nursing

RATE SCHEDULE

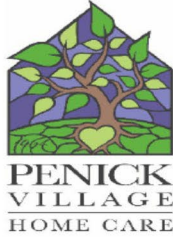
Effective January 01, 2024



Room Type	Continuum Daily Rate	External Daily Rate	External Entrance Fee
ASSISTED LIVING			
CAMELIA Studio	\$203	\$208	\$10,000
DOGWOOD Extended Studio	\$252	\$270	\$10,000
FORSYTHIA 1-Bedroom	\$289	\$315	\$10,000
HYDRANGEA 2-Bedroom (Single)	\$334	\$365	\$10,000
2nd Person (where applicable)	\$184	\$200	N/A
GARDEN COTTAGE	\$278	\$289	\$10,000
SKILLED NURSING			
SKILLED NURSING	\$389	\$389	Long Term Only \$10,000

NOTE: External rates are for direct admissions to Assisted Living, Garden Cottage & Skilled Nursing.

- Prices are subject to change each year.



Services and Prices

Effective January 1, 2024

Initial Assessment	Included
Companion Care– <ul style="list-style-type: none"> • <i>Light housekeeping, medication reminders, transportation, laundry, stand-by assistance, meal preparation</i> 	\$25/hr. weekday, \$26/hr. weekend (3+ hours) \$30/hr. weekday, \$31/hr. weekend (2-hour shift) \$32/hr. weekday, \$33/hr. weekend (1-hour shift)
In-Home Aide- (Hands-On Care) <ul style="list-style-type: none"> • <i>Companion services in addition to assistance with bathing, dressing, transferring, ambulation, continence care.</i> 	\$28/hr. weekday, \$29/hr. weekend (3+ hours) \$33/hr. weekday, \$34/hr. weekend (2-hour shift) \$35/hr. weekday, \$36/hr. weekend (1 hour shift)
Transportation <ul style="list-style-type: none"> • <i>Charged when the caregiver transports in their vehicle</i> • <i>Mileage fee is charged in addition to hourly rate</i> 	Current IRS rate + \$.10/mile
Visit Cancellation Fee <ul style="list-style-type: none"> • <i>Applicable if there is not a 48-hour notice</i> • <i>A 72-hour notice is required to end 24-hour services.</i> 	A charge equal to scheduled shift canceled
Nurse Visit <ul style="list-style-type: none"> • <i>May include medication management and set-up, monitoring chronic conditions, care coordination with physicians</i> 	\$100/hr.
Care Management <ul style="list-style-type: none"> • <i>May include education, resources and referrals, long-term care insurance assessments, monitoring chronic conditions, care coordination, family support, accompanying to physician appointments.</i> 	\$100/hr.

*OFF-CAMPUS CLIENTS: There is a 4-hour minimum to schedule care

For more information, Call the Penick Village Home Care Office at (910) 692-0370

*All rates are subject to change.

Optional Service Fees	Price
Copies	\$.10 per page for projects of 10 pages or more
Guest Room	Woodlands Suites - \$95.00* & Wharton Suite - \$110.00* per night *(+ tax when applicable) Stays include daily breakfast in Village House - 7 night maximum stay
Dining	Pricing is a la carte, per current menu(s)
Meal Delivery	\$4.00 per delivery
Transportation - Out of Town	Doctor appointments - \$30 per hour + current IRS mileage rate + \$0.10 per mile Raleigh/Durham Airport transportation - \$135 one-way
Housekeeping	Additional housekeeping that is not considered routine and included in the monthly service fee will have a fee based on materials and labor. Carpet cleaning for pet stains start at \$100.00. Penick Village reserves the right to outsource all services.
Electric Cars & Golf Carts	If resident requests an Electric Vehicle (EV) charging station on the premises of their residence: The cost to acquire and install that EV charging station is the resident's responsibility. PV must approve the charging station's location. Duke Energy has a Program. The resident(s) will also be charged \$35/mo. for the related electrical usage if Level 1 (120V). The resident(s) will also be charged \$50/mo. for the related electrical usage if Level 2 (240V). If resident does not require an EV charging station on their premises, the resident will be charged \$35/mo. for the related electrical usage.
Special Maintenance Requests	The fee will be based on materials and labor. This does not include routine maintenance, which is included in the monthly service fee.
Phone charges	\$21.00/month for basic phone service plus \$.11 per minute for long distance charges (Plan A) \$42.00/month for basic phone service including all long distance charges. (Plan B) Note: International calling not available through either plan.
Replacement Keys - Front Door & Mailbox	\$7.00

Optional Service Fees	Price
Replacement Key Fobs	\$15.00
Replacement Access Card	\$15.00
Replacement Gate Stickers	\$25.00
Mail Delivery	\$4.00 per delivery
Room Clearing Fee	Depending on the size of the home – up to \$10,000
Replacement Pendant	\$225.00
Woodland Apt. covered parking	If available – Non-refundable \$5,000 upfront fee and \$10/monthly fee
Internet Options	\$36.00/month
Computer/ IT Support	New Resident - No Charge (Initial evaluation & setup up to 2 hrs.) Existing Resident - \$65.00 (Initial evaluation & setup up to 2 hrs.) Service Calls - \$100.00 per hour, billed in 30-minute increments. After 5:00pm and on weekend non-emergency calls will incur an additional \$150.00 charge in addition to the standard service call rate. All service calls are by appointment.
Landscaping	\$30 per hour per person with a one-hour minimum plus materials and mileage. After the first hour, labor will be billed in half hour increments.
Maintenance - Miscellaneous Services	\$75 per hour per person with a one-hour minimum plus materials and mileage. After the first hour, labor will be billed in half hour increments.
Maintenance – Hang T.V.	\$175.00 per T.V.
Rollaway Bed Delivery <ul style="list-style-type: none"> • Reservation required • Linens provided 	\$35.00 per delivery

This list is not intended to be all-inclusive. Additional charges may occur for service requests. All charges are subject to change annually with each new budget year.

Penick Village, Inc.
Salon Price List - 2024

<u>Service</u>	<u>Price</u>
Shampoo	\$11 - \$16
Shampoo and blow-dry (no styling)	\$ 21
Shampoo/Set/Blow-Dry/Style	\$ 26
Haircut: Gentlemen	\$ 21
Haircut: Ladies	\$ 26
Permanent (includes PW, shampoo and set; with haircut add \$12)	\$80+
Color rinse	\$ 6
Conditioner: Deep/Intense	\$21+
Conditioner: Detangle	\$ 6
Tint (includes shampoo and set; haircut not included)	\$70+
Set	\$ 21
Comb-out (extra if with curling iron)	\$11+
Manicure	\$ 26
Pedicure or pedicure with polish	\$37 - \$42
Polish nails / polish change	\$ 11
Nails cut	\$ 16
Toenails cut with soak	\$ 32
Eyebrow, chin or lip waxing	\$ 11
Eyebrow tint	\$ 11
Additional grooming: Mustache and beards	\$ 11

Penick Village, Inc.

1st-Person Monthly Service Fees - Five Fiscal Years Ended Sept. 30 2019 - 2023 (i.e., F19 - F23)¹

	<u>F19</u>	<u>F20</u>	<u>F21</u>	<u>F22</u>	<u>F23</u>
Weymouth Cottages (starting at)	\$ 3,436	\$ 3,540	\$ 3,646	\$ 3,829	\$ 3,996
Woodland Homes - Dogwood , Longleaf and Magnolia	4,285	4,414	4,546	4,774	5,131
Woodlands Apt. - Crape Myrtle	2,197	2,263	2,331	2,447	2,252
Woodlands Apt. - Linden	2,408	2,480	2,554	2,682	2,735
Woodlands Apt. - Redbud, Periwinkle	2,821	2,906	2,993	3,143	3,161
Woodlands Apt. - Birch	3,023	3,114	3,207	3,368	3,527
Woodlands Apt. - Pin Oak	3,436	3,540	3,646	3,829	4,064
Woodlands Apt. - Poplar	3,708	3,820	3,935	4,131	4,414
Woodlands Apt. - Chestnut	3,916	4,034	4,155	4,363	4,933
Parkview Apt. - Topanga and Acadia	2,051	2,113	2,176	2,285	2,255
Parkview Apt. - Lincoln	2,807	2,892	2,979	3,128	3,319
Parkview Apt. - Griffith	3,022	3,113	3,206	3,367	3,669
Parkview Apt. - Aurora and Franklin	3,346	3,447	3,550	3,728	4,233
Parkview Apt. - Hyde	3,670	3,781	3,894	4,089	4,515
Wharton Apt. - Topanga		2,113	2,176	2,285	2,255
Wharton Apt. - Acadia	-	2,113	2,176	2,285	2,443
Wharton Apt. - Boyd	-	2,440	2,513	2,639	2,709
Wharton Apt. - Lincoln	-	2,892	2,979	3,128	3,319
Wharton Apt. - Sierra	-	2,912	2,999	3,149	3,460
Wharton Apt. - Umstead	-	2,949	3,037	3,189	3,582
Wharton Apt. - Griffith	-	3,113	3,206	3,367	3,669
Wharton Apt. - Aurora and Franklin	-	3,447	3,550	3,728	4,233
Wharton Apt. - Hyde	-	3,781	3,894	4,089	4,515
Independent Living - Second Person Fee	950	975	1,195	1,255	1,255
Daily Rate - Assisted Living - Internal	\$160-\$290	\$170-\$299	\$179-\$296	\$188 - \$311	\$192 - \$318
Daily Rate - Assisted Living - Direct-Admit			\$184-\$323	\$193 - \$339	\$198 - \$347
Daily Rate - Ass't Living - Garden Cottage - Internal	\$220-\$230	\$227-\$237	\$ 246	\$ 258	\$ 264
Daily Rate - Ass't Living - Garden Cottage - Direct-Admit			\$ 256	\$ 269	\$ 275
Daily Rate - Nursing Care	309	318	328	344	370
Annual % Rate Increase (Effective Each January 1st)	3%	3%	3%	5%	7.5%
Average IL Monthly 1st-Person Rate Increase ²	\$ 92	\$ 95	\$ 97	\$ 167	\$ 233

¹ Includes only residences available at January 1, 2023. Fiscal years 2017 - 2020 exclude The Wharton.

² Fiscal years 2017 - 2020 exclude The Wharton. For comparative purposes, fiscal year 2020 includes The Wharton in both F2019 and F2020.

Penick Village, Inc.

Fiscal 2023

Variance Analysis (Actual vs. Forecast)

	<u>Beginning on Page</u>
➤ Summary Balance Sheet	30
➤ Summary Statement of Operations	33
➤ Summary Statement of Cash-Flow	36

Penick Village, Inc.
Summary Balance Sheets - September 30, 2023 ("F23")
Actual vs. Forecast - \$000s Omitted
Threshold: Notes are limited to variances +/- \$500K AND 10% or more
Key: MM = millions, K = thousands

	<u>Notes</u>	<u>F23 Audit¹</u>	<u>F23 Forecast²</u>	<u>Audit Inc. (Dec.) - \$</u>	<u>Audit Inc. (Dec.) - %</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	1	\$ 4,782	\$ 6,049	\$ (1,267)	-20.9%
Assets Limited as to Use, Current		609	149	460	308.7%
Investments	2	6,430	5,219	1,211	23.2%
Receivables					
Accounts and Notes, Net of Allowance		455	415	40	9.6%
Due from Affiliates		1,788	1,360	428	31.5%
Other		55	486	(431)	-88.7%
Prepaid Assets		399	350	49	14.0%
Total Current Assets		14,519	14,028	491	3.5%
ASSETS LIMITED AS TO USE					
Investment - Operating Reserve Investment		4,175	4,192	(17)	-0.4%
Held by Trustee Under Bond Agreements	3	1,581	4,402	(2,821)	-64.1%
Restricted Funds		-	111	(111)	-100.0%
Less: Current Portion		-	(149)	149	100.0%
Total Assets Limited As To Use, Noncurrent		5,756	8,556	(2,800)	-32.7%
INVESTMENTS, NET OF CURRENT		-	329	(329)	-100.0%
PROPERTY AND EQUIPMENT, NET	4	46,803	42,815	3,988	9.3%
BENEFICIAL INTEREST IN NET ASSETS OF PENICK VILLAGE FOUNDATION AND J.A. GREER GROUP	5	2,186	-	2,186	100.0%
OTHER ASSETS					
Deposits		-	2	(2)	-100.0%
Investments in Affiliates		1	1	-	0.0%
Beneficial Interest in Annuities		182	172	10	5.8%
Intangible Asset		107	70	37	52.9%
Other		109	85	24	28.2%
Total Other Assets		399	330	69	20.9%
Total Assets		\$ 69,663	\$ 66,058	\$ 3,605	5.5%

Penick Village, Inc.

Summary Balance Sheets - September 30, 2023 ("F23")

Actual vs. Forecast - \$000s Omitted

Threshold: Notes are limited to variances +/- \$500K AND 10% or more

Key: MM = millions, K = thousands

	<u>Notes</u>	<u>F23 Audit¹</u>	<u>F23 Forecast²</u>	<u>Audit Inc. (Dec.) - \$</u>	<u>Audit Inc. (Dec.) - %</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities					
Current Maturities of Long-Term Debt		\$ 465	\$ 465	-	0.0%
Payable from Assets Limited as to Use		116	111	5	4.5%
Accounts Payable	6	1,652	623	1,029	165.2%
Accrued Liabilities		757	629	128	20.3%
Application and Prepaid Admission Deposits		237	345	(108)	-31.3%
Refund Liability, Current		584	313	271	86.6%
Total Current Liabilities		3,811	2,486	1,325	53.3%
Refund Liability, Less Current Portion		3,754	3,606	148	4.1%
<u>LIABILITIES AND NET ASSETS (CONT'D)</u>					
Deferred Revenue		18,569	19,275	(706)	-3.7%
Long-Term Debt, Less Current		32,145	32,149	(4)	0.0%
Interest Rate Cap Agreement		1	1	-	0.0%
Total Liabilities		58,280	57,517	763	1.3%
Net Assets					
Without Donor Restrictions	7	10,676	7,813	2,863	36.6%
With Donor Restrictions					
With Donor Restrictions		-	21	(21)	-100.0%
Purpose Restricted		378	378	-	0.0%
Perpetually Restricted		329	329	0	0.0%
Total Net Assets		11,383	8,541	2,842	33.3%
Total Liabilities and Net Assets		\$ 69,663	\$ 66,058	\$ 3,605	5.5%

¹ Represents "Penick Village, Inc."-reported amounts in the fiscal 2023 audit report's Supplementary Sched entitled "Consolidating Balance Sheet."

² Certain reclassifications were made to conform the F23 Forecast presentation to the corresponding F23 audit presentation.

Penick Village, Inc.

Summary Balance Sheets - September 30, 2023 ("F23")

Actual vs. Forecast - \$000s Omitted

Threshold: Notes are limited to variances +/- \$500K AND 10% or more

Key: MM = millions, K = thousands

Notes:

- 1 See Statement of Cash-Flow for details.
- 2 This variance primarily resulted from F23's prevailing improved (vs. F22) investment market condition.
- 3 This variance primarily resulted from the non-Forecast F23 use of cash held in the Trustee's "Construction" account to fund F23 Capital Expenditures associated with the Organization's Board-approved Expansion Plan - Phase I.
- 4 This variance primarily resulted from above-Forecast F23 Capital Expenditures associated with (a.) the aforementioned Board-approved Expansion Plan - Phase I and (b.) refurbishing (primarily Independent Living) residences (following a former resident/residents departure).
- 5 In accordance with prevailing U.S. Generally Accepted Accounting Principles in-affect for the F23 audit, this is a newly-reported asset for the stand-alone entity Penick Village, Inc. The amount represents the combined Balance Sheet-reported "Total Net Assets (Deficit)" of the Organization's two affiliates -- The Penick Village Foundation, Inc. plus The J.A. Greer Group, LLC. However, please note, that at the consolidated level, the asset is "eliminated" against the affiliates combined "Total Net Assets (Deficit)">
- 6 The non-Forecast Accounts Payable fiscal year-end increase was primarily due to the temporary effect of above-average Q4 F23 Capital Expenditures. Indeed, progressing into Q1 F24, the Organization's Accounts Payable has returned to its historical \$500K+ range.
- 7 This variance is primarily due to being the Balance Sheet's Liabilities and Net Assets offset to the asset variance discussed in note 5. above.

Penick Village, Inc.

Summary Income Statements - September 30, 2023 ("F23")

Actual vs. Forecast - \$000s Omitted

Threshold: Notes are limited to variances +/- \$500K AND 10% or more

Key: MM = millions, K = thousands

	Notes	F23 Audit¹	F23 Forecast	Audit Inc. (Dec.) - \$	Audit Inc. (Dec.) - %
REVENUES, GAINS AND OTHER SUPPORT					
Independent Living		\$ 7,383	\$ 7,396	\$ (13)	-0.2%
Healthcare Revenue	8	7,044	8,230	(1,186)	-14.4%
Less: Contractual Adjustments		(177)	(469)	292	62.3%
<i>Resident Service Revenue</i>		<i>14,250</i>	<i>15,157</i>	<i>(907)</i>	<i>-6.0%</i>
Earned Entrance Fees		3,580	3,142	438	13.9%
Other Operating Income		595	265	330	124.5%
Contributions	9	394	1,000	(606)	-60.6%
Net Assets Released from Restriction		304	-	304	100.0%
Total Revenues, Gains and Other Support		19,123	19,564	(441)	-2.3%
OPERATING EXPENSES					
Program Services					
Dining Services		2,743	3,041	298	9.8%
Facility Services and Utilities		2,281	1,984	(297)	-15.0%
Garden Cottage		634	491	(143)	-29.1%
Home Care		852	1,048	196	18.7%
Housekeeping		968	972	4	0.4%
Life Enrichment		446	384	(62)	-16.1%
Nursing		3,319	3,462	143	4.1%
Resident Services		300	399	99	24.8%
Residential Assistant Living		694	827	133	16.1%
Transportation		108	-	(108)	-100.0%
Total Program Services		12,345	12,608	263	2.1%
Support Services					
General and Administrative		1,918	1,953	35	1.8%
Human Resources		454	494	40	8.1%
Information Technology		687	607	(80)	-13.2%
Marketing and Development		663	1,037	374	36.1%
Depreciation		2,307	2,067	(240)	-11.6%
Interest and Amortization		1,527	1,517	(10)	-0.7%
Total Support Services		7,556	7,675	119	1.6%
Total - Operating Expenses		19,901	20,283	382	1.9%
OPERATING INCOME (LOSS)		(778)	(719)	(59)	-8.2%

Penick Village, Inc.

Summary Income Statements - September 30, 2023 ("F23")

Actual vs. Forecast - \$000s Omitted

Threshold: Notes are limited to variances +/- \$500K AND 10% or more

Key: MM = millions, K = thousands

	Notes	F23 Audit¹	F23 Forecast	Audit Inc. (Dec.) - \$	Audit Inc. (Dec.) - %
Nonoperating Income (Loss)	10	1,131	328	803	244.8%
EXCESS OF REVENUES, GAINS AND OTHER SUPPORT OVER (UNDER) EXPENSES					
		353	(391)	744	190.3%
Increase in Beneficial Interest in Net Assets of Penick Village Foundation and J.A. Greer	11	608	-	608	100.0%
Transfers Net Assets - Foundation to Penick		455	-	455	100.0%
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
		1,416	(391)	1,199	306.6%
Increase (Decrease) in Purpose-Restricted Net Assets		(444)	-	(444)	-100.0%
INCREASE (DECREASE) IN NET ASSETS					
		972	(391)	755	193.1%
Net Assets, Beginning of Year		10,412	8,932	1,480	16.6%
NET ASSETS, END OF YEAR					
		\$11,384	\$ 8,541	\$ 2,235	209.7%

¹ Represents "Penick Village, Inc."-reported amounts in the fiscal 2023 audit report's Supplementary Schedule entitled "Consolidating Statement of Operations and Changes In Net Assets."

Penick Village, Inc.

Summary Income Statements - September 30, 2023 ("F23")

Actual vs. Forecast - \$000s Omitted

Threshold: Notes are limited to variances +/- \$500K AND 10% or more

Key: MM = millions, K = thousands

Notes:

- 8** Healthcare's unfavorable F23 variance primarily resulted from a combination of (i.) below-Forecast census days that largely contributed to Healthcare reporting below-Forecast revenues, (ii.) unfavorably lower Ancillary Revenues largely due to a comparable unfavorable variance in F23 Therapy revenues and (iii.) above-Forecast Healthcare-related Resident Financial Assistance - Benevolent Assistance which charges are netted into reported Healthcare revenues.
- 9** Effective F23, the Organization modified its Contribution policy. Whereas formerly, unrestricted donations to The Penick Village Foundation, Inc. were routinely transferred to Penick Village, Inc., the Organization began transferring only an amount approximately equal to total "Resident Financial Assistance." In F23, Penick Village, Inc. reported an overall below-Forecast total "Resident Financial Assistance" variance thereby requiring correspondingly lower Contribution transfers from The Penick Village Foundation, Inc.
- 10** During F23, in accordance with related best-practices, the Organization solicited, evaluated and chose to change its Investment Portfolio's Investment Advisor. In doing-so, to comply with the Organization's simultaneously-updated Investment Policy Statement and the new Advisor's internal investment philosophy and practices, they reevaluated a number of the Organization's security holdings and changed a number. Accordingly, the majority of this F23 variance represents net realized investment gains associated with these changes.
- 11** This is the F23 Income Statement effect of the newly-adopted U.S. Generally Accepted Accounting Principle detailed in the Balance Sheet's Note 5.

Penick Village, Inc.

Summary Statements of Cash-Flow - September 30, 2023 ("F23")

Actual vs. Forecast - \$000s Omitted

Threshold: Notes are limited to variances +/- \$500K AND 10% or more

Key: MM = millions, K = thousands

	<u>Notes</u>	<u>F23</u> <u>Audit¹</u>	<u>F23</u> <u>Forecast</u>	<u>Audit Inc.</u> <u>(Dec.) - \$</u>	<u>Audit Inc.</u> <u>(Dec.) - %</u>
Net Cash Provided (Used) by Operating Activities	12	\$ 1,695	\$ 3,205	\$ (1,510)	-47.1%
Net Cash Provided (Used) by Operating Activities		(3,510)	(3,485)	(25)	-0.7%
Net Cash Provided (Used) by Operating Activities	13	(957)	(1,458)	501	34.4%
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		(2,772)	(1,738)	(1,034)	-59.5%
Cash, Cash Equivalents and Restricted Cash - Beginning of Year		9,969	9,943	26	0.3%
Cash, Cash Equivalents and Restricted Cash - End of Year		\$7,197	\$ 8,205	\$ (1,008)	-12.3%

¹ Represents "Penick Village, Inc."-reported amounts in the fiscal 2023 audit report's Supplementary Schedules - "Consolidating Statement of Cash Flows."

Notes:

12 This unfavorable F23 variance is primarily due to the net effect of the following:

- * Net realized/unrealized investment gains/losses While the Organization reported net realized/unrealized investment gains in F23, it is the Organization's practice not to Forecast such market-driven results.
- * Increase (decrease) in net assets As discussed in the Balance Sheet's Note 5., "stand-alone" Penick Village, Inc.'s F23 results include the effect of a change in U.S. Generally Accepted Accounting principles to now include the increase (decrease) in the beneficial interest of the net assets of its two affiliates. In F23, "stand-alone" Penick Village, Inc. reported a net increase in such beneficial interests.
- * Amortization of entrance fees While F23 reported favorably higher amortized entrance fees on its Income Statement, the cash-flow effect is unfavorable.
- * Nonrefundable entrance fee receipts Cash-flow unfavorably, F23 reported below-Forecast nonrefundable entrance fee receipts (however, please also see Note 13. below).

13 Cash-flow favorably, this F23 variance largely resulted from F23 reporting below-Forecast entrance fee refunds. (Net of refunds, F23 reported cash-flow favorable, above-Forecast net entrance fees.)

Penick Village, Inc.
Internally-Prepared, Unaudited Interim Financial Statements
For the Three Months Ended December 31, 2023 (i.e., Q1 Fiscal 2024)
(Excludes Affiliates)

	<u>Beginning on Page</u>
➤ Summary Balance Sheet	38
➤ Summary Statement of Operations	39
➤ Summary Statement of Cash-Flow	40

Penick Village, Inc.
Summary Balance Sheet - December 31, 2023

ASSETS:

Current Assets

Cash - Unrestricted	\$ 1,872,256
Assets Limited to Use - Current ¹	815,434
Investments - Unrestricted	7,376,027
Accounts, Notes & Other Receivables, Net	818,026
Prepaid Expenses	<u>455,032</u>
<i>Total Current Assets</i>	<u><u>11,336,775</u></u>

Assets Limited to Use - Noncurrent ²	6,182,076
---	-----------

Investments - Net of Current	45,924
------------------------------	--------

Property, Plant & Equipment, Net	47,226,905
----------------------------------	------------

Other Non-Current Assets

Due From Affiliates	2,161,383
All Other, Net	<u>408,679</u>
<i>Total Other, Noncurrent Assets</i>	<u><u>2,570,062</u></u>

TOTAL ASSETS \$67,361,743

¹ Includes: (a.) \$667K Principal and Interest held by bond Trustee pending bi-annual distribution to bondholders; (b.) \$148K all other limited-to-use cash accounts.

² Includes: (a.) \$4.175MM required Operating Reserve and (b.) \$2.007MM cash held by Trustee under bond agreement as Debt Reserve Fund.

³ Includes: (a.) As the offset to 1(a.) above, the same \$667K Principal and Interest payments pending bi-annual distribution to bondholders; \$2.067MM long-term portion of unamortized bond premium (b.) the \$465K "current" portion of our bonds payable and (c.) \$69K long-term portion of bonds representing the "current" portion of our unamortized bond premium.

LIABILITIES AND NET ASSETS

Current Liabilities

Current Maturities - Long-Term Debt ³	\$ 1,200,905
Payable from Assets Limited to Use	127,783
Accounts Payable	549,212
Accrued Liabilities	985,996
Application/Prepaid Deposits	277,206
Refund Liability - Current	<u>806,458</u>
<i>Total Current Liabilities</i>	<u><u>3,947,560</u></u>

Long-Term Liabilities

Refund Liability - Long-Term	3,585,691
Deferred Revenue	17,982,134
Long-Term Debt ⁴	<u>31,784,519</u>
<i>Total Long-Term Liabilities</i>	<u><u>53,352,344</u></u>

TOTAL LIABILITIES 57,299,904

NET ASSETS

Without Donor Restrictions	<u>8,468,676</u>
Restricted Assets - Purpose Restricted	728,608
Net Assets - Permanently Restricted	<u>-</u>
<i>Total - With Donor Restrictions</i>	<u><u>728,608</u></u>
Current Yr. Increase (Decrease) Net Assets	<u>864,555</u>
<i>Total Net Assets</i>	<u><u>10,061,839</u></u>

TOTAL LIABILITIES AND NET ASSETS \$67,361,743

Penick Village, Inc.
Summary Statement of Operations
YTD 3 Mos. F24 ("Q1 F24")

Q1 F24
Actual

Revenue - Resident Services:

Independent Living Revenue	\$ 1,647,029
Healthcare Revenue	1,774,682
Home Care Revenue	207,945
Ancillary Charges Revenue	<u>163,215</u>
<i>Gross Rev. - Resident Srvcs.</i>	<i>3,792,871</i>
Less: Residential Financial Assistance	<u>(160,072)</u>
<i>Net Resident Service Revenue</i>	<i>3,632,799</i>
<u>Other Operating Revenue:</u>	
Other Operating Revenue (1)	146,341
Earned Entrance Fees	1,033,730
Contribution Income	<u>268,952</u>
Total - Net Revenue	<u>5,081,823</u>

Operating Expenses - Program Services:

Dining Services	723,969
Facility Maintenance	343,242
Utilities	182,053
Housekeeping	234,584
Healthcare	1,112,491
Home Care	223,650
All Others	<u>371,402.73</u>
<i>Total - Program Services</i>	<i><u>3,191,392</u></i>

Operating Expenses - Support Services:

General & Administrative	386,208
Human Resources	143,120
Information Technology	151,203
Insurance	126,083
Sales, Marketing and Development	148,858
Depreciation & Amortization Expense	608,328
Interest Expense, Net of Amort. of Bond Premium	<u>366,556</u>
<i>Total - Support Services</i>	<i><u>1,930,356</u></i>
<i>Total Operating Expenses</i>	<i><u>5,121,747</u></i>

Operating Income (Loss) **(39,924)**

Penick Village, Inc.
Summary Statement of Operations
YTD 3 Mos. F24 ("Q1 F24")

Q1 F24
Actual

Other (Income) Expense, Net:

Net Investment (Income) Expense	(92,586)
Realized/Unrealized (G)/L on Investments/Other	(805,041)
(G)/L on Disposition of Assets	(1,500)
All Others, Net (Income) Expense	<u>(5,353)</u>
<i>Total - Other (Income) Expense, Net</i>	<u><i>(904,480)</i></u>

Increase (Decrease) In Net Assets

\$ 864,555

Penick Village, Inc.
Summary Statement of Cash Flow

Q1 F24
Actual

Summary - Source (Use) Unrestricted Cash:


Source (Use) Cash - Operating Activities	\$ (294,389)
Source (Use) Cash - Investing Activities	(2,457,190)
Source (Use) Cash - Financing Activities	<u>78,738</u>
Net Increase (Decrease) In Unrestricted Cash	<u>(2,672,841)</u>
Add: Beginning Balance - Unrestricted Cash	<u>4,545,098</u>
Ending Balance - Unrestricted Cash	<u><u>\$ 1,872,256</u></u>

Summary of Actuarial Analysis for Penick Village

The Board and management of Penick Village have adopted the financial management philosophy to set fees and maintain reserves that are actuarially sound in accordance with Actuarial Standards of Practice No. 3 (ASOP#3). ASOP#3 defines three conditions to evaluate the financial solvency of a CCRC: (1) fully funded status for actuarial reserves associated with current residents; (2) sufficient margins for fees charged to new entrants; and (3) long-term cash flows that are positive and meet bond covenants. If all three conditions are met, then Penick Village is considered to be in satisfactory actuarial balance (SAB). Many in the CCRC space consider the goal of reaching satisfactory actuarial balance a “best practice” since ASOP#3 requirements go beyond simply meeting or exceeding only the third condition that confirms positive cash flows and/or payment of outstanding debt.

Each year Penick Village engages A. V. Powell & Associates, LLC, a nationally recognized actuarial firm, to update our assumptions and test our status in regard to the Board’s objective to comply with ASOP#3. The most recent update as of September 30, 2023, shows Penick Village is in satisfactory actuarial balance and has earned the A.V. Powell & Associates’ exemplary recognition seal, provided future experience substantially follows the underlying assumptions contained in the actuarial report.

Source: Actuarial Study Report as of September 30, 2023, dated February 21, 2024

Actuarial Criteria and Opinions	9.30.2023	9.30.2022	AVP Median	ASOP#3 Minimum
1. Funded Status	120.0%	118.7%	103.1%	100.0%
2. New Entrant Pricing				
48 Month Declining Plan	NA	4.2%		
24 Month Declining Plan	4.2%	NA		
50% Refundable Plan	2.8%	4.1%		
90% Refundable Plan	5.0%	6.2%	9.9%	0.0%
Weighted Average	4.2%	4.2%		
3. 10-Year Reserve Increase Factor	2.22	1.90	2.33	>\$0 balance
Unified Funded Status (Combines Criteria #1 and #2)	125.9%	124.9%	111.5%	100.0%
Satisfactory Actuarial Balance?	Yes	Yes		
AVP Seal?	Yes	Yes		
Health Care Capacity Adequate?	Yes	Yes		

The reader should be aware of the following baseline assumptions that were used to prepare the actuarial study and were developed based on reaching a consensus with the management of Penick Village, who agreed such assumptions were reasonable.



1. Average annual independent living unit occupancy increases from 135 units to 140 units in fiscal year 2024 and maintains an average occupancy of 93.3% thereafter. During the prior three years, average independent living unit occupancy was 91.2%, 92.8%, and 91.0%.
2. Average annual assisted living/garden cottages occupancy increases from 34 units in fiscal 2024 to 35 units in fiscal year 2025 and remains constant thereafter at 85.4% and average annual nursing care occupancy increases from 62.0% to 64.0%.
3. In prior fiscal year, average occupancy for independent living unit was 91.2%; for assisted living/garden cottages was 75.5%; and for nursing care was 63.7%.
4. Entry fees for CCRC residents moving into independent living units are assumed to increase from 0% to 12.5% for fiscal year 2024 and annually thereafter at 3.5%. All new entrants in fiscal year 2024 are assumed to select the 24 month declining plan.
5. Monthly and per diem rate increases for independent living, assisted living, garden cottages and nursing care are assumed to be 3.5%, matching operating expense increases throughout the projection period. Monthly fees and per diem rates are assumed to increase by 5.0% for fiscal year 2024, annually thereafter at 3.5%. Budgeted operating expenses excluding interest and depreciation for fiscal year 2024 were 3.9% over audited operating expenses for fiscal year 2023 and are assumed to increase by 3.5% annually.
6. Residents are assumed to be able to pay projected monthly fees, and assessment of this capability was beyond the scope of the actuarial study engagement. Management believes this assumption is valid or that other funds not accounted for in the actuarial study will be sufficient to cover any shortfall.
7. The difference between interest earnings/discount rate and expense inflation (“real rate-of-return”) is 1.5%.
8. Projected capital expenditures are adequate to maintain the market position of the community and total \$19.9 million during the next 10 years.
9. Projected accumulated cash balances are all available for the exclusive benefit of contractholders and all cash outflows have been reflected in the report to the best of our knowledge.

It should be noted while unfavorable variation in these baseline assumptions will reduce the current and future funded status as well as erode the future new entrant pricing margin, it is possible if such variations occur Penick Village will still exceed the defined bond covenant debt service coverage ratio minimum threshold. Also, favorable experience variations associated with any of the assumptions used to prepare the actuarial analysis, such as lower operating expenses, lower health care utilization, or higher average occupancy may occur such that their impact will mitigate any adverse variation in previously listed baseline assumptions.

**Caveats for Third-Party Readers of the Actuarial Analysis Summary
for Penick Village**

This summary is prepared for use as statutory disclosure of the actuarial study conducted on Penick Village as of September 30, 2023, and submitted to the Board of Penick Village on February 21, 2024. Any reader of this summary should be made aware that this actuarial summary was prepared for users of the report who are familiar with the proposed operations of Penick Village and the environment in which a CCRC operates. The consulting staff of A.V. Powell & Associates, LLC are available, at the reader's expense and with written permission from Penick Village, to further explain the assumptions, implications and appropriate interpretations of this summary. In particular, the reader is alerted to the context that the actuarial opinion is only valid for the unique and extensive set of actuarial, financial, demographic, operational, and new entrant assumptions that were used to prepare the actuarial report and content therein.

In accordance with Section 3.3 Special Circumstances in Actuarial Standards of Practice No. 41 for Actuarial Communications, all third-party readers should be aware that this actuarial summary was developed with constraint limitations on its content. This means that the content of this actuarial summary deviates from including all of the information suggested by the [Actuarial Standards of Practice No. 3 for CCRCs](#) and [Actuarial Standards of Practice No. 41 for Actuarial Communications](#). Such information is not included because it has been made available to the Board and management of Penick Village for whom the actuarial report was prepared.

Each third-party reader should recognize that this actuarial summary was based on results of a limited use actuarial study and will place no reliance on the actuarial summary nor any data contained herein which would result in the creation of any duty or liability by A.V. Powell & Associates, LLC to them or other parties using any report prepared by them.



ATTACHMENTS

The following attachments comply with applicable statutory and regulatory requirements.

Attachment 1	Consolidated Financial Statements and Supplementary Information Years Ended September 30, 2023 and 2022
Attachment 2	Projected Financial Statements and Independent Accountants' Compilation Report for the Five Years Ending September 30, 2024 - 2028
Attachment 3	Independent Living Residency Agreement
Attachment 4	Healthcare Residence and Services Agreement
Attachment 5	Short-Term Healthcare Residence and Services Agreement
Attachment 6	Future Residency Program Agreement
Attachment 7	Expansion Plan – Phase I Escrow Agreement

Attachment 1

Consolidated Financial Statements and Supplementary Information Years Ended September 30, 2023 and 2022

PENICK VILLAGE, INC.

**COMPILATION OF A FINANCIAL PROJECTION AND
SUPPLEMENTAL DISCLOSURE INCLUDING
COMPILATION OF A FINANCIAL PROJECTION**

**FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH
SEPTEMBER 30, 2028**



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**PENICK VILLAGE, INC.
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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Penick Village, Inc.
Southern Pines, North Carolina

Management is responsible for the accompanying projection of Penick Village, Inc. ("Penick" or "the Organization") which comprises the projected balance sheets as of September 30, 2024 through 2028, and the projected statements of operations and changes in net assets, and cash flows for the years then ending, including the related summary of significant projection assumptions and accounting policies in accordance with guidelines for the presentation of a projection established by the American institute of Certified Public Accountants ("AICPA"). We have performed a 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 projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this projection. Furthermore, even if Penick is able to achieve the hypothetical assumptions as noted in Management's Summary of Significant Projection Assumptions and Accounting Policies on page 5 (the "Hypothetical Assumption"), the projected results may not be achieved, as there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying projection and this report are intended solely for the information and use of Penick and was prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and are not intended to be and should not be used for any other purpose.

The accompanying supplementary information beginning on page 22 is presented for purposes of additional analysis and is not a required part of the projection. 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, or provide any assurance on such information.

As discussed in Note 2, accounting principles generally accepted in the United States of America require that the financial statements for affiliates meeting certain criteria be consolidated with the parent organization's financial statements. For purposes of this projection, the financial statements of two affiliates (The Penick Village Foundation, Inc. and JA Greer Group, LLC), which should be included with Penick Village, Inc.'s consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the projected financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the projected financial position, results of operations and cash flows have not been determined.

Board of Directors
Penick Village, Inc.
Southern Pines, North Carolina

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 23, 2024

PENICK VILLAGE, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 5,165	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,797
Assets Limited As To Use, Current	609	609	609	609	609
Investments	4,706	4,685	4,573	4,510	4,714
Receivables:					
Accounts and Notes, Net of Allowance	544	570	578	596	613
Due from Affiliate	1,848	1,848	1,848	1,848	1,848
Other Receivables	91	94	97	100	103
Prepaid Expenses and Other Current Assets	259	271	276	284	292
Total Current Assets	13,222	13,381	13,444	13,573	13,975
Assets Limited As To Use					
Investments - Operating Reserve Requirement	4,193	4,317	4,446	4,578	4,715
Debt Service Reserve Fund - Series 2019 Bonds	2,007	2,007	2,007	2,007	2,007
Bond Funds	167	167	167	167	167
Restricted Funds	10	10	10	10	10
Total Assets Limited As To Use	6,377	6,501	6,630	6,762	6,899
Property and Equipment, Gross	69,322	71,467	73,677	75,952	78,296
Less: Accumulated Depreciation	(22,422)	(25,049)	(27,787)	(30,639)	(33,608)
Property and Equipment, Net	46,901	46,418	45,890	45,314	44,689
Other Assets					
Investment in Affiliate	1	1	1	1	1
Due From JA Greer Group, LLC	2,186	2,186	2,186	2,186	2,186
Beneficial Interest in Annuities	182	182	182	182	182
Intangible Assets	104	101	99	96	93
Other	109	109	109	109	109
Total Assets	\$ 69,082	\$ 68,880	\$ 68,540	\$ 68,223	\$ 68,133
Liabilities and Net Assets					
Current Liabilities					
Current Maturities of Long-Term Debt	\$ 490	\$ 505	\$ 525	\$ 545	\$ 570
Payable from Assets Limited as to Use	119	119	119	119	119
Accounts Payable	550	563	580	598	616
Accrued Liabilities	841	845	870	897	923
Application and Prepaid Admission Deposits	237	237	237	237	237
Refund Liability, Current Portion	319	-	-	-	-
Total Current Liabilities	2,556	2,270	2,332	2,395	2,465
Refund Liability, Less Current Portion	3,088	3,088	3,088	3,088	3,088
Deferred Revenue from Entrance Fees	20,598	21,111	21,439	21,744	22,190
Long-Term Debt, Net of Current Portion - Existing	30,572	30,067	29,542	28,997	28,427
Deferred Financing Costs	(968)	(936)	(903)	(871)	(839)
Bond premium	2,015	1,945	1,876	1,807	1,738
Long-Term Debt, Net of Financing Costs	31,619	31,077	30,515	29,933	29,326
Interest Rate Cap Agreement	1	1	1	1	1
Total liabilities	57,862	57,546	57,374	57,161	57,069
Net Assets					
Without Donor Restrictions	10,513	10,627	10,460	10,355	10,357
Net Assets with Donor Restriction					
Net Assets with Donor Restriction	707	707	707	707	707
Total net assets	11,220	11,334	11,167	11,062	11,064
Total Liabilities and Net Assets	\$ 69,082	\$ 68,880	\$ 68,540	\$ 68,223	\$ 68,133

See accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report

PENICK VILLAGE, INC.
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Revenue, Gains, and Other support					
Net Resident Service Revenue					
Independent Living	\$ 7,609	\$ 8,029	\$ 8,272	\$ 8,520	\$ 8,776
Health Care Revenue	7,750	7,988	7,886	8,123	8,390
Less Contractual Adjustments and Benevolent Assistance	(388)	(399)	(300)	(309)	(319)
Net Resident Service Revenue	14,970	15,619	15,858	16,334	16,847
Earned Entrance Fees	3,549	3,733	3,893	4,054	4,235
Other Operating Revenue	358	374	380	391	403
Contributions	1,176	1,174	1,085	1,117	1,153
Total Revenue, Gains, and Other Support	20,054	20,899	21,216	21,896	22,638
Operating Expenses					
Program Services					
Dining Services	3,121	3,214	3,311	3,410	3,512
Housekeeping	1,093	1,126	1,160	1,195	1,231
Nursing	3,219	3,315	3,415	3,517	3,623
Residential Assisted Living	531	547	563	580	598
Resident Services	264	272	280	289	297
Facility Services	2,159	2,224	2,290	2,359	2,430
Life Enrichment Program	452	466	480	494	509
Home Care	844	870	896	923	950
Garden Cottage	580	597	615	634	653
Transportation	95	98	101	104	107
Total Program Services	12,359	12,729	13,111	13,505	13,910
Supporting Services					
Administration and General	2,375	2,446	2,520	2,595	2,673
Information Systems	717	738	760	783	807
Human Resources	562	579	596	614	633
Marketing and Development	624	643	662	682	702
Depreciation and Amortization	2,398	2,630	2,741	2,855	2,972
Interest and Amortization	1,498	1,480	1,460	1,440	1,419
Total Supporting Services	8,175	8,517	8,740	8,969	9,206
Total Operating Expenses	20,533	21,246	21,851	22,474	23,115
Operating Gain (Loss)	(480)	(347)	(635)	(578)	(478)
Nonoperating Income					
Investment Earnings, Net	317	460	468	473	480
Total Nonoperating Income (Loss)	317	460	468	473	480
Excess (Deficit) of Revenues Over Expenses and Changes in Net Assets	(163)	114	(167)	(105)	2
Net increase (decrease) in net assets	(163)	114	(167)	(105)	2
Net Assets, Beginning of Year	11,383	11,220	11,334	11,167	11,062
Net Assets, End of Year	\$ 11,220	\$ 11,334	\$ 11,167	\$ 11,062	\$ 11,064

See accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report

PENICK VILLAGE, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (163)	\$ 114	\$ (167)	\$ (105)	\$ 2
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	2,396	2,627	2,738	2,852	2,969
Amortization of Debt Issuance Costs	32	32	32	32	32
Amortization of Bond Premium	(69)	(69)	(69)	(69)	(69)
Amortization of Entrance Fees	(3,549)	(3,733)	(3,893)	(4,054)	(4,235)
Amortization of Intangible Assets	3	3	3	3	3
Nonrefundable Entrance Fees Received	5,963	4,890	4,991	4,995	5,289
Net Changes In Operating Assets and Liabilities:					
Accounts and Notes Receivable	(89)	(25)	(9)	(17)	(17)
Other Receivables	(36)	(3)	(3)	(3)	(3)
Due to Affiliates	(60)	-	-	-	-
Prepaid Expenses and Other Current Assets	140	(12)	(4)	(8)	(8)
Payable from Assets Limited as to Use	1	-	-	-	-
Accounts Payable	(1,102)	13	17	17	18
Accrued Liabilities	85	4	25	26	27
Net Cash Provided by Operating Activities	3,552	3,841	3,661	3,668	4,008
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(2,493)	(2,145)	(2,209)	(2,276)	(2,344)
Net Change in Assets Limited as to Use	(621)	(124)	(129)	(132)	(137)
Net Change in Investments	1,724	21	111	63	(205)
Net Cash Used in Investing Activities	(1,389)	(2,248)	(2,227)	(2,345)	(2,685)
CASH FLOWS FROM FINANCING ACTIVITIES					
Refunds of Entrance Fees - Existing	(1,314)	(963)	(770)	(635)	(609)
Principal payments on Long-Term Debt	(465)	(490)	(505)	(525)	(545)
Net Cash Used In Financing Activities	(1,779)	(1,453)	(1,275)	(1,160)	(1,154)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	383	140	159	164	169
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	7,197	7,580	7,720	7,879	8,043
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 7,580	\$ 7,720	\$ 7,879	\$ 8,043	\$ 8,212
<i>Cash Flow Reconciliation:</i>					
Cash and Cash Equivalents	\$ 5,165	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,797
Restricted Cash	2,415	2,415	2,415	2,415	2,415
Total Cash, Cash Equivalents and Restricted Cash	\$ 7,580	\$ 7,720	\$ 7,879	\$ 8,043	\$ 8,212
Cash Paid for Interest, Net of Capitalization	\$ 1,536	\$ 1,517	\$ 1,497	\$ 1,477	\$ 1,456

See accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 1 NATURE OF ACTIVITIES

Penick Village, Inc. (the “Organization” and the “Existing Community”) operates a life plan community. The Organization is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is, therefore exempt from federal and state income taxes.

NOTE 2 BASIS OF PRESENTATION

The financial projection presents, to the best of management’s (“Management”) knowledge and belief the Organization’s, excluding its two affiliates Penick Village Foundation, Inc. (the “Foundation”) and JA Greer Group, LLC (the “Group”), expected balance sheets, statements of operations and changes in net assets and cash flows as of and for each of the five years ending September 30, 2024 through 2028 (the “Projection Period”).

The Foundation was organized in September 2003 to raise funds for the Organization’s support. The Foundation began receiving contributions in October 2005. The Foundation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is therefore, exempt from federal and state income taxes. The Foundation is not classified as a private foundation.

The Group was organized in November 2016 to own and manage a multi-family property purchased by the Group in December 2016. The Group is a single-member limited liability company formed and organized in the state of North Carolina.

Management’s financial projection has been prepared for the specific purpose of presenting the projected balance sheets, statements of operations and changes in net assets, and cash flows for Penick Village, Inc. This presentation is not intended to include the consolidated projected financial statements of Penick Village, Inc. which would include the Foundation and the Group. Accordingly, the projection is not intended to be a presentation in conformity with U.S. generally accepted accounting principles since it excludes the Foundation and the Group.

A projection, although similar to a forecast, is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be “Hypothetical Assumptions” as defined by the American Institute of Certified Public Accountants’ *Guide for Prospective Financial Information*. A Hypothetical Assumption is defined as follows: “An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation.”

Management has prepared its financial projection with the following Hypothetical Assumptions:

- Management is able to achieve the operating revenue inflationary rate increases and operating expense inflationary rate increases as projected;
- Management is able to achieve projected occupancy increases as projected; and
- Management is able to achieve contributions as projected.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 2 BASIS OF PRESENTATION (CONTINUED)

Accordingly, the financial projection reflects Management's assumptions as of February 23, 2024, the date of this projection, of the expected conditions and its expected course of action assuming the Hypothetical Assumptions. The assumptions disclosed herein, while not all-inclusive, are the assumptions which Management believes are significant to the financial projection. Furthermore, even if the Hypothetical Assumptions were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management's purpose in releasing this financial projection is for inclusion in the Organization's disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes.

Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the projection based on Managements' assumptions at the time of the projection. Management recognizes that there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers cash and cash equivalents to include all cash and highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, including restricted cash.

Assets Limited as to Use

Assets limited as to use includes reserves by state statute, limitations placed on assets by the Board of Directors, funds held by a trustee under the debt-related agreements, and funds held for the residents and other purposes. In accordance with North Carolina General Statute 58-64-33, if a facility maintains an occupancy level in excess of ninety percent, a provider is required to maintain an operating reserve equal to twenty-five percent of the total operating costs for the twelve-month period related to the calculation, including debt service not accounted for in a separate reserve, otherwise an operating reserve equal to fifty percent is required. Management has designated the unrestricted investments to meet the twenty-five percent operating reserve requirement.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in accordance with accounting requirements for certain investments held by nonprofit organizations, in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, short and long-term capital gains, interest, and dividends) is reported as an increase in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Fair Value Measurements

Generally accepted accounting principles ("GAAP") defines fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Notes Receivable

Accounts receivable are uncollateralized resident obligations due under normal trade terms generally requiring payment within 30 days from the invoiced date. Notes receivable represent written promissory notes from residents to fulfill past due accounts based on agreed payment schedules. The carrying amount of accounts and notes receivable is reduced by an allowance for current expected credit losses that reflects management's estimate of the amounts that will not be collected. Management reviews each account receivable balance that exceeds 120 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management applies an estimated write-off percentage to total outstanding accounts and notes receivable, not previously reviewed, to estimate a general allowance for expected credit losses covering those amounts. As of September 30, 2023, the allowance for expected credit losses was approximately \$103,000 and Management has projected maintaining a consistent allowance for expected credit losses during the Projection Period.

Property, Equipment and Depreciation

Property and equipment are carried at cost. Expenditures for maintenance, repairs and minor renovations are expensed as incurred. Major renovations and improvements are capitalized. The Organization capitalizes all assets over \$5,000 with a useful life greater than one year. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings	7-50 years
Equipment and Furnishings	3-10 years
Landscaping	5-15 years
Paving	5-10 years
Motor Vehicles	3-5 years

Financing Costs

Costs incurred in acquiring bond financing are capitalized and amortized over the repayment periods associated with the underlying debt obligation. As noted in Note 7, Liability Assumptions, during the 2020 fiscal year, the Organization issued new debt in the form of the Series 2019 Bonds. As part of the Series 2019 Bonds, the Organization paid \$1,130,000 of deferred financing costs. Management has projected unamortized financing costs of approximately \$968,000, \$936,000, \$903,000, \$871,000 and \$839,000 for the years ending September 30, 2024, 2025, 2026, 2027 and 2028, respectively, and have been reflected as a reduction in long-term debt. Annual amortization of financing costs of approximately \$32,000 is included as a component of interest expense in each year of the Projection Period on the projected statements of operations and changes in net assets.

Original Issuance Premium

Original issuance premium is being amortized using the straight-line method over the term of the related financing agreement. Management has projected unamortized original issuance premium costs of approximately \$2,015,000, \$1,945,000, \$1,876,000, \$1,807,000, and \$1,738,000 for the years ending September 30, 2024, 2025, 2026, 2027 and 2028, respectively, and have been reflected as an increase in long-term debt. Annual amortization expense of the original issuance premium is projected to be approximately \$69,000, annually, during the Projection Period and is included as a component of interest expense on the projected statement of operations and changes in net assets.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application and Admission Deposits

These advance payments are made by prospective residents for the purpose of establishing their name on the Organization's waiting list or requesting a certain model of residence. These advance payments are applied to the resident's entrance fee once admitted, less an administrative fee, or are refunded if not admitted or the prospective resident elects to cancel their wait-list reservation.

Deferred Entrance Fees and Refund Liability

New residents enter the Organization under one of the following contracts, 1) traditional amortized plan, 2) 50% refundable upon separation from the campus and re-occupancy of the residence, or 3) 90% refund upon separation from the campus and re-occupancy of the residence. Under the traditional amortized plan, residents are not entitled to refunds after 12 months, or 24 months depending on the contract. The nonrefundable portion of an entrance fee paid by a resident is amortized to income using the straight-line method over the actuarially calculated life expectancy of the resident. The nonrefundable portion of entrance fees is classified as deferred revenue. The refundable portion of entrance fees is carried as a liability as the Organization's residency contracts generally do not explicitly limit the refundable portion of the entrance fees to the proceeds of the same residence's re-occupancy.

Obligations to Provide Future Services

The Organization enters into various continuing care contracts with residents. A life plan contract is an agreement between a resident and the Organization specifying the services and facilities to be provided over the resident's remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. For the year ended September 30, 2023, the Organization engaged a nationally accredited actuary firm to calculate the present value of the estimated net cost of future services to be provided, including the cost of facilities to current residents; and compared that calculated amount with deferred revenue from entrance fees. Under GAAP, if the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, an additional liability is shown in the projected balance sheets. No such liability was recorded as of September 30, 2023 as the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from entrance fees. Management has assumed that there will be no such liability throughout the Projection Period.

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving nursing services or housing residents receiving services in the facilities (e.g., therapy). The Organization considers daily services provided to residents of the nursing facilities, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and dining room meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations have a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or explicit/implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of explicit/implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than the established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities are paid under the Patient Driven Payment Model (PDPM). Under PDPM, therapy minutes were removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduced variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Medicaid

Effective October 1, 2019, new PDPM Health Insurance prospective Payment System (“HIPPS”) codes replaced Resource Utilization Group (“RUG”) scores listed on each claim for determining reimbursement amounts. Annual Medicaid cost reports are required by the state of North Carolina, however, they are not used to settle the costs of claims. Instead, the cost reports are used in the development of price-based rates and to monitor the adequacy of the reimbursement methodology.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident’s ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Benevolent Assistance

The Organization provides services to residents who meet certain criteria under its benevolent assistance policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as benevolent assistance, such forgone resident service fees are not reported as net resident service revenue.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the projected statements of operations and changes in net assets without donor restriction.

Income Taxes

The Organization is exempt from federal and state income taxes under Code Section 501(c)(3) of the Internal Revenue code; accordingly, the projected financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefit or obligations as of September 30, 2023.

Net Assets

The Organization reports net assets as net assets without donor restriction and net assets with donor restriction depending on the presence and type of donor-imposed restrictions limiting the Organization's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without donor restriction include those whose use is not restricted by donors even though their use may be limited in other respects, such as by board designation. Net assets with donor restriction are those net assets whose use has been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes or (c) to be maintained in perpetuity. Management has not projected any changes in net assets with donor restriction during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits in excess of federally insured limits, investments, accounts receivable, and entrance fees receivable. The Organization maintains cash balances in bank accounts, the balances of which may at times exceed federally insured limits. Investments are held in high quality institutions and are composed of stocks, fixed income securities, and mutual funds backed by the credit ratings of various companies and governments. Accounts receivable consist of amounts due from residents and third-party payors, including various insurance companies and the U.S. Government under the Medicare and Medicaid programs. Accounts receivable are carried at estimated net realizable value.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 4 SUPPORT AND REVENUE ASSUMPTIONS

The following summarizes significant assumptions for projected revenues.

1. Management has projected entrance fee receipts and refunds from unit turnover for the years ending September 30, as follows:

	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Entrance Fees Received	\$ 5,963	\$ 4,890	\$ 4,991	\$ 4,995	\$ 5,289
Entrance Fees Refunded	(1,314)	(963)	(770)	(635)	(609)
Net Entrance Fees Received	\$ 4,649	\$ 3,927	\$ 4,221	\$ 4,360	\$ 4,680

2. Management has projected the average occupancies for the fiscal years ending September 30, as follows:

	2024	2025	2026	2027	2028
Independent Living	91.6%	93.3%	93.3%	93.3%	93.3%
Assisted Living	81.2%	81.2%	81.2%	81.2%	81.2%
Skilled Nursing ⁽¹⁾	62.5%	62.5%	91.4%	91.4%	91.4%
Weighted Average Occupancy	83.7%	84.8%	90.8%	90.8%	90.8%

Note 1: In 2026, Management has assumed an available bed reduction from 50 beds to 32 beds.

3. Management has projected the weighted average monthly service and daily fees for the years ending September 30, as follows:

	2024	2025	2026	2027	2028
Independent Living (monthly)	\$ 4,155	\$ 4,280	\$ 4,408	\$ 4,541	\$ 4,677
Assisted Living (monthly)	\$ 7,772	\$ 8,005	\$ 8,245	\$ 8,493	\$ 8,748
Skilled Nursing (daily)	\$ 375	\$ 386	\$ 398	\$ 410	\$ 422

4. Management has projected that monthly service fee and daily fees for the Organization would increase for the years ending September 30, as follows:

	2024	2025	2026	2027	2028
Independent Living	(1)	3.0%	3.0%	3.0%	3.0%
Assisted Living	(1)	3.0%	3.0%	3.0%	3.0%

Note 1: Based on Management's 2024 budget.

For skilled nursing, Management has projected a blended inflationary increase of 3.0 percent for skilled nursing residents.

5. Net investment earnings are based on Management's budget for the year ending September 30, 2024. Management has projected an assumed rate of return of 3.0 percent on all investments and on cash and cash equivalents, and 1.0 percent on all funds held by Trustee under debt agreements during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

6. Contributions are based on Management's budget for the year ending September 30, 2024, and have been projected at a consistent level during all years of the Projection Period.
7. Other operating revenue is based on Management's historical operating experience.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 5 EXPENSE ASSUMPTIONS

The following summarizes significant assumptions for projected expenses.

1. Depreciation expense is based on Management's budget for the year ending September 30, 2024. Depreciation expense thereafter is assumed to increase based on the level of capital expenditures (as discussed in Note 6), utilizing a mid-year convention under the straight-line depreciation method, with a standard useful life of 15 years for all assets.
2. Interest expense is projected based on the annual requirements associated with the long-term debt. Interest expense also includes (i) amortization expense related to the financing costs which Management has amortized using straight line method over the period of the underlying bonds and (ii) amortization of the bond premium which is amortized over the period of the underlying Series 2019 Bonds.
3. Operating expenses for the year ending September 30, 2024 are based on Management's budget.

For each of the years ending September 30 thereafter, Management projects a 3% wage increase in 2024 and thereafter during the Projection Period. Employer taxes and employee benefits have been projected at approximately 25% of salaries and wages during all years of the Projection Period.

In each year ending September 30, 2024 – 2028, Management has also projected the following:

- Raw food costs are projected to increase at 3.0 percent per annum.
- All other expenses included in the projection, with the exception of depreciation, amortization, and interest, are assumed to increase by 3.0 percent in 2025 and annually thereafter during the Projection Period.

NOTE 6 ASSET ASSUMPTIONS

The following summarizes significant assumptions for projected assets.

1. Projected cash and cash equivalents balances for the Projection Period are based on the results of the Projected Statements of Cash Flows and reflect amounts that are highly liquid with a maturity of three months or less. For purposes of presentation, cash and cash equivalents balances are estimated to be approximately 113 days of operating expenses, less interest, depreciation and amortization expenses; for 2024, 2025, 2026, 2027, and 2028. Amounts in excess of these amounts are classified as investments.
2. Assets limited as to use – current is projected based upon the projected balances of the Bond Funds and Restricted Funds as of September 30 of each fiscal year in the Projection Period.
3. Accounts and notes receivable, net are projected to approximate 13 days net resident service revenue and other operating revenue.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 6 ASSET ASSUMPTIONS (CONTINUED)

4. Management has projected assets limited as to use to consist of the following:
 - a. Operating Reserve Requirement (see further description contained hereinafter);
 - b. Debt Service Reserve Fund – Represents the debt service reserve fund related to the Series 2019 Bonds
 - c. Bond Funds – Represents future principal and interest payments on the Series 2019 Bonds; and
 - d. Restricted Funds

5. Management has projected the following capital expenditures for the years ending September 30:

	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Routine Capital Expenditures	\$ 2,493	\$ 2,145	\$ 2,209	\$ 2,276	\$ 2,344

6. Management has projected the balances of property and equipment, for the years ending September 30, as follows:

	2024	2025	2026	2027	2028
Land	\$ 588	\$ 588	\$ 588	\$ 588	\$ 588
Landscaping	144	163	182	201	222
Buildings	64,062	65,822	67,638	69,506	71,431
Equipment and Furnishings	2,064	2,429	2,805	3,193	3,592
Paving	103	103	103	103	103
Motor Vehicles	323	323	323	323	323
Construction in Process	2,039	2,039	2,039	2,039	2,039
Property and Equipment, Gross	69,323	71,467	73,677	75,953	78,297
Accumulated Depreciation	(22,422)	(25,049)	(27,787)	(30,639)	(33,608)
Property and Equipment, Net	\$ 46,901	\$ 46,418	\$ 45,890	\$ 45,314	\$ 44,689

7. Other receivables are projected to approximate 2 days net resident service revenue and other operating revenue.

8. Other assets consist primarily of amounts due from the Group and the Foundation (related parties), annuities, intangible assets, and other assets. Management believes the amounts are fully collectible and not presently subject to impairment revaluation.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 6 ASSET ASSUMPTIONS (CONTINUED)

9. Management has projected the operating reserve as required by Section 58-64-33(a) of the General Statutes of North Carolina for the fiscal years ending September 30, as follows:

As of September 30,	2024	2025	2026	2027	2028
Independent Living Units Occupied ⁽¹⁾	137	140	140	140	140
Assisted Living Units Occupied	34	34	34	34	34
Total Occupied	171	174	174	174	174
Total Available Units	186	186	186	186	186
Occupancy	91.2%	93.6%	93.6%	93.6%	93.6%

	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Total Operating Expenses	\$ 20,533	\$ 21,246	\$ 21,851	\$ 22,474	\$ 23,115
Less:					
Depreciation and Amortization	(2,398)	(2,630)	(2,741)	(2,855)	(2,972)
Amortization of Issuance Costs and Original Issue Discount Included as a component of Interest Expense	102	102	102	102	102
Plus:					
Routine Principal Payments					
Series 2019 Bonds	465	490	505	525	545
Less:					
Amounts Set-Aside in Debt Service Reserve Fund					
Series 2019 Bonds	(1,931)	(1,938)	(1,933)	(1,933)	(1,932)
	\$ 16,771	\$ 17,270	\$ 17,784	\$ 18,313	\$ 18,859
Required Reserve Multiplier ⁽²⁾	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 4,193	\$ 4,317	\$ 4,446	\$ 4,578	\$ 4,715

Notes:

- (1) Due to the Organization having an assumed combined occupancy as of September 30th of each year in the Projection Period in excess of 90%, the required reserve multiplier is 25%.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 7 LIABILITY ASSUMPTIONS

The following summarizes significant assumptions for projected liabilities.

1. Accounts payable is projected to approximate 12 days operating expenses excluding depreciation, amortization, and interest during the Projection Period.
2. Accrued liabilities are projected to approximate 18 days of operating expenses excluding depreciation, amortization, and interest during the Projection Period.
3. At September 30, 2023, the Organization's outstanding long-term debt totaled \$31,457,770 which was comprised of the following:
 - \$31,457,770 of Series 2019 tax-exempt bonds (the "Series 2019 Bonds"); issued November 2019; annual payment of principal is due beginning September 2020; all unpaid principal and interest is due September 2054. Interest on the Series 2019 Bonds is payable bi-annually with an interest rate of 3.5% - 4.125%.

In November 2019, the Organization entered into a debt agreement with the Public Finance Authority for the issuance of \$32,440,000 of Retirement Facilities Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds included a bond premium of \$2,424,620. Proceeds from the 2019 Bonds were used to finance the costs of construction of the Wharton Apartment Residences and master planning of future construction, to refund certain outstanding debt obligations, to fund a reserve fund and capitalized interest, and to pay certain expenses in connection with the issuance of the 2019 Bonds. Interest on the 2019 Bonds are payable on each March 1 and September 1, beginning on March 1, 2020, at rates ranging from 3.5% to 4.125% through the maturity date of September 1, 2054. The 2019 Bonds are secured by the property of the Village, including rights under its residency agreements. Under this agreement, the outstanding obligations related to the Series 2010B Bonds, Series 2012A Bonds, construction loan, Bank Loan, and Line of Credit were redeemed in whole.

The Organization realized a bond premium in the amount of \$2,424,620 for the year ended September 30, 2020, in association with the issuance of the Series 2019 Bonds. The bond premium costs have been capitalized and are being amortized using the straight-line method over the life of the underlying bonds. Amortization expense of approximately \$69,000 included with interest expense on the combined projected statements of operations and changes in net assets. The remaining unamortized amount is presented as additional long-term debt liability on the projected balance sheets.

In February 2022, the Organization entered into a \$650,000 secured line of credit with a variable interest rate (based upon the Wall Street Journal Prime Rate (the "Index") + .5%, but at no time less than 4.00%). The line of credit has a maturity date of February 2024. Interest accrues and is payable monthly. There is no outstanding balance on the line of credit at September 30, 2023. Management has projected no draw downs on the line of credit during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 7 LIABILITY ASSUMPTIONS (CONTINUED)

The following table represents Management's assumptions regarding future payments on their debt:

Years Ending September 30,	Series 2019 Bonds (In \$'000's)	
2024	\$	465
2025		490
2026		505
2027		525
2028		545
Thereafter		28,928
Total	\$	31,458

4. In projecting the Refund Liability and Deferred Revenue, the Organization assumed that 100% of turnover independent living residents would select the traditional amortizing plan. In addition, Management has projected an annual pricing inflation in a range of 3.5 percent to 5.6 percent in 2025, depending upon the specific unit and then at 3.5 percent on entrance fees throughout the remainder of the projected period. Management has projected entrance fee refunds based upon historical experience and actuarial projected results.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Expansion Plans: Independent Living Units

The Organization plans to construct, finance and operate the addition of 44 independent living apartments, renovations to the existing healthcare center, a new Welcome House (as defined hereinafter), and a new wellness center (and all elements collectively the “Project”). Management has not secured permanent financing or secured pre-sales for the Project. As of the date of this report, Management has received a design drawings package with preliminary cost estimates and has begun its sales effort to begin taking \$1,000 priority deposits for the Project’s Independent Living Units (the “New Independent Living Units”, or “New ILU”).

The Project is planned to consist of the following:

- The “Villas” - 18 independent living apartments in three separate mini-hybrid buildings to be known as the “Grove”. Each mini-hybrid building is planned to include six (6) two-bedroom apartments ranging from 1,500 – 1,900 square feet, in a two-story building over a parking garage. Each mini-hybrid building is assumed to be approximately 16,100 square feet. In addition, each Villa includes a private, individual parking garage.
- The “Hybrid” – 26 independent living apartments in a single hybrid building to be known as “Weymouth Glen”. The Hybrid is planned to include one- and two-bedroom apartments ranging from 1,000 – 1,900 square feet, in an approximate 67,000 square feet, three-story building over an underground parking garage. The Hybrid is anticipated to include a small, shared common area. Each Hybrid is expected to include assigned underground parking.
- The “Healthcare Renovation” – Management plans to renovate the existing healthcare center’s interior to include new paint, new carpet, and renovations to the dining and commons areas. Management also plans improvements and repairs to the exterior building including new paint and an upgraded porte-cochere.
- The “New Wellness Center” – Management plans to construct an approximate 5,000 square feet New Wellness Center to include a fitness room and a separate multipurpose room for aerobics, classroom education, and a pickle ball court.
- The “Welcome House” – Management plans to include a new security guard house and a replacement security gate at the main entrance to Penick Village.

As the Project represents adding more than 10% of the current independent living inventory, the Organization is required to pre-sell the units and follow Chapter 58 Article 64 of the North Carolina General Statutes and receive approval from the North Carolina Department of Insurance. Their process includes “4 Steps”, of which the Organization has received approval for Step 1 in January 2024. This approval allows the Organization to accept \$1,000 non-binding reservation agreements for the new units. As of the date of this report, 35 non-binding agreements have been signed as discussed hereafter.

The pre-sell requirement will be fulfilled when the Organization has entered into binding reservation agreements equal to at least 70% of the total number of the New Independent Living Units being developed are accompanied with a deposit equal to at least 10% of the entrance fee. Financing will be contingent upon receiving these approvals.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

The preliminary plans for the financing of the Project contemplate the issuance of a fixed rate tax-exempt bonds, although the final plan of finance will depend on economic conditions at the time of the financing. Management has projected the financing for the Project would occur in January 2025, and that the construction of the full Project could be completed by August 2026.

The information provided in this section provides Management's key projection assumptions relating to the Project. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the projection and are the assumptions which Management believes are significant to the financial projection included in the Supplemental Disclosure. However, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The information provided in this section provides Management's key assumptions relating to the Project. The disclosures in the Supplemental Disclosure add specific disclosures related to the Project. Other key assumptions have been presented in Management's summary of significant projection assumptions and accounting policies as disclosed previously, and also apply to Management's projection included in this Supplemental Disclosure.

Management has identified the following hypothetical assumptions for the Project (the "Supplemental Hypothetical Assumptions"):

- The Project is constructed for amounts and under the timing noted in this Supplemental Disclosure;
- Management fills and sells any Project-related units, at the disclosed fee levels, as noted in this Supplemental Disclosure;
- All regulatory approvals are received in accordance with the projected timeline detailed herein;
- Management is able to finance the Project as noted in this Supplemental Disclosure; and
- Management operates the Project as noted in this Supplemental Disclosure.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Projected Project Configuration and Pricing

The following table summarizes Management's projected unit configuration and pricing for the Project's New Independent Living Units. The monthly fees are presented in fiscal year 2024 dollars and are anticipated to increase 3 percent annually beginning January 1, 2025. The entrance fees noted below are presented in fiscal year 2024 dollars and are for Charter Members, the first 70 percent or 31 depositors who place a deposit equal to 10 percent of the entrance fee (the "Charter Entrance Fees"). The Charter Entrance Fees are anticipated to increase 6 percent at the commencement of construction and 8 percent upon opening of the New Independent Living Units and are anticipated to increase 3 percent annually thereafter.

**Supplemental Disclosure Table 1S
New Independent Living Unit
Projected Unit Configuration, Estimated Sizes and Pricing**

Unit Type	# of Units	Projected Weighted Average Square foot by Unit Type	Single Occupant Monthly Fee (FY2024) ⁽¹⁾	Single Occupant Traditional Plan Entrance Fee (Charter) ⁽²⁾⁽³⁾
<i>Weymouth Glen (Main Hybrid Building) (4)</i>				
Wren - 1 BR, 1.5 Bath	2	1,000	\$ 3,420	\$ 241,100
Sparrow - 1 BR, 1.5 Bath, Den/Study	4	1,250	4,285	316,880
Dove - 1 BR, 2.5 Bath, Den/Study	2	1,450	4,425	387,450
Starling - 2 BR, 2.5 Bath	6	1,500	4,580	400,800
Bluebird - 2 BR, 2.5 Bath, Den/Study	6	1,700	5,190	454,240
Cardinal - 2 BR, 2.5 Bath, Den/Study	6	1,900	5,800	507,690
Total/Weighted Avg - Weymouth Glen	26	1,558	\$ 4,856	\$ 411,577
<i>The Grove: Holly, Cypress, Juniper (Villas) (5)</i>				
Robin - 2 BR, 2.0 Bath	6	1,500	\$ 4,715	\$ 440,880
Osprey - 2 BR, 2.5 Bath, Study/Den	6	1,650	5,185	484,970
Heron - 2 BR, 2.5 Bath, Den/Study, Laundry	6	1,900	5,970	558,450
Total/Weighted Avg - The Grove	18	1,683	\$ 5,290	\$ 494,767
Total/Weighted Average New Independent Living Units	44	1,609	\$ 5,033	\$ 445,609

Source: Management

Notes:

- (1) Monthly fees effective through September 30, 2024. In addition to the first-person monthly fee, a second occupant would be charged \$1,318 per month.
- (2) The "Traditional Plan" is a zero percent refundable entrance fee plan.
- (3) A premium of \$5,000 is projected to be added to the third floor New Independent Living Units of the Grove.
- (4) Management has projected that construction of Weymouth Glen would be finished by May 2026 and would be available for occupancy beginning June 2026.
- (5) Management has projected that construction of the Grove would be finished by June 2026 and would be available for occupancy beginning August 2026.

Project

Management assumes that the Project would be financed in January 2025. Management projects that the Project would be available for occupancy in June 2026 for Weymouth Glen and in August 2026 for the Grove.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Plan of Finance - Project

The following presents Management's projected sources and uses of funds for the Project.

**Supplemental Disclosure Table 2S
Projected Sources and Uses of Funds
(In Thousands of Dollars)**

Sources of Funds:	
Series 2025 Long-Term Bonds	\$52,300 (1)
Series 2025 Intermediate Term Bonds	17,560 (2)
Interest on Series 2025 Bonds	1,392 (3)
Equity	-
Total Series 2025 Bonds	\$71,252
Uses of Funds	
Construction	\$50,886 (5)
Project Contingency	1,724 (6)
Professional Fees and Expenses	4,141 (7)
Furniture and Equipment	1,065 (8)
Marketing Costs	1,124 (9)
Other Costs	261 (10)
Cost of Issuance	1,400 (11)
Capitalized Interest Fund	6,592 (12)
Debt Service Reserve Fund	4,058 (13)
Total Uses of funds	\$71,252

Source: Management

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Notes to Supplemental Disclosure Table 2S:

- (1) Management has assumed that a portion of the Project would be financed through the issuance of fixed rate tax-exempt bonds (the "Series 2025 Long-Term Bonds"), bearing interest at 7.0 percent, subject to sinking fund payments, with a final maturity of 35 years from issuance. Management has assumed annual principal payments on September 1 of each year and semi-annual interest payments on September 1 and March 1 of each year.
- (2) Management has assumed that a portion of the Project would be financed through a short-term debt borrowing, either through bonds or bank placed debt (the "Series 2025 Intermediate Term Bonds"). This debt is anticipated to be repaid from the availability of entrance fees received from the New Independent Living Units (the "Initial Entrance Fees"). Management has assumed the Series 2025 Intermediate Term Bonds bear interest at 2.54 percent. The debt is assumed to have a 7 year maturity and is anticipated to qualify as qualified intermediate term indebtedness.

Collectively, the Series 2025 Long-Term Bonds and the Series 2025 Intermediate Term Bonds are known as the "Series 2025 Bonds".
- (3) Represents estimated earnings on borrowed funds during the construction period.
- (4) The projected plan of finance includes no equity. Should the capital markets environment or other factors change, the Organization may elect to contribute equity to fund a portion of the Project.
- (5) Construction reflects Management's estimate of anticipated costs of constructing the Project, including site related work. Construction also includes total construction and owner's contingency ranging from 6.5% - 7.5% and escalation contingency of construction cost of 6%.
- (6) Management has assumed a contingency for the Project for unanticipated costs and scope changes.
- (7) Professional fees and expenses reflect costs associated for architects, engineers, and interior design as estimated by Management.
- (8) Furniture and equipment reflects Management's anticipated costs related to furnishings, interior and exterior signage, and owner related low voltage/technology related costs.
- (9) Marketing costs reflect Management's estimate of costs to market the Project's units.
- (10) Reflects Management's estimated costs related to legal, regulatory, zoning and other entitlement costs.
- (11) Cost of issuance reflect Management's estimate of costs associated with the issuance of the Series 2025 Bonds.
- (12) Reflects estimated interest expense for approximately 25 months (22 months of construction plus an additional 3 months) that is assumed to be borrowed as projected by Management.
- (13) Reflects Management's estimate of a debt service reserve fund associated with the proposed Series 2025 Bonds.

Management has projected that the Series 2025 Bonds would be secured by a revenue pledge as well as secured by substantially all of the property and equipment of the Organization. The Series 2025 Bonds are anticipated to have trust indentures and loan agreements on a parity basis with the Organization's existing outstanding Series 2019 Bonds.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Marketing the Project

Management has indicated it would like to achieve a minimum of 70 percent presale level once it is able to accept deposits equal to 10 percent of an entrance fee for the New Independent Living Units prior to going to financing.

Management believes that it will be able to achieve its 70 percent presale by January 2025. Management has presented its projected 10 percent presale level activity as follows:

**Supplemental Disclosure Table 3S
10 Percent Presales – New Independent Living Units**

	Total Available Units	Monthly Pre- Sales	Cancellations	Net Sales	Cumulative Sales	Presale Percentage
Fiscal Year 2024						
May	44	4	0	4	4	9.1%
June	44	4	0	4	8	18.2%
July	44	4	0	4	12	27.3%
August	44	4	0	4	16	36.4%
September	44	4	0	4	20	45.5%
Fiscal Year 2025						
October	44	3	0	3	23	52.3%
November	44	3	0	3	26	59.1%
December	44	3	0	3	29	65.9%
January	44	3	0	3	32	72.7%
February	44	3	0	3	35	79.5%
March	44	3	0	3	38	86.4%
April	44	3	0	3	41	93.2%
May	44	3	0	3	44	100.0%

Source: Management

As part of its marketing efforts, Management anticipates expenditures related to digital, events, media and print collateral, as well as media campaigns that is more robust than its typical marketing activities. The increased intensity is based on the need to sell 44 New ILUs in a relatively short period of time to prospective residents who will not be immediately, as opposed to approaching waiting list prospects who can move into a unit immediately. Management has budgeted amounts necessary to conduct the marketing campaign to achieve its anticipated occupancy levels as projected as reflected in Supplemental Disclosure Table 4S.

Management has identified its primary market area (“PMA”) from which it expects at least 70% of its depositors to come from and has a marketing plan that integrates direct marketing and sales activity, digital and virtual marketing which is supported by an in-person sales process. Currently the marketing department has a director, two sales counselors and a move in coordinator who is also responsible for overseeing upgrades and renovations to independent living units.

Marketing activities and programs are closely tied to participant education about community services, utilization of the continuum of care available at the Community, as well as building relationships with Community staff and residents. Management believes that this approach to marketing of the New Independent Living Units yields an integrated marketing strategy with operational transparency meant to encourage and facilitate a smooth transition for incoming residents as members of the Community.

The Organization has begun marketing activity for the New Independent Living Units through a charter membership program known as the “Pathways.” The Pathways program establishes interest and begins

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

the sales process for the New Independent Living Units. As of the date of this report, the Organization has received 39 \$1,000 dollar depositors and has had 4 cancellations leading to 35 net \$1,000 dollar depositors. The objective is to achieve 75 – 100 priority deposits before going to converting priority depositors to 10% depositors.

The sales process anticipates prospective residents making a deposit of 10 percent (less the \$1,000 deposit) of the entrance fee for a selected unit (once the Organization receives approval from the North Carolina Department of Insurance). The remaining 90 percent portion of the entrance fee for a selected unit is anticipated to be collected when the resident's unit becomes available for occupancy.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Management's Basis for Projected Revenues and Entrance Fees – The Project

Revenues for the New Independent Living Units are primarily based on the monthly fees assumed by Management to be charged to the residents and the assumed utilization of the New Independent Living Units.

Projected Occupancy Levels

Projected occupancy for the New Independent Living Units are based upon Management's assumed move-in schedule.

The following table reflects Management's anticipated move-in schedule for the New Independent Living Units.

**Supplemental Disclosure Table 4S
Projected Move-In Schedule – New Independent Living Units**

	Total Available Units ⁽¹⁾	Monthly Fill	Cumulative Occupancy	Occupancy Percent
Fiscal Year 2026				
June	26.0	3.5	3.5	13.4%
July	26.0	3.5	7.0	26.8%
August	44.0	3.5	10.4	23.7%
September	44.0	3.5	13.9	31.6%
Fiscal Year 2027				
October	44.0	3.5	17.4	39.5%
November	44.0	3.5	20.9	47.5%
December	44.0	3.5	24.4	55.4%
January - 2027	44.0	3.5	27.8	63.3%
February	44.0	3.5	31.3	71.2%
March	44.0	3.5	34.8	79.1%
April	44.0	3.5	38.3	87.0%
May	44.0	3.5	41.8	95.0%
Thereafter	44.0		41.8	95.0%

Source: Management

Note:

- (1) Management has projected Weymouth Glen would be available for occupancy beginning June 2026 and the Grove beginning August 2026.

The projected double occupancy percentages of the New Independent Living Units is assumed to approximate 60 percent initially.

Projected Entrance Fees and Monthly Fees

Supplemental Disclosure Table 1S summarizes the entrance fee and monthly fee pricing for the Project.

Management has projected the monthly fees for the New Independent Living Units to increase by 3 percent annually during the Projection Period, beginning in fiscal year 2025. As noted previously, the entrance fees in Supplemental Disclosure Table 1S are presented in fiscal year 2024 dollars and are anticipated to increase 6 percent at the commencement of construction and 8 percent upon opening of the New Independent Living Units and are anticipated to increase 3 percent annually thereafter.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Entrance Fee Receipts and Amortization

Entrance fee receipts and refunds are projected based on information provided by Management based upon their anticipated fill of the Project's Independent Living Units as presented in Supplemental Disclosure Table 4S. The following table summarizes projected entrance fees received and refunds paid related to the New Independent Living Units.

Supplemental Disclosure Table 5S
Projected New Independent Living Unit Entrance Fee Receipts and Refunds
(In Thousands of Dollars)

	2024	2025	2026	2027	2028
Entrance Fees Receipts from Initial Residents	\$ -	\$ -	\$ 6,441	\$ 13,284	\$ -
Initial Resident Entrance Fees	\$ -	\$ -	\$ 6,441	\$ 13,284	\$ -
Entrance Fees Receipts from IL Project Unit Turnover	\$ -	\$ -	\$ -	\$ 1,214	\$ 1,691
Entrance Fees Refunds from IL Project Unit Turnover	-	-	-	(621)	(350)
Net Entrance Fees Received	\$ -	\$ -	\$ -	\$ 593	\$ 1,341
Total Entrance Fees Received, Net of Refunds	\$ -	\$ -	\$ 6,441	\$ 13,877	\$ 1,341

Source: Management

Investment Income

Interest income related to the Project consists of interest earned on available cash and cash equivalents, investments and assets limited as to use.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Management's Basis for Projected Expenses – The Project

Operating Expenses

Management has projected operating expenses related to the Project based upon its plans to operate the Project, its experience operating its current facilities, and using similar assumptions and methodologies as disclosed in “Management’s Basis for Projection of Expenses” section of the “Summary of Significant Projection Assumptions and Accounting Policies” contained previously herein with the exception of inflating non-wage dietary expenses by 5.0 percent each year of the Projection Period once the Project is available for occupancy.

Management has projected that it would incur expenses sufficient to achieve community benefit equal to 5 percent of resident revenues as described in North Carolina General Statutes Section 105.278.6A, thereby retaining its current exemption from property tax exemption.

Management has assumed increases relating to costs in all departments associated with the addition of the Project and changes in occupancy.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Management’s Basis for Projection of Other Items – The Project

Property and Equipment – The Project

Property and equipment, net of accumulated depreciation, related to the Project has been projected based on the estimated costs of constructing the Project, and other routine property and equipment additions related to the Project, reduced by estimated annual depreciation. The following table reflects Project related costs, capitalized interest, and other routine capital additions related to the Project.

**Supplemental Disclosure Table 6S
Projected Property and Equipment Additions – The Project
(In Thousands of Dollars)**

For the Years Ending September 30,	2024	2025	2026	2027	2028
Project Costs	\$ 1,778	\$ 26,992	\$ 27,033	\$ -	\$ -
Capitalized Interest, Net of Interest Earnings during Project Construction	123	1,454	2,381	-	-
Total IL Project Capital Additions	\$ 1,901	\$ 28,445	\$ 29,414	\$ -	\$ -

Source: Management

Assets Limited as to Use

For purposes of Management’s Supplemental Projection the following additional assets limited as to use have been projected:

- Project Fund – Series 2025 Bonds – Reflects amounts projected to be funded from a portion of the Series 2025 Bonds for payment of the Project costs.
- Funded Interest Fund – Series 2025 Bonds – reflects amounts funded from the proposed Series 2025 Bonds for payment of interest expense related to the Series 2025 Bonds.
- Debt Service Reserve Fund – Series 2025 Bonds – represents the anticipated debt service reserve fund for the Series 2025 Bonds.
- Entrance Fee Fund – Entrance fees received from the Project’s New Independent Living Units are assumed to be placed into an Entrance Fee Fund and used to repay a portion of the Series 2025 Bonds.

Statutory Operating Reserve - Section 58-64-33 of the General Statutes of North Carolina, as amended, establishes an operating reserve requirement that must be satisfied on an annual basis. Specifically, in years where the overall occupancy of the facility exceeds 90%, the operating reserve amount required equals 25% of operating expenses. In years where overall occupancy is under 90%, a reserve equal to 50% of operating expenses must be established. To the extent that funds have been set aside for the payment of interest and principal on debt (Debt Service Reserve Fund), interest expense and principal payments would be excluded from the statutory operating reserve requirements.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

**Table 7S
North Carolina Statutory Operating Reserve- Including the Project
For the Years Ending September 30,**

As of September 30,	2024	2025	2026	2027	2028
Independent Living Units Occupied ⁽¹⁾	137	140	154	182	182
Assisted Living Units Occupied	34	34	34	34	34
Total Occupied	171	174	188	216	216
Total Available Units	186	186	230	230	230
Occupancy	92.2%	93.6%	81.7%	93.9%	93.9%
	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Total Operating Expenses	\$ 21,261	\$ 21,577	\$ 24,968	\$ 28,326	\$ 28,597
Less:					
Depreciation and Amortization	(2,401)	(2,670)	(3,896)	(4,043)	(4,195)
Amortization of Issuance Costs and Original Issue Discount Included as a component of Interest Expense	151	168	168	168	168
Plus:					
Routine Principal Payments					
Series 2019 Bonds	465	490	505	525	545
Series 2025 Bonds	-	-	1,634	15,926	-
Less:					
Amounts Set-Aside in Debt Service Reserve Fund					
Series 2019 Bonds	(1,931)	(1,938)	(1,933)	(1,933)	(1,932)
Series 2025 Bonds	-	(2,455)	(4,058)	(4,058)	(3,661)
Principal Payments paid from Entrance Fee Fund	-	-	(1,634)	(15,926)	-
	\$ 17,545	\$ 15,172	\$ 15,754	\$ 18,985	\$ 19,522
Required Reserve Multiplier ⁽²⁾	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 4,386	\$ 3,793	\$ 3,938	\$ 4,746	\$ 4,880

Source: Management

Notes:

- (1) As noted above, in fiscal year 2026, management has assumed a 25 percent operating reserve. While the table above shows total occupied units of 188, Management has also assumed that the remaining depositors on the Project have executed a contract, as defined by the Statute, and have yet to move-in. As such, Management is basing the Operating Reserve on both occupied and reserved but not yet occupied units of the Project.
- (2) Due to the Organization projecting occupancy in excess of 90%, the Organization is required to have a 25 percent operating reserve, otherwise the operating reserve would be equal to 50 percent.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Series 2025 Bonds

See notes to Supplemental Disclosure Table 2S for information relating to the proposed financing assumptions relating to the Project. The following table summarizes the projected principal payments on the Series 2025 Bonds.

**Supplemental Disclosure Table 8S
Series 2025 Bonds
Projected Principal Payments
(In Thousands of Dollars)**

Years Ending September 30,	Series 2025 Long- Term Bonds	Series 2025 Intermediate Term Bonds	Total
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	-	1,634	1,634
2027	-	15,926	15,926
2028	-	-	-
2029	400	-	400
2030	430	-	430
2031	460	-	460
2032	485	-	485
2033	525	-	525
Thereafter	50,000	-	50,000
Total	\$ 52,300	\$ 17,560	\$ 69,860

Source: Management

Line of Credit

In June 2023, the Organization entered into a \$5,000,000 open revolving line of credit with an interest rate ranging from 3.5 percent to 4.125 percent that is set to expire in June 2026. Interest accrues and is payable monthly. As of September 30, 2023, there was no outstanding balance. Management has projected the draw down and pay-off of approximately \$2,452,000 during 2024 for certain pre-finance Project costs and has projected the capitalization of approximately \$123,000 in interest expense associated with the draw-down on the line of credit.

PENICK VILLAGE, INC.
SUPPLEMENTAL PROJECTED BALANCE SHEETS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS ON PAGE 23
SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 5,165	\$ 5,375	\$ 5,628	\$ 5,784	\$ 5,961
Assets Limited As To Use, Current	609	609	609	609	609
Investments	5,832	8,202	8,250	5,372	8,452
Receivables:					
Accounts and Notes, Net of Allowance	544	570	586	689	732
Due from Affiliate	1,848	1,848	1,848	1,848	1,848
Other Receivables	95	95	100	102	106
Prepaid Expenses and Other Current Assets	259	588	555	329	349
Total Current Assets	14,352	17,286	17,575	14,732	18,055
Assets Limited As To Use					
Investments - Operating Reserve Requirement	4,386	3,793	3,938	4,746	4,880
Project Fund - Series 2025 Bonds	-	27,533	-	-	-
Funded Interest Fund - Series 2025 Bonds	-	3,746	-	-	-
Debt Service Reserve Fund - Series 2019 Bonds	2,007	2,007	2,007	2,007	2,007
Debt Service Reserve Fund - Series 2025 Bonds	-	4,058	4,058	4,058	4,058
Bond Funds	167	167	167	167	167
Restricted Funds	10	10	10	10	10
Entrance Fee Fund	-	-	4,807	2,165	-
Total Assets Limited As To Use	6,570	41,315	14,988	13,153	11,123
Property and Equipment, Gross	71,223	101,813	133,437	135,713	138,056
Less: Accumulated Depreciation	(22,425)	(25,092)	(28,985)	(33,025)	(37,218)
Property and Equipment, Net	48,798	76,722	104,452	102,687	100,839
Other Assets					
Investment in Affiliate	1	1	1	1	1
Due From JA Greer Group, LLC	2,186	2,186	2,186	2,186	2,186
Beneficial Interest in Annuities	182	182	182	182	182
Intangible Assets	104	101	99	96	93
Other	109	109	109	109	109
Total Assets	\$ 72,303	\$ 137,902	\$ 139,591	\$ 133,147	\$ 132,587
Liabilities and Net Assets					
Current Liabilities					
Current Maturities of Long-Term Debt	\$ 490	\$ 505	\$ 525	\$ 545	\$ 970
Payable from Assets Limited as to Use	119	119	119	119	119
Accounts Payable	550	571	598	614	633
Accrued Liabilities	841	856	897	921	950
Application and Prepaid Admission Deposits	1,683	1,683	1,546	237	237
Refund Liability, Current Portion	319	-	-	-	-
Total Current Liabilities	4,002	3,734	3,684	2,437	2,909
Refund Liability, Less Current Portion	3,088	3,088	3,088	3,088	3,088
Deferred Revenue from Entrance Fees	20,598	21,111	27,003	38,420	37,325
Long-Term Debt, Net of Current Portion - Existing	30,572	30,067	29,542	28,997	28,427
Long-Term Debt, Net of Current Portion - Series 2025 Bonds	-	69,860	68,226	52,300	51,900
Other Debt Obligation - Line of Credit	2,452	-	-	-	-
Deferred Financing Costs	(918)	(2,220)	(2,121)	(2,022)	(1,923)
Bond premium	2,015	1,945	1,876	1,807	1,738
Long-Term Debt, Net of Financing Costs	34,121	99,653	97,524	81,082	80,141
Interest Rate Cap Agreement	1	1	1	1	1
Total liabilities	61,810	127,586	131,300	125,027	123,464
Net Assets					
Without Donor Restrictions	9,786	9,609	7,585	7,413	8,417
Net Assets with Donor Restriction					
Net Assets with Donor Restriction	707	707	707	707	707
Total net assets	10,493	10,316	8,292	8,120	9,124
Total Liabilities and Net Assets	\$ 72,303	\$ 137,902	\$ 139,591	\$ 133,147	\$ 132,587

See Summary of Significant Projection Assumptions and Accounting Policies

PENICK VILLAGE, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS ON PAGE 23
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Revenue, Gains, and Other support					
Net Resident Service Revenue					
Independent Living	\$ 7,609	\$ 8,029	\$ 8,487	\$ 11,090	\$ 12,049
Health Care Revenue	7,750	7,988	7,886	8,123	8,390
Less Contractual Adjustments and Benevolent Assistance	(388)	(399)	(300)	(309)	(319)
Net Resident Service Revenue	14,970	15,619	16,073	18,904	20,120
Earned Entrance Fees	3,549	3,733	4,770	6,820	7,116
Other Operating Revenue	358	374	385	453	482
Contributions	1,176	1,174	1,085	1,117	1,153
Total Revenue, Gains, and Other Support	20,054	20,899	22,312	27,294	28,870
Operating Expenses					
Program Services					
Dining Services	3,121	3,214	3,321	3,432	3,546
Housekeeping	1,093	1,126	1,200	1,319	1,359
Nursing	3,219	3,315	3,415	3,517	3,623
Residential Assisted Living	531	547	563	580	598
Resident Services	264	272	280	289	297
Facility Services	2,159	2,224	2,486	2,655	2,735
Life Enrichment Program	452	466	480	494	509
Home Care	844	870	896	923	950
Garden Cottage	580	597	615	634	653
Transportation	95	98	101	104	107
Total Program Services	12,359	12,729	13,357	13,946	14,377
Supporting Services					
Administration and General	2,375	2,446	2,579	2,656	2,736
Information Systems	717	738	760	783	807
Human Resources	562	579	596	614	633
Marketing and Development	1,298	868	887	682	702
Depreciation and Amortization	2,401	2,670	3,896	4,043	4,195
Interest and Amortization	1,548	1,546	2,892	5,601	5,147
Total Supporting Services	8,902	8,847	11,611	14,380	14,220
Total Operating Expenses	21,261	21,577	24,968	28,326	28,597
Operating Gain (Loss)	(1,207)	(677)	(2,656)	(1,032)	274
Nonoperating Income					
Investment Earnings, Net	317	500	632	860	730
Total Nonoperating Income	317	500	632	860	730
Excess (Deficit) of Revenues Over Expenses and Changes in Net Assets	(890)	(177)	(2,024)	(172)	1,004
Net increase (decrease) in net assets	(890)	(177)	(2,024)	(172)	1,004
Net Assets, Beginning of Year	11,383	10,493	10,316	8,292	8,120
Net Assets, End of Year	\$ 10,493	\$ 10,316	\$ 8,292	\$ 8,120	\$ 9,124

See Summary of Significant Projection Assumptions and Accounting Policies

PENICK VILLAGE, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS ON PAGE 23
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (890)	\$ (177)	\$ (2,024)	\$ (172)	\$ 1,004
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	2,399	2,667	3,893	4,040	4,192
Amortization of Debt Issuance Costs	82	99	99	99	99
Amortization of Bond Premium	(69)	(69)	(69)	(69)	(69)
Amortization of Entrance Fees	(3,549)	(3,733)	(4,770)	(6,820)	(7,116)
Amortization of Intangible Assets	3	3	3	3	3
Nonrefundable Entrance Fees Received	5,963	4,890	4,991	4,995	5,289
Nonrefundable Entrance Fees Received - Project	-	-	-	1,214	1,691
Decrease in Resident Deposits	1,446	-	(137)	(1,309)	-
Net Changes In Operating Assets and Liabilities:					
Accounts and Notes Receivable	(89)	(25)	(17)	(103)	(42)
Other Receivables	(40)	-	(4)	(3)	(3)
Due to Affiliates	(60)	-	-	-	-
Prepaid Expenses and Other Current Assets	140	(329)	33	226	(20)
Payable from Assets Limited as to Use	1	-	-	-	-
Accounts Payable	(1,102)	21	27	17	19
Accrued Liabilities	85	15	40	25	28
Net Cash Provided by Operating Activities	4,319	3,360	2,067	2,141	5,075
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(2,493)	(2,145)	(2,209)	(2,276)	(2,344)
Purchases of Property and Equipment (Project)	(1,778)	(26,992)	(27,033)	-	-
Interest Cost Capitalized during Construction Period, Net	(123)	(1,454)	(2,381)	-	-
Net Change in Assets Limited as to Use	(814)	(34,744)	26,327	1,834	2,031
Net Change in Investments	598	(2,370)	(49)	2,878	(3,080)
Net Cash Provided by (Used in) Investing Activities	(4,610)	(67,705)	(5,346)	2,437	(3,393)
CASH FLOWS FROM FINANCING ACTIVITIES					
Entrance Fees Received from Initial Entrance Fees (Non-Refundable)	-	-	6,441	13,284	-
Refunds of Entrance Fees - Existing	(1,314)	(963)	(770)	(635)	(609)
Refunds of Entrance Fees - Project	-	-	-	(621)	(350)
Issuance of Long-Term Debt - Bond Obligations (Series 2025)	-	69,860	-	-	-
Issuance of Debt - Line of Credit	2,452	-	-	-	-
Deferred Financing Costs	-	(1,400)	-	-	-
Principal Payments on Debt - Line of Credit	-	(2,452)	-	-	-
Principal payments on Long-Term Debt	(465)	(490)	(505)	(525)	(545)
Principal Payments on Debt - Bond Obligations (Series 2025)	-	-	(1,634)	(15,926)	-
Net Cash Provided by (Used in) Financing Activities	673	64,554	3,532	(4,423)	(1,504)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	383	210	253	155	177
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	7,197	7,580	7,790	8,043	8,199
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 7,580	\$ 7,790	\$ 8,043	\$ 8,199	\$ 8,376
<i>Cash Flow Reconciliation:</i>					
Cash and Cash Equivalents	\$ 5,165	\$ 5,375	\$ 5,628	\$ 5,784	\$ 5,961
Restricted Cash	2,415	2,415	2,415	2,415	2,415
Total Cash, Cash Equivalents and Restricted Cash	\$ 7,580	\$ 7,790	\$ 8,043	\$ 8,199	\$ 8,376
Cash Paid for Interest, Net of Capitalization	\$ 1,536	\$ 1,517	\$ 2,862	\$ 5,572	\$ 5,117

See Summary of Significant Projection Assumptions and Accounting Policies

Attachment 2

Projected Financial Statements and Independent Accountants' Compilation Report for the Five Years Ending September 30, 2024 - 2028

PENICK VILLAGE, INC.

**COMPILATION OF A FINANCIAL PROJECTION AND
SUPPLEMENTAL DISCLOSURE INCLUDING
COMPILATION OF A FINANCIAL PROJECTION**

**FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH
SEPTEMBER 30, 2028**



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**PENICK VILLAGE, INC.
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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Penick Village, Inc.
Southern Pines, North Carolina

Management is responsible for the accompanying projection of Penick Village, Inc. (“Penick” or “the Organization”) which comprises the projected balance sheets as of September 30, 2024 through 2028, and the projected statements of operations and changes in net assets, and cash flows for the years then ending, including the related summary of significant projection assumptions and accounting policies in accordance with guidelines for the presentation of a projection established by the American institute of Certified Public Accountants (“AICPA”). We have performed a 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 projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this projection. Furthermore, even if Penick is able to achieve the hypothetical assumptions as noted in Management’s Summary of Significant Projection Assumptions and Accounting Policies on page 5 (the “Hypothetical Assumption”), the projected results may not be achieved, as there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying projection and this report are intended solely for the information and use of Penick and was prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and are not intended to be and should not be used for any other purpose.

The accompanying supplementary information beginning on page 22 is presented for purposes of additional analysis and is not a required part of the projection. 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, or provide any assurance on such information.

As discussed in Note 2, accounting principles generally accepted in the United States of America require that the financial statements for affiliates meeting certain criteria be consolidated with the parent organization’s financial statements. For purposes of this projection, the financial statements of two affiliates (The Penick Village Foundation, Inc. and JA Greer Group, LLC), which should be included with Penick Village, Inc.’s consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the projected financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the projected financial position, results of operations and cash flows have not been determined.

Board of Directors
Penick Village, Inc.
Southern Pines, North Carolina

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 23, 2024

PENICK VILLAGE, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 5,165	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,797
Assets Limited As To Use, Current	609	609	609	609	609
Investments	4,706	4,685	4,573	4,510	4,714
Receivables:					
Accounts and Notes, Net of Allowance	544	570	578	596	613
Due from Affiliate	1,848	1,848	1,848	1,848	1,848
Other Receivables	91	94	97	100	103
Prepaid Expenses and Other Current Assets	259	271	276	284	292
Total Current Assets	13,222	13,381	13,444	13,573	13,975
Assets Limited As To Use					
Investments - Operating Reserve Requirement	4,193	4,317	4,446	4,578	4,715
Debt Service Reserve Fund - Series 2019 Bonds	2,007	2,007	2,007	2,007	2,007
Bond Funds	167	167	167	167	167
Restricted Funds	10	10	10	10	10
Total Assets Limited As To Use	6,377	6,501	6,630	6,762	6,899
Property and Equipment, Gross	69,322	71,467	73,677	75,952	78,296
Less: Accumulated Depreciation	(22,422)	(25,049)	(27,787)	(30,639)	(33,608)
Property and Equipment, Net	46,901	46,418	45,890	45,314	44,689
Other Assets					
Investment in Affiliate	1	1	1	1	1
Due From JA Greer Group, LLC	2,186	2,186	2,186	2,186	2,186
Beneficial Interest in Annuities	182	182	182	182	182
Intangible Assets	104	101	99	96	93
Other	109	109	109	109	109
Total Assets	\$ 69,082	\$ 68,880	\$ 68,540	\$ 68,223	\$ 68,133
Liabilities and Net Assets					
Current Liabilities					
Current Maturities of Long-Term Debt	\$ 490	\$ 505	\$ 525	\$ 545	\$ 570
Payable from Assets Limited as to Use	119	119	119	119	119
Accounts Payable	550	563	580	598	616
Accrued Liabilities	841	845	870	897	923
Application and Prepaid Admission Deposits	237	237	237	237	237
Refund Liability, Current Portion	319	-	-	-	-
Total Current Liabilities	2,556	2,270	2,332	2,395	2,465
Refund Liability, Less Current Portion	3,088	3,088	3,088	3,088	3,088
Deferred Revenue from Entrance Fees	20,598	21,111	21,439	21,744	22,190
Long-Term Debt, Net of Current Portion - Existing	30,572	30,067	29,542	28,997	28,427
Deferred Financing Costs	(968)	(936)	(903)	(871)	(839)
Bond premium	2,015	1,945	1,876	1,807	1,738
Long-Term Debt, Net of Financing Costs	31,619	31,077	30,515	29,933	29,326
Interest Rate Cap Agreement	1	1	1	1	1
Total liabilities	57,862	57,546	57,374	57,161	57,069
Net Assets					
Without Donor Restrictions	10,513	10,627	10,460	10,355	10,357
Net Assets with Donor Restriction					
Net Assets with Donor Restriction	707	707	707	707	707
Total net assets	11,220	11,334	11,167	11,062	11,064
Total Liabilities and Net Assets	\$ 69,082	\$ 68,880	\$ 68,540	\$ 68,223	\$ 68,133

See accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report

PENICK VILLAGE, INC.
PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Revenue, Gains, and Other support					
Net Resident Service Revenue					
Independent Living	\$ 7,609	\$ 8,029	\$ 8,272	\$ 8,520	\$ 8,776
Health Care Revenue	7,750	7,988	7,886	8,123	8,390
Less Contractual Adjustments and Benevolent Assistance	(388)	(399)	(300)	(309)	(319)
Net Resident Service Revenue	14,970	15,619	15,858	16,334	16,847
Earned Entrance Fees	3,549	3,733	3,893	4,054	4,235
Other Operating Revenue	358	374	380	391	403
Contributions	1,176	1,174	1,085	1,117	1,153
Total Revenue, Gains, and Other Support	20,054	20,899	21,216	21,896	22,638
Operating Expenses					
Program Services					
Dining Services	3,121	3,214	3,311	3,410	3,512
Housekeeping	1,093	1,126	1,160	1,195	1,231
Nursing	3,219	3,315	3,415	3,517	3,623
Residential Assisted Living	531	547	563	580	598
Resident Services	264	272	280	289	297
Facility Services	2,159	2,224	2,290	2,359	2,430
Life Enrichment Program	452	466	480	494	509
Home Care	844	870	896	923	950
Garden Cottage	580	597	615	634	653
Transportation	95	98	101	104	107
Total Program Services	12,359	12,729	13,111	13,505	13,910
Supporting Services					
Administration and General	2,375	2,446	2,520	2,595	2,673
Information Systems	717	738	760	783	807
Human Resources	562	579	596	614	633
Marketing and Development	624	643	662	682	702
Depreciation and Amortization	2,398	2,630	2,741	2,855	2,972
Interest and Amortization	1,498	1,480	1,460	1,440	1,419
Total Supporting Services	8,175	8,517	8,740	8,969	9,206
Total Operating Expenses	20,533	21,246	21,851	22,474	23,115
Operating Gain (Loss)	(480)	(347)	(635)	(578)	(478)
Nonoperating Income					
Investment Earnings, Net	317	460	468	473	480
Total Nonoperating Income (Loss)	317	460	468	473	480
Excess (Deficit) of Revenues Over Expenses and Changes in Net Assets	(163)	114	(167)	(105)	2
Net increase (decrease) in net assets	(163)	114	(167)	(105)	2
Net Assets, Beginning of Year	11,383	11,220	11,334	11,167	11,062
Net Assets, End of Year	\$ 11,220	\$ 11,334	\$ 11,167	\$ 11,062	\$ 11,064

See accompanying Summary of Significant Projection Assumptions and Accounting Policies and
Independent Accountants' Compilation Report

PENICK VILLAGE, INC.
PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (163)	\$ 114	\$ (167)	\$ (105)	\$ 2
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	2,396	2,627	2,738	2,852	2,969
Amortization of Debt Issuance Costs	32	32	32	32	32
Amortization of Bond Premium	(69)	(69)	(69)	(69)	(69)
Amortization of Entrance Fees	(3,549)	(3,733)	(3,893)	(4,054)	(4,235)
Amortization of Intangible Assets	3	3	3	3	3
Nonrefundable Entrance Fees Received	5,963	4,890	4,991	4,995	5,289
Net Changes In Operating Assets and Liabilities:					
Accounts and Notes Receivable	(89)	(25)	(9)	(17)	(17)
Other Receivables	(36)	(3)	(3)	(3)	(3)
Due to Affiliates	(60)	-	-	-	-
Prepaid Expenses and Other Current Assets	140	(12)	(4)	(8)	(8)
Payable from Assets Limited as to Use	1	-	-	-	-
Accounts Payable	(1,102)	13	17	17	18
Accrued Liabilities	85	4	25	26	27
Net Cash Provided by Operating Activities	3,552	3,841	3,661	3,668	4,008
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(2,493)	(2,145)	(2,209)	(2,276)	(2,344)
Net Change in Assets Limited as to Use	(621)	(124)	(129)	(132)	(137)
Net Change in Investments	1,724	21	111	63	(205)
Net Cash Used in Investing Activities	(1,389)	(2,248)	(2,227)	(2,345)	(2,685)
CASH FLOWS FROM FINANCING ACTIVITIES					
Refunds of Entrance Fees - Existing	(1,314)	(963)	(770)	(635)	(609)
Principal payments on Long-Term Debt	(465)	(490)	(505)	(525)	(545)
Net Cash Used In Financing Activities	(1,779)	(1,453)	(1,275)	(1,160)	(1,154)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	383	140	159	164	169
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	7,197	7,580	7,720	7,879	8,043
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 7,580	\$ 7,720	\$ 7,879	\$ 8,043	\$ 8,212
<i>Cash Flow Reconciliation:</i>					
Cash and Cash Equivalents	\$ 5,165	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,797
Restricted Cash	2,415	2,415	2,415	2,415	2,415
Total Cash, Cash Equivalents and Restricted Cash	\$ 7,580	\$ 7,720	\$ 7,879	\$ 8,043	\$ 8,212
Cash Paid for Interest, Net of Capitalization	\$ 1,536	\$ 1,517	\$ 1,497	\$ 1,477	\$ 1,456

See accompanying Summary of Significant Projection Assumptions and Accounting Policies and Independent Accountants' Compilation Report

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 1 NATURE OF ACTIVITIES

Penick Village, Inc. (the “Organization” and the “Existing Community”) operates a life plan community. The Organization is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is, therefore exempt from federal and state income taxes.

NOTE 2 BASIS OF PRESENTATION

The financial projection presents, to the best of management’s (“Management”) knowledge and belief the Organization’s, excluding its two affiliates Penick Village Foundation, Inc. (the “Foundation”) and JA Greer Group, LLC (the “Group”), expected balance sheets, statements of operations and changes in net assets and cash flows as of and for each of the five years ending September 30, 2024 through 2028 (the “Projection Period”).

The Foundation was organized in September 2003 to raise funds for the Organization’s support. The Foundation began receiving contributions in October 2005. The Foundation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is therefore, exempt from federal and state income taxes. The Foundation is not classified as a private foundation.

The Group was organized in November 2016 to own and manage a multi-family property purchased by the Group in December 2016. The Group is a single-member limited liability company formed and organized in the state of North Carolina.

Management’s financial projection has been prepared for the specific purpose of presenting the projected balance sheets, statements of operations and changes in net assets, and cash flows for Penick Village, Inc. This presentation is not intended to include the consolidated projected financial statements of Penick Village, Inc. which would include the Foundation and the Group. Accordingly, the projection is not intended to be a presentation in conformity with U.S. generally accepted accounting principles since it excludes the Foundation and the Group.

A projection, although similar to a forecast, is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included assumptions that are considered to be “Hypothetical Assumptions” as defined by the American Institute of Certified Public Accountants’ *Guide for Prospective Financial Information*. A Hypothetical Assumption is defined as follows: “An assumption used in a financial projection or in a partial presentation of projected information to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation.”

Management has prepared its financial projection with the following Hypothetical Assumptions:

- Management is able to achieve the operating revenue inflationary rate increases and operating expense inflationary rate increases as projected;
- Management is able to achieve projected occupancy increases as projected; and
- Management is able to achieve contributions as projected.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 2 BASIS OF PRESENTATION (CONTINUED)

Accordingly, the financial projection reflects Management's assumptions as of February 23, 2024, the date of this projection, of the expected conditions and its expected course of action assuming the Hypothetical Assumptions. The assumptions disclosed herein, while not all-inclusive, are the assumptions which Management believes are significant to the financial projection. Furthermore, even if the Hypothetical Assumptions were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Management's purpose in releasing this financial projection is for inclusion in the Organization's disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes.

Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the projection based on Managements' assumptions at the time of the projection. Management recognizes that there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers cash and cash equivalents to include all cash and highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, including restricted cash.

Assets Limited as to Use

Assets limited as to use includes reserves by state statute, limitations placed on assets by the Board of Directors, funds held by a trustee under the debt-related agreements, and funds held for the residents and other purposes. In accordance with North Carolina General Statute 58-64-33, if a facility maintains an occupancy level in excess of ninety percent, a provider is required to maintain an operating reserve equal to twenty-five percent of the total operating costs for the twelve-month period related to the calculation, including debt service not accounted for in a separate reserve, otherwise an operating reserve equal to fifty percent is required. Management has designated the unrestricted investments to meet the twenty-five percent operating reserve requirement.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in accordance with accounting requirements for certain investments held by nonprofit organizations, in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, short and long-term capital gains, interest, and dividends) is reported as an increase in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Fair Value Measurements

Generally accepted accounting principles ("GAAP") defines fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Notes Receivable

Accounts receivable are uncollateralized resident obligations due under normal trade terms generally requiring payment within 30 days from the invoiced date. Notes receivable represent written promissory notes from residents to fulfill past due accounts based on agreed payment schedules. The carrying amount of accounts and notes receivable is reduced by an allowance for current expected credit losses that reflects management's estimate of the amounts that will not be collected. Management reviews each account receivable balance that exceeds 120 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management applies an estimated write-off percentage to total outstanding accounts and notes receivable, not previously reviewed, to estimate a general allowance for expected credit losses covering those amounts. As of September 30, 2023, the allowance for expected credit losses was approximately \$103,000 and Management has projected maintaining a consistent allowance for expected credit losses during the Projection Period.

Property, Equipment and Depreciation

Property and equipment are carried at cost. Expenditures for maintenance, repairs and minor renovations are expensed as incurred. Major renovations and improvements are capitalized. The Organization capitalizes all assets over \$5,000 with a useful life greater than one year. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings	7-50 years
Equipment and Furnishings	3-10 years
Landscaping	5-15 years
Paving	5-10 years
Motor Vehicles	3-5 years

Financing Costs

Costs incurred in acquiring bond financing are capitalized and amortized over the repayment periods associated with the underlying debt obligation. As noted in Note 7, Liability Assumptions, during the 2020 fiscal year, the Organization issued new debt in the form of the Series 2019 Bonds. As part of the Series 2019 Bonds, the Organization paid \$1,130,000 of deferred financing costs. Management has projected unamortized financing costs of approximately \$968,000, \$936,000, \$903,000, \$871,000 and \$839,000 for the years ending September 30, 2024, 2025, 2026, 2027 and 2028, respectively, and have been reflected as a reduction in long-term debt. Annual amortization of financing costs of approximately \$32,000 is included as a component of interest expense in each year of the Projection Period on the projected statements of operations and changes in net assets.

Original Issuance Premium

Original issuance premium is being amortized using the straight-line method over the term of the related financing agreement. Management has projected unamortized original issuance premium costs of approximately \$2,015,000, \$1,945,000, \$1,876,000, \$1,807,000, and \$1,738,000 for the years ending September 30, 2024, 2025, 2026, 2027 and 2028, respectively, and have been reflected as an increase in long-term debt. Annual amortization expense of the original issuance premium is projected to be approximately \$69,000, annually, during the Projection Period and is included as a component of interest expense on the projected statement of operations and changes in net assets.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application and Admission Deposits

These advance payments are made by prospective residents for the purpose of establishing their name on the Organization's waiting list or requesting a certain model of residence. These advance payments are applied to the resident's entrance fee once admitted, less an administrative fee, or are refunded if not admitted or the prospective resident elects to cancel their wait-list reservation.

Deferred Entrance Fees and Refund Liability

New residents enter the Organization under one of the following contracts, 1) traditional amortized plan, 2) 50% refundable upon separation from the campus and re-occupancy of the residence, or 3) 90% refund upon separation from the campus and re-occupancy of the residence. Under the traditional amortized plan, residents are not entitled to refunds after 12 months, or 24 months depending on the contract. The nonrefundable portion of an entrance fee paid by a resident is amortized to income using the straight-line method over the actuarially calculated life expectancy of the resident. The nonrefundable portion of entrance fees is classified as deferred revenue. The refundable portion of entrance fees is carried as a liability as the Organization's residency contracts generally do not explicitly limit the refundable portion of the entrance fees to the proceeds of the same residence's re-occupancy.

Obligations to Provide Future Services

The Organization enters into various continuing care contracts with residents. A life plan contract is an agreement between a resident and the Organization specifying the services and facilities to be provided over the resident's remaining life. Under the contracts, the Organization has the ability to increase fees as deemed necessary. For the year ended September 30, 2023, the Organization engaged a nationally accredited actuary firm to calculate the present value of the estimated net cost of future services to be provided, including the cost of facilities to current residents; and compared that calculated amount with deferred revenue from entrance fees. Under GAAP, if the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, an additional liability is shown in the projected balance sheets. No such liability was recorded as of September 30, 2023 as the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from entrance fees. Management has assumed that there will be no such liability throughout the Projection Period.

Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving nursing services or housing residents receiving services in the facilities (e.g., therapy). The Organization considers daily services provided to residents of the nursing facilities, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and dining room meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations have a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or explicit/implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Organization determines its estimate of explicit/implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than the established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities are paid under the Patient Driven Payment Model (PDPM). Under PDPM, therapy minutes were removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduced variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Medicaid

Effective October 1, 2019, new PDPM Health Insurance prospective Payment System (“HIPPS”) codes replaced Resource Utilization Group (“RUG”) scores listed on each claim for determining reimbursement amounts. Annual Medicaid cost reports are required by the state of North Carolina, however, they are not used to settle the costs of claims. Instead, the cost reports are used in the development of price-based rates and to monitor the adequacy of the reimbursement methodology.

Other

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident’s ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to its expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Benevolent Assistance

The Organization provides services to residents who meet certain criteria under its benevolent assistance policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as benevolent assistance, such forgone resident service fees are not reported as net resident service revenue.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the projected statements of operations and changes in net assets without donor restriction.

Income Taxes

The Organization is exempt from federal and state income taxes under Code Section 501(c)(3) of the Internal Revenue code; accordingly, the projected financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefit or obligations as of September 30, 2023.

Net Assets

The Organization reports net assets as net assets without donor restriction and net assets with donor restriction depending on the presence and type of donor-imposed restrictions limiting the Organization's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Net assets without donor restriction include those whose use is not restricted by donors even though their use may be limited in other respects, such as by board designation. Net assets with donor restriction are those net assets whose use has been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes or (c) to be maintained in perpetuity. Management has not projected any changes in net assets with donor restriction during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits in excess of federally insured limits, investments, accounts receivable, and entrance fees receivable. The Organization maintains cash balances in bank accounts, the balances of which may at times exceed federally insured limits. Investments are held in high quality institutions and are composed of stocks, fixed income securities, and mutual funds backed by the credit ratings of various companies and governments. Accounts receivable consist of amounts due from residents and third-party payors, including various insurance companies and the U.S. Government under the Medicare and Medicaid programs. Accounts receivable are carried at estimated net realizable value.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 4 SUPPORT AND REVENUE ASSUMPTIONS

The following summarizes significant assumptions for projected revenues.

1. Management has projected entrance fee receipts and refunds from unit turnover for the years ending September 30, as follows:

	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Entrance Fees Received	\$ 5,963	\$ 4,890	\$ 4,991	\$ 4,995	\$ 5,289
Entrance Fees Refunded	(1,314)	(963)	(770)	(635)	(609)
Net Entrance Fees Received	\$ 4,649	\$ 3,927	\$ 4,221	\$ 4,360	\$ 4,680

2. Management has projected the average occupancies for the fiscal years ending September 30, as follows:

	2024	2025	2026	2027	2028
Independent Living	91.6%	93.3%	93.3%	93.3%	93.3%
Assisted Living	81.2%	81.2%	81.2%	81.2%	81.2%
Skilled Nursing ⁽¹⁾	62.5%	62.5%	91.4%	91.4%	91.4%
Weighted Average Occupancy	83.7%	84.8%	90.8%	90.8%	90.8%

Note 1: In 2026, Management has assumed an available bed reduction from 50 beds to 32 beds.

3. Management has projected the weighted average monthly service and daily fees for the years ending September 30, as follows:

	2024	2025	2026	2027	2028
Independent Living (monthly)	\$ 4,155	\$ 4,280	\$ 4,408	\$ 4,541	\$ 4,677
Assisted Living (monthly)	\$ 7,772	\$ 8,005	\$ 8,245	\$ 8,493	\$ 8,748
Skilled Nursing (daily)	\$ 375	\$ 386	\$ 398	\$ 410	\$ 422

4. Management has projected that monthly service fee and daily fees for the Organization would increase for the years ending September 30, as follows:

	2024	2025	2026	2027	2028
Independent Living	(1)	3.0%	3.0%	3.0%	3.0%
Assisted Living	(1)	3.0%	3.0%	3.0%	3.0%

Note 1: Based on Management's 2024 budget.

For skilled nursing, Management has projected a blended inflationary increase of 3.0 percent for skilled nursing residents.

5. Net investment earnings are based on Management's budget for the year ending September 30, 2024. Management has projected an assumed rate of return of 3.0 percent on all investments and on cash and cash equivalents, and 1.0 percent on all funds held by Trustee under debt agreements during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

6. Contributions are based on Management's budget for the year ending September 30, 2024, and have been projected at a consistent level during all years of the Projection Period.
7. Other operating revenue is based on Management's historical operating experience.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 5 EXPENSE ASSUMPTIONS

The following summarizes significant assumptions for projected expenses.

1. Depreciation expense is based on Management's budget for the year ending September 30, 2024. Depreciation expense thereafter is assumed to increase based on the level of capital expenditures (as discussed in Note 6), utilizing a mid-year convention under the straight-line depreciation method, with a standard useful life of 15 years for all assets.
2. Interest expense is projected based on the annual requirements associated with the long-term debt. Interest expense also includes (i) amortization expense related to the financing costs which Management has amortized using straight line method over the period of the underlying bonds and (ii) amortization of the bond premium which is amortized over the period of the underlying Series 2019 Bonds.
3. Operating expenses for the year ending September 30, 2024 are based on Management's budget.

For each of the years ending September 30 thereafter, Management projects a 3% wage increase in 2024 and thereafter during the Projection Period. Employer taxes and employee benefits have been projected at approximately 25% of salaries and wages during all years of the Projection Period.

In each year ending September 30, 2024 – 2028, Management has also projected the following:

- Raw food costs are projected to increase at 3.0 percent per annum.
- All other expenses included in the projection, with the exception of depreciation, amortization, and interest, are assumed to increase by 3.0 percent in 2025 and annually thereafter during the Projection Period.

NOTE 6 ASSET ASSUMPTIONS

The following summarizes significant assumptions for projected assets.

1. Projected cash and cash equivalents balances for the Projection Period are based on the results of the Projected Statements of Cash Flows and reflect amounts that are highly liquid with a maturity of three months or less. For purposes of presentation, cash and cash equivalents balances are estimated to be approximately 113 days of operating expenses, less interest, depreciation and amortization expenses; for 2024, 2025, 2026, 2027, and 2028. Amounts in excess of these amounts are classified as investments.
2. Assets limited as to use – current is projected based upon the projected balances of the Bond Funds and Restricted Funds as of September 30 of each fiscal year in the Projection Period.
3. Accounts and notes receivable, net are projected to approximate 13 days net resident service revenue and other operating revenue.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 6 ASSET ASSUMPTIONS (CONTINUED)

4. Management has projected assets limited as to use to consist of the following:
- Operating Reserve Requirement (see further description contained hereinafter);
 - Debt Service Reserve Fund – Represents the debt service reserve fund related to the Series 2019 Bonds
 - Bond Funds – Represents future principal and interest payments on the Series 2019 Bonds; and
 - Restricted Funds
5. Management has projected the following capital expenditures for the years ending September 30:

	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Routine Capital Expenditures	\$ 2,493	\$ 2,145	\$ 2,209	\$ 2,276	\$ 2,344

6. Management has projected the balances of property and equipment, for the years ending September 30, as follows:

	2024	2025	2026	2027	2028
Land	\$ 588	\$ 588	\$ 588	\$ 588	\$ 588
Landscaping	144	163	182	201	222
Buildings	64,062	65,822	67,638	69,506	71,431
Equipment and Furnishings	2,064	2,429	2,805	3,193	3,592
Paving	103	103	103	103	103
Motor Vehicles	323	323	323	323	323
Construction in Process	2,039	2,039	2,039	2,039	2,039
Property and Equipment, Gross	69,323	71,467	73,677	75,953	78,297
Accumulated Depreciation	(22,422)	(25,049)	(27,787)	(30,639)	(33,608)
Property and Equipment, Net	\$ 46,901	\$ 46,418	\$ 45,890	\$ 45,314	\$ 44,689

7. Other receivables are projected to approximate 2 days net resident service revenue and other operating revenue.
8. Other assets consist primarily of amounts due from the Group and the Foundation (related parties), annuities, intangible assets, and other assets. Management believes the amounts are fully collectible and not presently subject to impairment revaluation.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 6 ASSET ASSUMPTIONS (CONTINUED)

9. Management has projected the operating reserve as required by Section 58-64-33(a) of the General Statutes of North Carolina for the fiscal years ending September 30, as follows:

As of September 30,	2024	2025	2026	2027	2028
Independent Living Units Occupied ⁽¹⁾	137	140	140	140	140
Assisted Living Units Occupied	34	34	34	34	34
Total Occupied	171	174	174	174	174
Total Available Units	186	186	186	186	186
Occupancy	91.2%	93.6%	93.6%	93.6%	93.6%

	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Total Operating Expenses	\$ 20,533	\$ 21,246	\$ 21,851	\$ 22,474	\$ 23,115
Less:					
Depreciation and Amortization	(2,398)	(2,630)	(2,741)	(2,855)	(2,972)
Amortization of Issuance Costs and Original Issue Discount Included as a component of Interest Expense	102	102	102	102	102
Plus:					
Routine Principal Payments					
Series 2019 Bonds	465	490	505	525	545
Less:					
Amounts Set-Aside in Debt Service Reserve Fund					
Series 2019 Bonds	(1,931)	(1,938)	(1,933)	(1,933)	(1,932)
	\$ 16,771	\$ 17,270	\$ 17,784	\$ 18,313	\$ 18,859
Required Reserve Multiplier ⁽²⁾	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 4,193	\$ 4,317	\$ 4,446	\$ 4,578	\$ 4,715

Notes:

- (1) Due to the Organization having an assumed combined occupancy as of September 30th of each year in the Projection Period in excess of 90%, the required reserve multiplier is 25%.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 7 LIABILITY ASSUMPTIONS

The following summarizes significant assumptions for projected liabilities.

1. Accounts payable is projected to approximate 12 days operating expenses excluding depreciation, amortization, and interest during the Projection Period.
2. Accrued liabilities are projected to approximate 18 days of operating expenses excluding depreciation, amortization, and interest during the Projection Period.
3. At September 30, 2023, the Organization's outstanding long-term debt totaled \$31,457,770 which was comprised of the following:
 - \$31,457,770 of Series 2019 tax-exempt bonds (the "Series 2019 Bonds"); issued November 2019; annual payment of principal is due beginning September 2020; all unpaid principal and interest is due September 2054. Interest on the Series 2019 Bonds is payable bi-annually with an interest rate of 3.5% - 4.125%.

In November 2019, the Organization entered into a debt agreement with the Public Finance Authority for the issuance of \$32,440,000 of Retirement Facilities Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds included a bond premium of \$2,424,620. Proceeds from the 2019 Bonds were used to finance the costs of construction of the Wharton Apartment Residences and master planning of future construction, to refund certain outstanding debt obligations, to fund a reserve fund and capitalized interest, and to pay certain expenses in connection with the issuance of the 2019 Bonds. Interest on the 2019 Bonds are payable on each March 1 and September 1, beginning on March 1, 2020, at rates ranging from 3.5% to 4.125% through the maturity date of September 1, 2054. The 2019 Bonds are secured by the property of the Village, including rights under its residency agreements. Under this agreement, the outstanding obligations related to the Series 2010B Bonds, Series 2012A Bonds, construction loan, Bank Loan, and Line of Credit were redeemed in whole.

The Organization realized a bond premium in the amount of \$2,424,620 for the year ended September 30, 2020, in association with the issuance of the Series 2019 Bonds. The bond premium costs have been capitalized and are being amortized using the straight-line method over the life of the underlying bonds. Amortization expense of approximately \$69,000 included with interest expense on the combined projected statements of operations and changes in net assets. The remaining unamortized amount is presented as additional long-term debt liability on the projected balance sheets.

In February 2022, the Organization entered into a \$650,000 secured line of credit with a variable interest rate (based upon the Wall Street Journal Prime Rate (the "Index") + .5%, but at no time less than 4.00%). The line of credit has a maturity date of February 2024. Interest accrues and is payable monthly. There is no outstanding balance on the line of credit at September 30, 2023. Management has projected no draw downs on the line of credit during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 7 LIABILITY ASSUMPTIONS (CONTINUED)

The following table represents Management's assumptions regarding future payments on their debt:

Years Ending September 30,	Series 2019 Bonds (In \$'000's)	
2024	\$	465
2025		490
2026		505
2027		525
2028		545
Thereafter		28,928
Total	\$	31,458

4. In projecting the Refund Liability and Deferred Revenue, the Organization assumed that 100% of turnover independent living residents would select the traditional amortizing plan. In addition, Management has projected an annual pricing inflation in a range of 3.5 percent to 5.6 percent in 2025, depending upon the specific unit and then at 3.5 percent on entrance fees throughout the remainder of the projected period. Management has projected entrance fee refunds based upon historical experience and actuarial projected results.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Expansion Plans: Independent Living Units

The Organization plans to construct, finance and operate the addition of 44 independent living apartments, renovations to the existing healthcare center, a new Welcome House (as defined hereinafter), and a new wellness center (and all elements collectively the “Project”). Management has not secured permanent financing or secured pre-sales for the Project. As of the date of this report, Management has received a design drawings package with preliminary cost estimates and has begun its sales effort to begin taking \$1,000 priority deposits for the Project’s Independent Living Units (the “New Independent Living Units”, or “New ILU”).

The Project is planned to consist of the following:

- The “Villas” - 18 independent living apartments in three separate mini-hybrid buildings to be known as the “Grove”. Each mini-hybrid building is planned to include six (6) two-bedroom apartments ranging from 1,500 – 1,900 square feet, in a two-story building over a parking garage. Each mini-hybrid building is assumed to be approximately 16,100 square feet. In addition, each Villa includes a private, individual parking garage.
- The “Hybrid” – 26 independent living apartments in a single hybrid building to be known as “Weymouth Glen”. The Hybrid is planned to include one- and two-bedroom apartments ranging from 1,000 – 1,900 square feet, in an approximate 67,000 square feet, three-story building over an underground parking garage. The Hybrid is anticipated to include a small, shared common area. Each Hybrid is expected to include assigned underground parking.
- The “Healthcare Renovation” – Management plans to renovate the existing healthcare center’s interior to include new paint, new carpet, and renovations to the dining and commons areas. Management also plans improvements and repairs to the exterior building including new paint and an upgraded porte-cochere.
- The “New Wellness Center” – Management plans to construct an approximate 5,000 square feet New Wellness Center to include a fitness room and a separate multipurpose room for aerobics, classroom education, and a pickle ball court.
- The “Welcome House” – Management plans to include a new security guard house and a replacement security gate at the main entrance to Penick Village.

As the Project represents adding more than 10% of the current independent living inventory, the Organization is required to pre-sell the units and follow Chapter 58 Article 64 of the North Carolina General Statutes and receive approval from the North Carolina Department of Insurance. Their process includes “4 Steps”, of which the Organization has received approval for Step 1 in January 2024. This approval allows the Organization to accept \$1,000 non-binding reservation agreements for the new units. As of the date of this report, 35 non-binding agreements have been signed as discussed hereafter.

The pre-sell requirement will be fulfilled when the Organization has entered into binding reservation agreements equal to at least 70% of the total number of the New Independent Living Units being developed are accompanied with a deposit equal to at least 10% of the entrance fee. Financing will be contingent upon receiving these approvals.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

The preliminary plans for the financing of the Project contemplate the issuance of a fixed rate tax-exempt bonds, although the final plan of finance will depend on economic conditions at the time of the financing. Management has projected the financing for the Project would occur in January 2025, and that the construction of the full Project could be completed by August 2026.

The information provided in this section provides Management's key projection assumptions relating to the Project. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the projection and are the assumptions which Management believes are significant to the financial projection included in the Supplemental Disclosure. However, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The information provided in this section provides Management's key assumptions relating to the Project. The disclosures in the Supplemental Disclosure add specific disclosures related to the Project. Other key assumptions have been presented in Management's summary of significant projection assumptions and accounting policies as disclosed previously, and also apply to Management's projection included in this Supplemental Disclosure.

Management has identified the following hypothetical assumptions for the Project (the "Supplemental Hypothetical Assumptions"):

- The Project is constructed for amounts and under the timing noted in this Supplemental Disclosure;
- Management fills and sells any Project-related units, at the disclosed fee levels, as noted in this Supplemental Disclosure;
- All regulatory approvals are received in accordance with the projected timeline detailed herein;
- Management is able to finance the Project as noted in this Supplemental Disclosure; and
- Management operates the Project as noted in this Supplemental Disclosure.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Projected Project Configuration and Pricing

The following table summarizes Management's projected unit configuration and pricing for the Project's New Independent Living Units. The monthly fees are presented in fiscal year 2024 dollars and are anticipated to increase 3 percent annually beginning January 1, 2025. The entrance fees noted below are presented in fiscal year 2024 dollars and are for Charter Members, the first 70 percent or 31 depositors who place a deposit equal to 10 percent of the entrance fee (the "Charter Entrance Fees"). The Charter Entrance Fees are anticipated to increase 6 percent at the commencement of construction and 8 percent upon opening of the New Independent Living Units and are anticipated to increase 3 percent annually thereafter.

**Supplemental Disclosure Table 1S
New Independent Living Unit
Projected Unit Configuration, Estimated Sizes and Pricing**

Unit Type	# of Units	Projected Weighted Average Square foot by Unit Type	Single Occupant Monthly Fee (FY2024) ⁽¹⁾	Single Occupant Traditional Plan Entrance Fee (Charter) ⁽²⁾⁽³⁾
<i>Weymouth Glen (Main Hybrid Building) (4)</i>				
Wren - 1 BR, 1.5 Bath	2	1,000	\$ 3,420	\$ 241,100
Sparrow - 1 BR, 1.5 Bath, Den/Study	4	1,250	4,285	316,880
Dove - 1 BR, 2.5 Bath, Den/Study	2	1,450	4,425	387,450
Starling - 2 BR, 2.5 Bath	6	1,500	4,580	400,800
Bluebird - 2 BR, 2.5 Bath, Den/Study	6	1,700	5,190	454,240
Cardinal - 2 BR, 2.5 Bath, Den/Study	6	1,900	5,800	507,690
Total/Weighted Avg - Weymouth Glen	26	1,558	\$ 4,856	\$ 411,577
<i>The Grove: Holly, Cypress, Juniper (Villas) (5)</i>				
Robin - 2 BR, 2.0 Bath	6	1,500	\$ 4,715	\$ 440,880
Osprey - 2 BR, 2.5 Bath, Study/Den	6	1,650	5,185	484,970
Heron - 2 BR, 2.5 Bath, Den/Study, Laundry	6	1,900	5,970	558,450
Total/Weighted Avg - The Grove	18	1,683	\$ 5,290	\$ 494,767
Total/Weighted Average New Independent Living Units	44	1,609	\$ 5,033	\$ 445,609

Source: Management

Notes:

- (1) Monthly fees effective through September 30, 2024. In addition to the first-person monthly fee, a second occupant would be charged \$1,318 per month.
- (2) The "Traditional Plan" is a zero percent refundable entrance fee plan.
- (3) A premium of \$5,000 is projected to be added to the third floor New Independent Living Units of the Grove.
- (4) Management has projected that construction of Weymouth Glen would be finished by May 2026 and would be available for occupancy beginning June 2026.
- (5) Management has projected that construction of the Grove would be finished by June 2026 and would be available for occupancy beginning August 2026.

Project

Management assumes that the Project would be financed in January 2025. Management projects that the Project would be available for occupancy in June 2026 for Weymouth Glen and in August 2026 for the Grove.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Plan of Finance - Project

The following presents Management’s projected sources and uses of funds for the Project.

**Supplemental Disclosure Table 2S
Projected Sources and Uses of Funds
(In Thousands of Dollars)**

Sources of Funds:			
Series 2025 Long-Term Bonds		\$52,300	(1)
Series 2025 Intermediate Term Bonds		17,560	(2)
Interest on Series 2025 Bonds		1,392	(3)
Equity		-	(4)
Total Series 2025 Bonds		\$71,252	
Uses of Funds			
Construction		\$50,886	(5)
Project Contingency		1,724	(6)
Professional Fees and Expenses		4,141	(7)
Furniture and Equipment		1,065	(8)
Marketing Costs		1,124	(9)
Other Costs		261	(10)
Cost of Issuance		1,400	(11)
Capitalized Interest Fund		6,592	(12)
Debt Service Reserve Fund		4,058	(13)
Total Uses of funds		\$71,252	

Source: Management

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Notes to Supplemental Disclosure Table 2S:

- (1) Management has assumed that a portion of the Project would be financed through the issuance of fixed rate tax-exempt bonds (the "Series 2025 Long-Term Bonds"), bearing interest at 7.0 percent, subject to sinking fund payments, with a final maturity of 35 years from issuance. Management has assumed annual principal payments on September 1 of each year and semi-annual interest payments on September 1 and March 1 of each year.
- (2) Management has assumed that a portion of the Project would be financed through a short-term debt borrowing, either through bonds or bank placed debt (the "Series 2025 Intermediate Term Bonds"). This debt is anticipated to be repaid from the availability of entrance fees received from the New Independent Living Units (the "Initial Entrance Fees"). Management has assumed the Series 2025 Intermediate Term Bonds bear interest at 2.54 percent. The debt is assumed to have a 7 year maturity and is anticipated to qualify as qualified intermediate term indebtedness.

Collectively, the Series 2025 Long-Term Bonds and the Series 2025 Intermediate Term Bonds are known as the "Series 2025 Bonds".
- (3) Represents estimated earnings on borrowed funds during the construction period.
- (4) The projected plan of finance includes no equity. Should the capital markets environment or other factors change, the Organization may elect to contribute equity to fund a portion of the Project.
- (5) Construction reflects Management's estimate of anticipated costs of constructing the Project, including site related work. Construction also includes total construction and owner's contingency ranging from 6.5% - 7.5% and escalation contingency of construction cost of 6%.
- (6) Management has assumed a contingency for the Project for unanticipated costs and scope changes.
- (7) Professional fees and expenses reflect costs associated for architects, engineers, and interior design as estimated by Management.
- (8) Furniture and equipment reflects Management's anticipated costs related to furnishings, interior and exterior signage, and owner related low voltage/technology related costs.
- (9) Marketing costs reflect Management's estimate of costs to market the Project's units.
- (10) Reflects Management's estimated costs related to legal, regulatory, zoning and other entitlement costs.
- (11) Cost of issuance reflect Management's estimate of costs associated with the issuance of the Series 2025 Bonds.
- (12) Reflects estimated interest expense for approximately 25 months (22 months of construction plus an additional 3 months) that is assumed to be borrowed as projected by Management.
- (13) Reflects Management's estimate of a debt service reserve fund associated with the proposed Series 2025 Bonds.

Management has projected that the Series 2025 Bonds would be secured by a revenue pledge as well as secured by substantially all of the property and equipment of the Organization. The Series 2025 Bonds are anticipated to have trust indentures and loan agreements on a parity basis with the Organization's existing outstanding Series 2019 Bonds.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Marketing the Project

Management has indicated it would like to achieve a minimum of 70 percent presale level once it is able to accept deposits equal to 10 percent of an entrance fee for the New Independent Living Units prior to going to financing.

Management believes that it will be able to achieve its 70 percent presale by January 2025. Management has presented its projected 10 percent presale level activity as follows:

**Supplemental Disclosure Table 3S
10 Percent Presales – New Independent Living Units**

	Total Available Units	Monthly Pre- Sales	Cancellations	Net Sales	Cumulative Sales	Presale Percentage
Fiscal Year 2024						
May	44	4	0	4	4	9.1%
June	44	4	0	4	8	18.2%
July	44	4	0	4	12	27.3%
August	44	4	0	4	16	36.4%
September	44	4	0	4	20	45.5%
Fiscal Year 2025						
October	44	3	0	3	23	52.3%
November	44	3	0	3	26	59.1%
December	44	3	0	3	29	65.9%
January	44	3	0	3	32	72.7%
February	44	3	0	3	35	79.5%
March	44	3	0	3	38	86.4%
April	44	3	0	3	41	93.2%
May	44	3	0	3	44	100.0%

Source: Management

As part of its marketing efforts, Management anticipates expenditures related to digital, events, media and print collateral, as well as media campaigns that is more robust than its typical marketing activities. The increased intensity is based on the need to sell 44 New ILUs in a relatively short period of time to prospective residents who will not be immediately, as opposed to approaching waiting list prospects who can move into a unit immediately. Management has budgeted amounts necessary to conduct the marketing campaign to achieve its anticipated occupancy levels as projected as reflected in Supplemental Disclosure Table 4S.

Management has identified its primary market area (“PMA”) from which it expects at least 70% of its depositors to come from and has a marketing plan that integrates direct marketing and sales activity, digital and virtual marketing which is supported by an in-person sales process. Currently the marketing department has a director, two sales counselors and a move in coordinator who is also responsible for overseeing upgrades and renovations to independent living units.

Marketing activities and programs are closely tied to participant education about community services, utilization of the continuum of care available at the Community, as well as building relationships with Community staff and residents. Management believes that this approach to marketing of the New Independent Living Units yields an integrated marketing strategy with operational transparency meant to encourage and facilitate a smooth transition for incoming residents as members of the Community.

The Organization has begun marketing activity for the New Independent Living Units through a charter membership program known as the “Pathways.” The Pathways program establishes interest and begins

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

the sales process for the New Independent Living Units. As of the date of this report, the Organization has received 39 \$1,000 dollar depositors and has had 4 cancellations leading to 35 net \$1,000 dollar depositors. The objective is to achieve 75 – 100 priority deposits before going to converting priority depositors to 10% depositors.

The sales process anticipates prospective residents making a deposit of 10 percent (less the \$1,000 deposit) of the entrance fee for a selected unit (once the Organization receives approval from the North Carolina Department of Insurance). The remaining 90 percent portion of the entrance fee for a selected unit is anticipated to be collected when the resident's unit becomes available for occupancy.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Management's Basis for Projected Revenues and Entrance Fees – The Project

Revenues for the New Independent Living Units are primarily based on the monthly fees assumed by Management to be charged to the residents and the assumed utilization of the New Independent Living Units.

Projected Occupancy Levels

Projected occupancy for the New Independent Living Units are based upon Management's assumed move-in schedule.

The following table reflects Management's anticipated move-in schedule for the New Independent Living Units.

**Supplemental Disclosure Table 4S
Projected Move-In Schedule – New Independent Living Units**

	Total Available Units ⁽¹⁾	Monthly Fill	Cumulative Occupancy	Occupancy Percent
Fiscal Year 2026				
June	26.0	3.5	3.5	13.4%
July	26.0	3.5	7.0	26.8%
August	44.0	3.5	10.4	23.7%
September	44.0	3.5	13.9	31.6%
Fiscal Year 2027				
October	44.0	3.5	17.4	39.5%
November	44.0	3.5	20.9	47.5%
December	44.0	3.5	24.4	55.4%
January - 2027	44.0	3.5	27.8	63.3%
February	44.0	3.5	31.3	71.2%
March	44.0	3.5	34.8	79.1%
April	44.0	3.5	38.3	87.0%
May	44.0	3.5	41.8	95.0%
Thereafter	44.0		41.8	95.0%

Source: Management

Note:

- (1) Management has projected Weymouth Glen would be available for occupancy beginning June 2026 and the Grove beginning August 2026.

The projected double occupancy percentages of the New Independent Living Units is assumed to approximate 60 percent initially.

Projected Entrance Fees and Monthly Fees

Supplemental Disclosure Table 1S summarizes the entrance fee and monthly fee pricing for the Project.

Management has projected the monthly fees for the New Independent Living Units to increase by 3 percent annually during the Projection Period, beginning in fiscal year 2025. As noted previously, the entrance fees in Supplemental Disclosure Table 1S are presented in fiscal year 2024 dollars and are anticipated to increase 6 percent at the commencement of construction and 8 percent upon opening of the New Independent Living Units and are anticipated to increase 3 percent annually thereafter.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Entrance Fee Receipts and Amortization

Entrance fee receipts and refunds are projected based on information provided by Management based upon their anticipated fill of the Project's Independent Living Units as presented in Supplemental Disclosure Table 4S. The following table summarizes projected entrance fees received and refunds paid related to the New Independent Living Units.

Supplemental Disclosure Table 5S
Projected New Independent Living Unit Entrance Fee Receipts and Refunds
(In Thousands of Dollars)

	2024	2025	2026	2027	2028
Entrance Fees Receipts from Initial Residents	\$ -	\$ -	\$ 6,441	\$ 13,284	\$ -
Initial Resident Entrance Fees	\$ -	\$ -	\$ 6,441	\$ 13,284	\$ -
Entrance Fees Receipts from IL Project Unit Turnover	\$ -	\$ -	\$ -	\$ 1,214	\$ 1,691
Entrance Fees Refunds from IL Project Unit Turnover	-	-	-	(621)	(350)
Net Entrance Fees Received	\$ -	\$ -	\$ -	\$ 593	\$ 1,341
Total Entrance Fees Received, Net of Refunds	\$ -	\$ -	\$ 6,441	\$ 13,877	\$ 1,341

Source: Management

Investment Income

Interest income related to the Project consists of interest earned on available cash and cash equivalents, investments and assets limited as to use.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Management's Basis for Projected Expenses – The Project

Operating Expenses

Management has projected operating expenses related to the Project based upon its plans to operate the Project, its experience operating its current facilities, and using similar assumptions and methodologies as disclosed in “Management’s Basis for Projection of Expenses” section of the “Summary of Significant Projection Assumptions and Accounting Policies” contained previously herein with the exception of inflating non-wage dietary expenses by 5.0 percent each year of the Projection Period once the Project is available for occupancy.

Management has projected that it would incur expenses sufficient to achieve community benefit equal to 5 percent of resident revenues as described in North Carolina General Statutes Section 105.278.6A, thereby retaining its current exemption from property tax exemption.

Management has assumed increases relating to costs in all departments associated with the addition of the Project and changes in occupancy.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Management’s Basis for Projection of Other Items – The Project

Property and Equipment – The Project

Property and equipment, net of accumulated depreciation, related to the Project has been projected based on the estimated costs of constructing the Project, and other routine property and equipment additions related to the Project, reduced by estimated annual depreciation. The following table reflects Project related costs, capitalized interest, and other routine capital additions related to the Project.

**Supplemental Disclosure Table 6S
Projected Property and Equipment Additions – The Project
(In Thousands of Dollars)**

For the Years Ending September 30,	2024	2025	2026	2027	2028
Project Costs	\$ 1,778	\$ 26,992	\$ 27,033	\$ -	\$ -
Capitalized Interest, Net of Interest Earnings during Project Construction	123	1,454	2,381	-	-
Total IL Project Capital Additions	\$ 1,901	\$ 28,445	\$ 29,414	\$ -	\$ -

Source: Management

Assets Limited as to Use

For purposes of Management’s Supplemental Projection the following additional assets limited as to use have been projected:

- Project Fund – Series 2025 Bonds – Reflects amounts projected to be funded from a portion of the Series 2025 Bonds for payment of the Project costs.
- Funded Interest Fund – Series 2025 Bonds – reflects amounts funded from the proposed Series 2025 Bonds for payment of interest expense related to the Series 2025 Bonds.
- Debt Service Reserve Fund – Series 2025 Bonds – represents the anticipated debt service reserve fund for the Series 2025 Bonds.
- Entrance Fee Fund – Entrance fees received from the Project’s New Independent Living Units are assumed to be placed into an Entrance Fee Fund and used to repay a portion of the Series 2025 Bonds.

Statutory Operating Reserve - Section 58-64-33 of the General Statutes of North Carolina, as amended, establishes an operating reserve requirement that must be satisfied on an annual basis. Specifically, in years where the overall occupancy of the facility exceeds 90%, the operating reserve amount required equals 25% of operating expenses. In years where overall occupancy is under 90%, a reserve equal to 50% of operating expenses must be established. To the extent that funds have been set aside for the payment of interest and principal on debt (Debt Service Reserve Fund), interest expense and principal payments would be excluded from the statutory operating reserve requirements.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

**Table 7S
North Carolina Statutory Operating Reserve- Including the Project
For the Years Ending September 30,**

As of September 30,	2024	2025	2026	2027	2028
Independent Living Units Occupied ⁽¹⁾	137	140	154	182	182
Assisted Living Units Occupied	34	34	34	34	34
Total Occupied	171	174	188	216	216
Total Available Units	186	186	230	230	230
Occupancy	92.2%	93.6%	81.7%	93.9%	93.9%
	In Thousands of Dollars				
	2024	2025	2026	2027	2028
Total Operating Expenses	\$ 21,261	\$ 21,577	\$ 24,968	\$ 28,326	\$ 28,597
Less:					
Depreciation and Amortization	(2,401)	(2,670)	(3,896)	(4,043)	(4,195)
Amortization of Issuance Costs and Original Issue Discount Included as a component of Interest Expense	151	168	168	168	168
Plus:					
Routine Principal Payments					
Series 2019 Bonds	465	490	505	525	545
Series 2025 Bonds	-	-	1,634	15,926	-
Less:					
Amounts Set-Aside in Debt Service Reserve Fund					
Series 2019 Bonds	(1,931)	(1,938)	(1,933)	(1,933)	(1,932)
Series 2025 Bonds	-	(2,455)	(4,058)	(4,058)	(3,661)
Principal Payments paid from Entrance Fee Fund	-	-	(1,634)	(15,926)	-
	\$ 17,545	\$ 15,172	\$ 15,754	\$ 18,985	\$ 19,522
Required Reserve Multiplier ⁽²⁾	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 4,386	\$ 3,793	\$ 3,938	\$ 4,746	\$ 4,880

Source: Management

Notes:

- (1) As noted above, in fiscal year 2026, management has assumed a 25 percent operating reserve. While the table above shows total occupied units of 188, Management has also assumed that the remaining depositors on the Project have executed a contract, as defined by the Statute, and have yet to move-in. As such, Management is basing the Operating Reserve on both occupied and reserved but not yet occupied units of the Project.
- (2) Due to the Organization projecting occupancy in excess of 90%, the Organization is required to have a 25 percent operating reserve, otherwise the operating reserve would be equal to 50 percent.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE PROJECTION

Series 2025 Bonds

See notes to Supplemental Disclosure Table 2S for information relating to the proposed financing assumptions relating to the Project. The following table summarizes the projected principal payments on the Series 2025 Bonds.

Supplemental Disclosure Table 8S					
Series 2025 Bonds					
Projected Principal Payments					
(In Thousands of Dollars)					
Years Ending September 30,	Series 2025 Long-Term Bonds		Series 2025 Intermediate Term Bonds		Total
2024	\$	-	\$	-	\$ -
2025		-		-	-
2026		-		1,634	1,634
2027		-		15,926	15,926
2028		-		-	-
2029		400		-	400
2030		430		-	430
2031		460		-	460
2032		485		-	485
2033		525		-	525
Thereafter		50,000		-	50,000
Total	\$	52,300	\$	17,560	\$ 69,860

Source: Management

Line of Credit

In June 2023, the Organization entered into a \$5,000,000 open revolving line of credit with an interest rate ranging from 3.5 percent to 4.125 percent that is set to expire in June 2026. Interest accrues and is payable monthly. As of September 30, 2023, there was no outstanding balance. Management has projected the draw down and pay-off of approximately \$2,452,000 during 2024 for certain pre-finance Project costs and has projected the capitalization of approximately \$123,000 in interest expense associated with the draw-down on the line of credit.

PENICK VILLAGE, INC.
SUPPLEMENTAL PROJECTED BALANCE SHEETS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS ON PAGE 23
SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 5,165	\$ 5,375	\$ 5,628	\$ 5,784	\$ 5,961
Assets Limited As To Use, Current	609	609	609	609	609
Investments	5,832	8,202	8,250	5,372	8,452
Receivables:					
Accounts and Notes, Net of Allowance	544	570	586	689	732
Due from Affiliate	1,848	1,848	1,848	1,848	1,848
Other Receivables	95	95	100	102	106
Prepaid Expenses and Other Current Assets	259	588	555	329	349
Total Current Assets	14,352	17,286	17,575	14,732	18,055
Assets Limited As To Use					
Investments - Operating Reserve Requirement	4,386	3,793	3,938	4,746	4,880
Project Fund - Series 2025 Bonds	-	27,533	-	-	-
Funded Interest Fund - Series 2025 Bonds	-	3,746	-	-	-
Debt Service Reserve Fund - Series 2019 Bonds	2,007	2,007	2,007	2,007	2,007
Debt Service Reserve Fund - Series 2025 Bonds	-	4,058	4,058	4,058	4,058
Bond Funds	167	167	167	167	167
Restricted Funds	10	10	10	10	10
Entrance Fee Fund	-	-	4,807	2,165	-
Total Assets Limited As To Use	6,570	41,315	14,988	13,153	11,123
Property and Equipment, Gross	71,223	101,813	133,437	135,713	138,056
Less: Accumulated Depreciation	(22,425)	(25,092)	(28,985)	(33,025)	(37,218)
Property and Equipment, Net	48,798	76,722	104,452	102,687	100,839
Other Assets					
Investment in Affiliate	1	1	1	1	1
Due From JA Greer Group, LLC	2,186	2,186	2,186	2,186	2,186
Beneficial Interest in Annuities	182	182	182	182	182
Intangible Assets	104	101	99	96	93
Other	109	109	109	109	109
Total Assets	\$ 72,303	\$ 137,902	\$ 139,591	\$ 133,147	\$ 132,587
Liabilities and Net Assets					
Current Liabilities					
Current Maturities of Long-Term Debt	\$ 490	\$ 505	\$ 525	\$ 545	\$ 970
Payable from Assets Limited as to Use	119	119	119	119	119
Accounts Payable	550	571	598	614	633
Accrued Liabilities	841	856	897	921	950
Application and Prepaid Admission Deposits	1,683	1,683	1,546	237	237
Refund Liability, Current Portion	319	-	-	-	-
Total Current Liabilities	4,002	3,734	3,684	2,437	2,909
Refund Liability, Less Current Portion	3,088	3,088	3,088	3,088	3,088
Deferred Revenue from Entrance Fees	20,598	21,111	27,003	38,420	37,325
Long-Term Debt, Net of Current Portion - Existing	30,572	30,067	29,542	28,997	28,427
Long-Term Debt, Net of Current Portion - Series 2025 Bonds	-	69,860	68,226	52,300	51,900
Other Debt Obligation - Line of Credit	2,452	-	-	-	-
Deferred Financing Costs	(918)	(2,220)	(2,121)	(2,022)	(1,923)
Bond premium	2,015	1,945	1,876	1,807	1,738
Long-Term Debt, Net of Financing Costs	34,121	99,653	97,524	81,082	80,141
Interest Rate Cap Agreement	1	1	1	1	1
Total liabilities	61,810	127,586	131,300	125,027	123,464
Net Assets					
Without Donor Restrictions	9,786	9,609	7,585	7,413	8,417
Net Assets with Donor Restriction					
Net Assets with Donor Restriction	707	707	707	707	707
Total net assets	10,493	10,316	8,292	8,120	9,124
Total Liabilities and Net Assets	\$ 72,303	\$ 137,902	\$ 139,591	\$ 133,147	\$ 132,587

See Summary of Significant Projection Assumptions and Accounting Policies

PENICK VILLAGE, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS ON PAGE 23
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
Revenue, Gains, and Other support					
Net Resident Service Revenue					
Independent Living	\$ 7,609	\$ 8,029	\$ 8,487	\$ 11,090	\$ 12,049
Health Care Revenue	7,750	7,988	7,886	8,123	8,390
Less Contractual Adjustments and Benevolent Assistance	(388)	(399)	(300)	(309)	(319)
Net Resident Service Revenue	14,970	15,619	16,073	18,904	20,120
Earned Entrance Fees	3,549	3,733	4,770	6,820	7,116
Other Operating Revenue	358	374	385	453	482
Contributions	1,176	1,174	1,085	1,117	1,153
Total Revenue, Gains, and Other Support	20,054	20,899	22,312	27,294	28,870
Operating Expenses					
Program Services					
Dining Services	3,121	3,214	3,321	3,432	3,546
Housekeeping	1,093	1,126	1,200	1,319	1,359
Nursing	3,219	3,315	3,415	3,517	3,623
Residential Assisted Living	531	547	563	580	598
Resident Services	264	272	280	289	297
Facility Services	2,159	2,224	2,486	2,655	2,735
Life Enrichment Program	452	466	480	494	509
Home Care	844	870	896	923	950
Garden Cottage	580	597	615	634	653
Transportation	95	98	101	104	107
Total Program Services	12,359	12,729	13,357	13,946	14,377
Supporting Services					
Administration and General	2,375	2,446	2,579	2,656	2,736
Information Systems	717	738	760	783	807
Human Resources	562	579	596	614	633
Marketing and Development	1,298	868	887	682	702
Depreciation and Amortization	2,401	2,670	3,896	4,043	4,195
Interest and Amortization	1,548	1,546	2,892	5,601	5,147
Total Supporting Services	8,902	8,847	11,611	14,380	14,220
Total Operating Expenses	21,261	21,577	24,968	28,326	28,597
Operating Gain (Loss)	(1,207)	(677)	(2,656)	(1,032)	274
Nonoperating Income					
Investment Earnings, Net	317	500	632	860	730
Total Nonoperating Income	317	500	632	860	730
Excess (Deficit) of Revenues Over Expenses and Changes in Net Assets	(890)	(177)	(2,024)	(172)	1,004
Net increase (decrease) in net assets	(890)	(177)	(2,024)	(172)	1,004
Net Assets, Beginning of Year	11,383	10,493	10,316	8,292	8,120
Net Assets, End of Year	\$ 10,493	\$ 10,316	\$ 8,292	\$ 8,120	\$ 9,124

See Summary of Significant Projection Assumptions and Accounting Policies

PENICK VILLAGE, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE SUPPLEMENTAL HYPOTHETICAL ASSUMPTIONS ON PAGE 23
FOR THE YEARS ENDING SEPTEMBER 30, 2024 THROUGH 2028
(IN THOUSANDS OF \$)

	2024	2025	2026	2027	2028
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (890)	\$ (177)	\$ (2,024)	\$ (172)	\$ 1,004
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	2,399	2,667	3,893	4,040	4,192
Amortization of Debt Issuance Costs	82	99	99	99	99
Amortization of Bond Premium	(69)	(69)	(69)	(69)	(69)
Amortization of Entrance Fees	(3,549)	(3,733)	(4,770)	(6,820)	(7,116)
Amortization of Intangible Assets	3	3	3	3	3
Nonrefundable Entrance Fees Received	5,963	4,890	4,991	4,995	5,289
Nonrefundable Entrance Fees Received - Project	-	-	-	1,214	1,691
Decrease in Resident Deposits	1,446	-	(137)	(1,309)	-
Net Changes In Operating Assets and Liabilities:					
Accounts and Notes Receivable	(89)	(25)	(17)	(103)	(42)
Other Receivables	(40)	-	(4)	(3)	(3)
Due to Affiliates	(60)	-	-	-	-
Prepaid Expenses and Other Current Assets	140	(329)	33	226	(20)
Payable from Assets Limited as to Use	1	-	-	-	-
Accounts Payable	(1,102)	21	27	17	19
Accrued Liabilities	85	15	40	25	28
Net Cash Provided by Operating Activities	4,319	3,360	2,067	2,141	5,075
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(2,493)	(2,145)	(2,209)	(2,276)	(2,344)
Purchases of Property and Equipment (Project)	(1,778)	(26,992)	(27,033)	-	-
Interest Cost Capitalized during Construction Period, Net	(123)	(1,454)	(2,381)	-	-
Net Change in Assets Limited as to Use	(814)	(34,744)	26,327	1,834	2,031
Net Change in Investments	598	(2,370)	(49)	2,878	(3,080)
Net Cash Provided by (Used in) Investing Activities	(4,610)	(67,705)	(5,346)	2,437	(3,393)
CASH FLOWS FROM FINANCING ACTIVITIES					
Entrance Fees Received from Initial Entrance Fees (Non-Refundable)	-	-	6,441	13,284	-
Refunds of Entrance Fees - Existing	(1,314)	(963)	(770)	(635)	(609)
Refunds of Entrance Fees - Project	-	-	-	(621)	(350)
Issuance of Long-Term Debt - Bond Obligations (Series 2025)	-	69,860	-	-	-
Issuance of Debt - Line of Credit	2,452	-	-	-	-
Deferred Financing Costs	-	(1,400)	-	-	-
Principal Payments on Debt - Line of Credit	-	(2,452)	-	-	-
Principal payments on Long-Term Debt	(465)	(490)	(505)	(525)	(545)
Principal Payments on Debt - Bond Obligations (Series 2025)	-	-	(1,634)	(15,926)	-
Net Cash Provided by (Used in) Financing Activities	673	64,554	3,532	(4,423)	(1,504)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	383	210	253	155	177
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	7,197	7,580	7,790	8,043	8,199
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 7,580	\$ 7,790	\$ 8,043	\$ 8,199	\$ 8,376
<i>Cash Flow Reconciliation:</i>					
Cash and Cash Equivalents	\$ 5,165	\$ 5,375	\$ 5,628	\$ 5,784	\$ 5,961
Restricted Cash	2,415	2,415	2,415	2,415	2,415
Total Cash, Cash Equivalents and Restricted Cash	\$ 7,580	\$ 7,790	\$ 8,043	\$ 8,199	\$ 8,376
Cash Paid for Interest, Net of Capitalization	\$ 1,536	\$ 1,517	\$ 2,862	\$ 5,572	\$ 5,117

See Summary of Significant Projection Assumptions and Accounting Policies

Attachment 3

Independent Living Residency Agreement



**PENICK
VILLAGE**

RESIDENCY AGREEMENT

For

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PENICK VILLAGE RESIDENCY AGREEMENT

NOTICE OF RIGHT TO RESCIND

You may rescind this Residency Agreement at the later of (i) 30 days following the execution date hereof or (ii) the date of delivery of Penick Village’s Disclosure Statement. The resident(s) to whom the contract pertains is not required to move into Penick Village before the expiration of the 30-day period. A full refund, minus any agreed upon non-refundable fees, will be refunded to you within 30 days of receipt of your rescission of this Residency Agreement.

TERMS OF OCCUPANCY

This Residency Agreement ("Agreement") is entered into by _____ (individually and/or collectively "you" or "Resident(s)"), and Penick Village, Inc. doing business as Penick Village (hereinafter referred to as "Penick Village"), a North Carolina not-for-profit corporation. The term "Penick Village", "we", "our", and "the Community" are used throughout this Agreement to denote Penick Village, Inc. All Depositors that are parties to this Agreement shall all be jointly and severally responsible for payment of all fees and charges under this agreement.

Penick Village Inc. presently owns and operates a Life Plan Community (also known as a Continuing Care Retirement Community) located at 500 East Rhode Island Avenue, Southern Pines, North Carolina. Subject to the conditions contained in this Agreement, we agree to make available to you an unfurnished Independent Living Residence in Penick Village and provide you with services and amenities described in this Agreement, including assisted living and healthcare services. The Residence is identified as follows:

RESIDENCE STYLE: _____

RESIDENCE ADDRESS: _____

SECTION 1: GENERAL SERVICES AND FACILITIES

1.1 Basic Agreement. In consideration of payment of a _____ Refundable Entrance Fee in the amount stated in Section 4.2 and payment of the appropriate Monthly Service Fee, initially in the amount stated in Section 4.3, you are entitled to occupy the Residence indicated above and to receive the services and use of the community spaces described in and according to the provisions of this Agreement.

Your right to occupy the Residence or such other service accommodations to which you may be transferred in accordance with this Agreement shall continue for your lifetime unless sooner terminated as provided herein.

The right to occupy the Residence and receive services under this Agreement shall apply exclusively to the named Resident(s) hereunder, and to no other individual(s). No person other than the Resident(s) entering into this Agreement shall be permitted to occupy the Residence without the express written permission of Penick Village as hereinafter provided.

1.2 Residence Furnishings. The Residence is furnished at our expense with standard flooring and window coverings, self-defrosting refrigerator/freezer with ice maker, range and oven, dishwasher, microwave oven, garbage disposal, washer/dryer, emergency call system, telephone jack(s) and internet/cable TV connections. Certain structures may not include certain furnishings described above, and availability of these furnishings depends on the Residence selected.

1.3 Parking. Parking areas are provided for you and Penick Village guests as defined in the Resident Handbook. Based on availability, covered parking is an option for the Woodlands apartment areas for (i) an upfront fee and (ii) a monthly maintenance fee. In the Parkview & Wharton buildings, one parking space is reserved in the garage area for each apartment. Golf Cart parking for all IL residents is available on a limited basis and needs to be pre-arranged.

1.4 Community Spaces. You may use Penick Village community spaces in accordance with the Penick Village Resident Handbook, as modified and amended from time to time. Community spaces are non-smoking and are anticipated to include but are not guaranteed or warranted to include:

- Chapel
- Living rooms
- Restaurant, Bar, & Café
- Library
- Hair & Nail Salon
- Card/life enrichment room
- Multi-purpose/media room
- Mail center
- Fitness center

1.5 Included General Services. So long as you are in compliance with your obligations hereunder, we provide the following services covered by the Entrance Fee and Monthly Service Fee:

a. Food Service. Breakfast, lunch and dinner are served Monday thru Saturday; Breakfast and lunch only are served on Sunday. You are entitled to receive a \$390.00 monthly allowance

allocated to food in Penick Village dining venues per person covered in this Residency Agreement. Meal allowances are to be used for standard dining service prepared meals and meal portions only. If you exceed your monthly allowance, it will be billed directly to your account to be paid with your monthly statement. If you are absent from Penick Village for fourteen (14) or more consecutive days, and have informed the Resident Services Desk prior to your absence, a daily dining credit of \$5.00 per day, from the first absent day, will apply and be credited against the meal allowance. Resident absences less than fourteen (14) days will receive no credit. Food prices are subject to change per market costs and no 30-day notice is required to be given by Penick Village for such changes. Allowances may not be used for raw, frozen or seared foods, store to door items, bulk purchases or guest holiday and special occasion meals (Thanksgiving, Christmas, Valentine's Day, etc...). When you permanently leave Penick Village or reside(s) in a different level of care, the monthly food allowance, if applicable, will be prorated in proportion to the number of days you occupied or occupy your Independent Living Residence.

b. Housekeeping. Residential Housekeeping, including vacuuming, routine cleaning, mopping, sweeping, etc. occurs on a weekly scheduled basis.

c. Utilities. The costs of sewer, natural gas (if applicable), water, waste disposal, and electricity are included in the Monthly Service Fee. In consideration of the evolving new alternate forms of fuels and power sources, Penick Village reserves the right to apply up-front and/or ongoing charges to cover such costs. Basic cable television service is included in the Monthly Service Fee. While the Residence is centrally wired for cable television and telephone service, you are responsible for all telephone, premium cable television, DVR, if available, and internet service provider charges.

d. Security and Emergency Alert System. Residences are equipped with smoke and/or heat detectors and emergency alert systems. The Healthcare Building, Parkview, Wharton, and Woodlands Residences are also equipped with a fire sprinkler system. Along with 24-hour security, all areas on campus have access control. The staff of Penick Village monitor the emergency alert systems around the clock and coordinates emergency responses as appropriate.

e. Maintenance. We maintain all community spaces and grounds as well as repair, maintain and replace Penick Village provided equipment and furnishings. If repairs are required as a result of your negligence you will be financially responsible for all repairs. You are responsible for maintenance of your personal property.

f. Mail. A mailbox is provided for you along with mail slots for intra-Penick Village communications.

g. Transportation. We provide scheduled group transportation to designated local shopping, social and cultural events, medical facilities, and other local destinations. For larger group events requiring transportation or destinations outside of Southern Pines, a transportation charge will apply.

h. Spiritual Programs. A full-time Chaplain coordinates a variety of spiritual programs for those residents wishing to participate.

i. Social, Educational, Cultural and Recreational Programs. A Life Enrichment team coordinates a variety of social, recreational, educational, wellness and cultural programs for those residents wishing to participate.

j. Property Taxes and Insurance. Penick Village is not required to pay property taxes due to its exempt status. You, the Resident, are responsible for taxes assessed on your personal property.

Penick Village maintains property and casualty insurance coverage on the buildings and grounds. Such coverage will not insure against loss or damage to your personal property or damage or injury to others caused by you. For that reason, Penick Village recommends you purchase comprehensive insurance typically referred to as “renters” as well as, if you elect, flood and personal “excess” insurance policies.

k. Storage Area. Except for Residences in a home or cottage, a storage area located in Penick Village is assigned and available for your use.

l. Medical Director. We retain the services of a qualified physician for certain regulatory requirements.

m. Long Term Care Benefit. If it is determined that you require assisted living or healthcare services you will receive priority access to our Residential Assisted Living, the Blanche Robertson Garden Cottage, or Skilled Healthcare Center. Upon admission, we will provide you with basic personal services available in Residential Assisted Living or the Blanche Robertson Garden Cottage or healthcare services available in the Skilled Health Center as described below and subject to changes in law.

(i). Admission. When a determination is made by your physician and approved by the Medical Director or appropriate Penick Village representative that you need assisted living or nursing services, or that you be transferred as provided in Section 3, we will admit you to Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center or, under the conditions set forth in the following paragraph, to another facility.

In the event that, for any reason, space for you is not available in Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center, upon determination that a permanent transfer is required, Penick Village will arrange for your care at your cost in your Residence by a certified Home Health Care Agency or Home Care Agency, if reasonably possible, until space becomes available in Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center. If Home Health Care or Home Care is not medically possible or available at a reasonable cost, Penick Village will arrange for your care at your cost in another facility of Penick Village’s choice that can provide similar care that would otherwise have been provided by Penick Village until space becomes available. Penick Village will provide transportation to another facility as appropriate and pay for transportation costs above those costs paid by third party payors such as Medicare.

(ii). Assisted Living. We will provide to you, in a standard Residential Assisted Living room or apartment or Blanche Robertson Garden Cottage room, services that are designed to assist with the activities of daily living in accordance with applicable North Carolina statutes. Services included are assistance with dressing, grooming, bathing, toileting and ambulating and three meals a day.

(iii). Nursing Health Services. We will provide to you, in a private room, licensed nursing services in accordance with applicable North Carolina statutes. The services provided will include those services covered by the basic published daily rate for a private nursing room then in effect. Such services may include those required by statute to be supervised or

administered by a professional licensed nursing staff, e.g., medication administration, condition and behavior observation and assessment, creation and administration of a care plan, assistance with events of daily living and communication with physicians and other care providers.

(iv). Fees and Charges. Penick Village will provide for fourteen (14) cumulative days annually per resident, without additional charge, following admission to Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center from your Residence, basic Assisted Living or Nursing Services for a Temporary Transfer as defined in Section 3.3, to the extent that it is not covered by your insurance, Medicare or any other governmental programs or entitlements that you are required to maintain under this Agreement. After fourteen (14) days, you will pay for basic Assisted Living or Nursing Services as defined in Section 1.5.n. (ii) and (iii) to the extent that it is not covered by your insurance, Medicare or any governmental programs or entitlements that you are required to maintain under this Agreement.

Effect on Monthly Service Fee.

a. Temporary Transfers.

- 1. Single Occupancy.** Should you have a temporary need for assisted living or nursing services while you are still occupying your Residence, you will be required to pay the then current Monthly Service Fee for your Residence. Penick Village will provide, without additional charge, basic Assisted Living or Nursing Services as defined in Section 1.5.n. (ii) and (iii) for the maximum banked days per calendar year following admission to Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center. This benefit is provided in addition to the Nursing Services covered by Medicare or insurance. Thereafter, you will pay the then prevailing daily rate at Residential Assisted Living, the Blanche Robertson Garden Cottage or the Skilled Health Center and the monthly service fee for your Residence. By “temporary” we mean a Temporary Transfer as defined in Section 3.3.
- 2. Double Occupancy.** Should one or both residents have a temporary need for assisted living or nursing services while you are still occupying the Residence, you will be required to pay the then prevailing current Monthly Service Fee and the then prevailing second person Monthly Service Fee for your Residence. Penick Village will provide, without additional charge, basic Assisted Living or Nursing Services as defined in Section 1.5.n. (ii) and (iii) for the maximum banked days per calendar year per resident following admission to Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center from your Residence. Thereafter, you will pay the prevailing daily rate at Residential Assisted Living, the Blanche Robertson Garden Cottage or the Skilled Health Center and the resident remaining in the Residence will pay the prevailing single Monthly Service Fee. This benefit is provided in addition to the nursing services covered by Medicare or insurance. By “temporary” we mean a Temporary Transfer as defined in Section 3.3.

b. Permanent Transfers.

- 1. Single Occupancy.** Should you have a permanent need for assisted living or nursing services, you will be required to release your Residence as provided under Section 3.3. You will pay the prevailing daily rate at Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center. By “permanent” we mean a Permanent Transfer as defined in Section 3.3.
- 2. Double Occupancy.** Should one Resident have a permanent need for assisted living or nursing services, the resident remaining in the residence will pay the prevailing single Monthly Service Fee and the transferred Resident will pay the prevailing applicable daily rate at Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center. Should both Residents have a permanent need for Assisted Living or Nursing services, the Residents will be required to release the Residence as provided under Section 3.3. Both residents will pay the prevailing daily rate at Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center. If one resident is residing in the Residential Assisted Living and one Resident is residing in the Skilled Health Center, the Resident residing in Residential Assisted Living may occupy a two-room apartment at the single room rate. The two-room apartment rate goes back to the prevailing published rate if the Resident in the Skilled Health Center is no longer occupying that room. By “permanent” we mean a Permanent Transfer as defined in Section 3.3.

- c. Additional Charges.** Residents will be responsible for all costs and charges associated with Residential Assisted Living, the Blanche Robertson Garden Cottage, and/or the Skilled Health Center that are not covered by the basic published market daily rates for such care then in effect, as described in Section 1.5.n. (ii) and (iii).

1.6 Optional Services. The following Optional Services and other services may be available to Residents on a fee-for-service basis:

- Guest food to include Holiday and Special Occasion meals
- Catering for special occasions
- Barber and beauty services
- Food delivery
- Additional transportation
- Additional housekeeping services
- Computer/IT services
- Usage of guest suites, if available
- Personal business services
- Additional maintenance services
- Electric car and golf cart charging stations

Charges for these Optional Services and others that may be offered are made in accordance with the Resident Handbook then in effect and will be billed to you monthly.

1.7 Alteration to Residence. You may make alterations to your Residence at your cost, subject to Penick Village policies and with Penick Village’s prior written approval. Any approved alteration will be performed by our maintenance staff or by a contractor Penick Village approves. Any alterations of a

permanent nature become the property of Penick Village. Should Penick Village choose to restore your Residence to its original condition upon vacancy, Penick Village may fund all restoration and refurbishment costs from the refund of your Entrance Fee as described in Section 6.4 or bill you, before any work is completed, a non-refundable charge that is estimated to restore and refurbish your unit. In the event no refund is due to you, all restoration costs become an obligation of you or your estate. For your safety, you agree not to replace or add any locking devices to your Residence. All alteration costs are at your expense and are non-refundable and due 100 percent in advance of work beginning.

- 1.8 Advance Notice for Changes in Scope of Services.** In the event it is deemed necessary to effect a change in the scope of care or services provided in this Agreement, Penick Village will provide at least thirty (30) days advance notice before any change in the scope of care or services becomes effective. This includes notification of any changes in charges for Optional Services, with the exception for dining service food, services, and program costs.

SECTION 2: RESIDENT'S OBLIGATIONS

- 2.1 Health Insurance.** Penick Village will provide you with the services described in this Agreement, as appropriate. During the term of this Agreement, you shall obtain and maintain in force Medicare Parts A and B and any future program that may be offered by Medicare or its equivalent. You shall also maintain in effect supplemental Medicare insurance coverage acceptable to Penick Village, and furnish evidence of such insurance coverage upon our request. If you are not qualified for Medicare coverage, you will be required to maintain comprehensive health coverage satisfactory to Penick Village. You agree to provide evidence of such insurance to Penick Village upon request. You also agree to (i) execute all necessary forms to obtain payment of benefits that are or may be payable in the future for health services provided hereunder to you and (ii) documentation authorizing the payor to remit any resulting benefit payments directly to and in the name of Penick Village.

You are responsible for paying separately for all health services that are not covered by Penick Village, Medicare (or an equivalent substitute policy approved by Penick Village), or Medicare supplemental insurance, as set forth in this Agreement. If you have any questions about such coverage, we will assist you in obtaining answers.

- 2.2 Power of Attorney, Guardianship.** You acknowledge that at some future time you may be unable by reason of mental or physical disability to properly handle your own affairs and that it may be in your best interest to have an attorney in fact or a guardian appointed to handle your affairs. Therefore, you agree to designate in writing, prior to or at the time of entrance, a person(s) who will have authority to act on your behalf in the event you should at any time become unable to properly handle your own affairs. Thereafter, if you become either physically or mentally unable to properly administer your own affairs, this designated person shall either commence handling your affairs pursuant to the terms of a durable power of attorney or file a petition in a court of competent jurisdiction to have a guardian or conservator appointed to handle your affairs. If the designated person(s) are unable or unwilling to file such a petition, we are empowered to do so at your expense.

- 2.3 Home Health Care, Home Care and Companion Services.** It is the intent of Penick Village to enable you to maintain the highest level of independence possible. As such, you may arrange for home care services to be provided to you in your Residence at your expense. If you do not use Penick Village's Home Care Services or contracted Home Health Provider, any assistance by Penick Village in choosing an appropriate agency shall in no way be deemed an endorsement of

a particular agency or persons, and Penick Village shall in no way be deemed responsible for the

acts or failure to act of any such agency or persons. It is your responsibility to assure that your health care needs are being met while in your Residence. If you choose to receive home health, home care or companion services, you are obligated to utilize a licensed or an accredited agency and you agree to report the agency's periods of visitation to Penick Village in accordance with the policies set forth in the Resident Handbook.

- 2.4 Cost of Physicians, Medicines, Etc.** You acknowledge and agree that any and all expenses or charges that may be incurred by or on behalf of you for costs not covered by this Agreement, including, but not limited to, physicians, therapists, podiatrists, diagnostic services, mental health, medicines, prescription drugs, medical supplies, eyeglasses, hearing aids, vitamins, crutches, braces, walkers, wheelchairs, special duty nursing, hospitalization, emergency medical services, ambulances, care and treatment of eyes, ears and teeth, and any and all other personal medical expenses shall be your sole and exclusive responsibility. You shall be entitled to treatment by the physician of your choice at your expense. Unpaid charges billed to your insurance will appear on your statement indicating they are pending a response from the insurance company. If a charge has been filed with your insurance for over 60 days without a response, it is the resident's responsibility to contact the insurance company. If the insurance company denies a service or does not pay in full, the resident is responsible for paying the remaining balance in full.
- 2.5 Resident Handbook.** We have established and adopted policies and procedures (collectively "Policies") for the occupancy and orderly operation and management of Penick Village. These Policies provide for the safety, welfare, peace, and comfort of all Residents consistent with the provisions of the Residency Agreement. These Policies are published in writing in the Resident Handbook, which will be provided to you on or before the date you move in and which may be amended from time to time. You agree to abide by and observe such Policies and all amendments and additions thereto. These Policies, as amended from time to time, are hereby incorporated by reference. In the event that the terms of this Agreement conflict with the Policies, the terms of this Agreement shall control.
- 2.6 Non-Impairment of Financial Responsibility.** After execution of this Agreement, you agree not to impair your ability to meet your financial obligations under this Agreement and not to cause any act such that you would no longer meet the financial qualifications as set by Penick Village for your Residence.

SECTION 3: TRANSFERS AND RE-ADMISSION

There may come a time when you must move to Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center or to another community that provides services not available at Penick Village. Penick Village is aware that this is a critical transition and will follow the following procedures during any transfer or reassignment.

- 3.1 Consultations.** Except in case of emergency, Penick Village agrees not to transfer you from your Residence to Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center, or to another community or hospital not on the Penick Village campus, for health-related or other reasons, unless it has consulted with you, your physician, your family and/or your designated representative, if applicable. Such a decision shall be made in the best interests of the Resident, and the decision of Penick Village shall be final and binding. In the case of an emergency transfer, Penick Village will schedule the consultations described above within seven (7) days after transfer.

Circumstances that may warrant a Resident's transfer include, but are not limited to, the following:

- a. A determination that the Resident can no longer function in an independent manner in a Residence, and the Resident requires additional assistance with events of daily living or nursing services;
- b. A determination that the Resident is unable to remain ambulatory (for purposes of this document, the term "ambulatory" is used to describe a person who is capable of demonstrating the mental competence and physical ability to leave a building without human assistance or supervision in case of emergency); or,
- c. A determination that the continued residency of the Resident at Penick Village would be harmful to either the Resident, other Residents or staff of Penick Village.

If we determine, after consultation, that your health requires that you be transferred (a) from the Residence covered by this Agreement to Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center or (b) to a community or hospital that provides services that Penick Village does not provide or is not licensed to provide, you agree to be relocated in accordance with the decision.

- 3.2 Consents.** When Penick Village determines, after consultations as described above, to transfer you to Residential Assisted Living, the Blanche Robertson Garden Cottage, the Skilled Health Center, or to a suitable care facility or hospital for health care or other health-related services, Penick Village shall be authorized to transfer you without having to obtain your further consent.

When Penick Village determines, after consultations as described above, that you need home care services to remain independent in your residence, you are responsible for arranging Home Care services through Penick Village or another licensed Home Health agency. If such services are not obtained, Penick Village shall be authorized to transfer you to the appropriate level of care without having to obtain your further consent. Penick Village shall not be responsible for the cost of any services rendered to a Resident who is transferred from Penick Village to another community, or for any home care services, per Section 2.3 of this Residency Agreement except as specifically provided otherwise hereunder.

- 3.3 Transfers.** Pursuant to Section 3.1 and 3.2, transfers are defined below as temporary and permanent.

- a. **Temporary Transfer.** A transfer is considered temporary when, pursuant to Section 3.1 and 3.2, the determination is made that the condition that requires your transfer has the potential to be resolved in a manner that may allow you to return to your Residence within sixty (60) days. Your Residence will be held for your return.
- b. **Permanent Transfer.** A transfer is considered permanent when pursuant to Section 3.1 and 3.2, the determination is made that the condition that requires your transfer will not allow you to return to your Residence within sixty (60) days.

In the event of a Permanent Transfer, you shall release your Residence, in order for Penick Village to make your Residence available to a new Resident. In such event, Penick Village may enter into a new Residency Agreement for occupancy of the Residence with a new Resident. At your expense you grant Penick Village the right to inventory, remove and store your personal property from the Residence thirty (30) days after a Permanent Transfer. Penick Village assumes no financial or physical responsibility for the stored items. If your Residence is reassigned and should you subsequently recover sufficiently to maintain yourself independently in a Residence, you shall receive the next available Residence similar to the one relinquished. Should you request to keep your

Residence following a Permanent Transfer, you will continue to pay the then current monthly service fee for your Residence, in addition to the then current applicable daily rate in Residential Assisted Living, the Blanche Robertson Garden Cottage, or the Skilled Health Center. Please note, that if this action depletes your financial resources you will nullify Section 4.7 and not be eligible for Penick Village's financial assistance program.

If the Residence is occupied by two (2) Residents, the Permanent Transfer of one (1) Resident does not affect the rights and privileges under this Agreement of the remaining Resident.

SECTION FOUR: ENTRANCE FEE AND OTHER FEES

- 4.1 Occupancy Date.** The "Occupancy Date" will be within ninety (90) days of executing the Residency Agreement. If the date you take physical or financial occupancy (as each is defined below) is different from this Occupancy Date, it must be previously approved in writing by Penick Village. "Occupancy" is defined as (i.) when the Residence is occupied by the resident, (ii.) any of the resident's personal belongings are present, and/or (iii.) financial occupancy occurs. Financial Occupancy/Responsibility is defined as (i.) the Entrance Fee is paid in full and (ii.) the Monthly Service Fee begins. Financial Occupancy is required in order to prevent your Residence from being actively marketed. Customized modifications may delay your physical move-in date, they will not delay the date of assuming Financial Occupancy/Responsibility for the Monthly Service Fee.

The agreed upon occupancy date is _____.

_____ _____ _____
Initial Initial Initial

Should you decide not to occupy your Residence on the Occupancy Date, Penick Village's obligation to provide care and services as provided hereunder will be null and void until you assume Financial Occupancy/Responsibility for your residence. Penick Village, in its sole discretion, may terminate the Residency Agreement and market your Residence, if you decide not to assume Financial Responsibility for your Residence on the Occupancy Date. Penick Village may require the Monthly Service Fee to begin if the Residence has been ready for occupancy for 30 days.

- 4.2 Entrance Fee.** You agree to make a _____, non-transferable, non-interest bearing Entrance Fee in the total amount of \$_____. The Entrance Fee will be paid in two installments unless otherwise contractually agreed upon in an addendum letter as part of this contract. The deposit of \$_____ (the "First Installment"), which is an amount equal to ten percent (10%) of the Entrance Fee, less any Reservation or Future Residency Program deposit, is due at the time you execute the Residency Agreement. The second installment or the remaining balance of your Entrance Fee, being \$_____, is due on or before the Occupancy Date, unless otherwise previously agreed in writing. In the event the remaining balance of the Entrance Fee is not paid by the Occupancy Date, Penick Village, in its sole discretion, may terminate the Residency Agreement and market your Residence to a new Resident. Once paid, this Entrance Fee will not be increased or changed during the duration of this Agreement.
- 4.3 Monthly Service Fees and Changes in Fees.** Your Monthly Service Fee will initially be \$_____ per month for one (1) person and initially an additional \$_____ per month for a second person. The Monthly Service Fee shall be due beginning on the Occupancy Date and will be prorated, if necessary, on a daily basis for the first and last months of occupancy. We may increase the Monthly Service Fee, upon thirty (30) days written notice to you. Changes in fees are

determined by considering actual expenses and revenues, projected expenses and revenues, and other projections. It is our intent to make any adjustments to the Monthly Service Fee only once per year. The Monthly Service Fee shall be billed in advance along with any other fees and charges to you on or before the fifth (5th) day of each month, and shall be paid on or before the fifteenth (15th) day of the month.

- 4.4 Payment Due Date.** Penick will automatically draft payments from the resident's designated account the fifteenth (15th) day of each month, or on the business day prior if the 15th of the month falls on a weekend and holidays, for accumulated service fees and miscellaneous expenses.
- 4.5 Late Fee.** We will assess you a late fee of eighteen percent (18%) annually (or the maximum amount allowed by applicable law, if less) of the amount due if the Monthly Service Fee or Optional Services Fees are not paid in full on or before the fifteenth day (15th) of the calendar month in which they are due.
- 4.6 Changes in Occupancy.** If your Residence is occupied by two (2) Residents and one (1) Resident surrenders possession of the Residence to the other, other than by death or by a transfer covered by Section 3, the obligations of the Resident remaining in the Residence under this Agreement remain in legal force and effect, except that the Monthly Service Fee will be adjusted to reflect the single occupancy rate then in effect for the Residence. The Resident not remaining in the Residence will receive no services or benefits under this Agreement but will continue to be jointly and severally liable for the obligations of the Resident remaining in the Residence. The remaining Resident may elect to relocate to a different Residence, if desired, as covered in Section 6. No refund of the Entrance Fee, if applicable, will be made until the remaining Resident vacates the Residence and all conditions of Section 6.4 are met.

In the event the joint occupants of a Residence desire separate living accommodations at Penick Village, and one (1) Resident remains in the Residence designated hereunder, no refund of the Entrance Fee, if applicable, shall be made until the conditions of Section 6.4 are met and the Monthly Service Fee shall be adjusted to reflect the single occupancy rate then in effect for the Residence. Upon occupancy of the second Residence by the departing joint occupant, a new Residency Agreement must be executed and submitted for approval by Penick Village, accompanied by the then current Entrance Fee, for the second living accommodations.

In the event of the marriage of a Resident to another Resident, they may: (a) continue to maintain two Residences and pay the applicable Monthly Service Fee for single occupancy for each Residence then in effect; or (b) release either Residence occupied by them, and pay the applicable Monthly Service Fee for first and second person occupancy then in effect. All benefits provided in each Residency Agreement shall remain and continue in effect. There shall be no refund of the Entrance Fee, if applicable, to either Resident until both Residents leave and the conditions of Section 6.4 have been met.

If you and a non-Resident (including a new spouse) desire to share the Residence, the non-Resident may become a Resident and live in the Residence only if he/she meets the qualifications for residency set forth in Section 5 and both persons execute a new Residency Agreement. In such event, the Monthly Service Fee shall be adjusted to reflect the additional charge per month for a second person, and the non-Resident may be required to make an Entrance Fee in accordance with the then current policies established by Penick Village.

In the event you marry an individual while at Penick Village who does not meet the residency requirements, Penick Village, in its sole discretion, may allow such person to reside at Penick Village.

However, this person would not have any rights, privileges or protection under this Agreement.

4.7 Liability for Charges. Each person who is designated as Resident in this Agreement is jointly and severally liable for the payment of the Monthly Service Fee, Optional Service Fees and all other amounts required to be paid to Penick Village, pursuant to the provisions of this Agreement for so long as any one of the person(s) is a Penick Village resident. In the event it is necessary for us to institute legal action or other proceedings to recover amounts payable to Penick Village under this Agreement, we also will be entitled to recover reasonable legal fees and costs incurred in connection with all such proceedings. This provision will survive any termination of this Agreement.

4.8 Residents Who Become Unable to Pay. It is Penick Village's current policy, which is subject to change at any time without notice in our sole and exclusive discretion, that this Agreement will not be terminated solely because of your financial inability to continue to pay the Monthly Service Fee or other charges payable under the terms of this Agreement by reason of circumstances beyond your control; provided, however, this policy shall not be construed to qualify or limit Penick Village's right to terminate this Agreement in accordance with its terms. If you present facts that, in the opinion of Penick Village, justify special financial consideration, Penick Village will give careful consideration to subsidizing in part or in whole the Monthly Service Fee and other charges payable by you under the terms of this Agreement, so long as such subsidy can be made without impairing the ability of Penick Village to attain its objectives while operating on a sound financial basis. Any determination by Penick Village with regard to the granting of financial assistance shall be within the sole discretion of the ad-hoc Penick Village Benevolent Assistance Committee, and any decision to provide such financial assistance shall continue in effect only so long as Penick Village, in its sole discretion, determines that it can continue to operate for the benefit of all Residents on a sound basis.

As a means of providing financial assistance to Residents, Penick Village maintains an endowment fund and has an annual fund for donations. Income from the endowment fund and annual fund may be used to provide financial assistance in accordance with the Benevolent Assistance policy partially described above.

In the event Penick Village determines to provide you with any financial assistance or subsidy, you expressly agree to (i) grant Penick Village the right to offset any such assistance, plus interest, against the refund of your Entrance Fee, if applicable and/or (ii) allow Penick Village a first or prior claim against your estate(s). The cost of any such financial assistance provided shall be accrued and remain an obligation of the Resident and his or her estate. Furthermore, we may require you to move to a smaller or less expensive Residence. You also agree to an annual financial update and review of your assistance status.

SECTION FIVE: APPLICATION AND ACCEPTANCE FOR RESIDENCY

The obligations of Penick Village to provide services and community spaces hereunder are conditioned upon acceptance of the Resident for residency in accordance with this paragraph. The decision to accept a Resident for residency shall be within the sole discretion of Penick Village.

5.1 Residency Requirements for Acceptance. We require that you be capable of independent living and have assets and income sufficient (under foreseeable circumstances and after provision for payment of your obligations hereunder) to meet ordinary and customary living expenses, after assuming occupancy. You hereby represent and warrant that you are capable of independent living and have assets and income sufficient to meet ordinary and customary living expenses after assuming occupancy.

- a. **Confidential Application.** You shall complete and submit a Confidential Application provided by Penick Village prior to or concurrent with the execution of this Agreement. You hereby certify to Penick Village that all information reflected on such Confidential Application, which is hereby incorporated by reference and made a part of this Agreement, is complete and accurate. Penick Village reserves the right to conduct background checks, including but not limited to criminal background checks, sexual predator registry and credit checks. All financial information given must be complete and accurate. At a minimum, you will be required to submit your most recent tax return filed with the IRS, and any relevant documentation, including summary reports of investment returns, to verify personal financial data. Copies of medical insurance cards and any long term care insurance policies should be submitted prior to occupancy. All residents at Penick Village will be required to provide updated financial data at least bi-annually.
- b. **Confidential Medical Report.** Prior to your acceptance to Penick Village, you will be required to submit a Confidential Medical Report. You also agree to have a home visit by a Penick Village representative as part of the Medical Assessment.
- c. **Age.** To be accepted for residency at Penick Village, you must be at least sixty-two (62) years of age at or before the Occupancy Date.

5.2 Notification of Decision. Penick Village shall notify you of its decision concerning your acceptance to Penick Village. In the event you are not accepted for residency at Penick Village, your First Installment deposit, specified in Section 4 and tendered upon execution of the Residency Agreement shall be refunded less a \$1,000.00 administrative fee within 30 days of the date of the notification to you of non-acceptance for residency, and the parties shall have no further obligations to one another under this Agreement.

5.3 Residency is Conditional on No Material Changes Prior to Occupancy. Acceptance for residency at Penick Village shall be conditioned upon no material change in the matters covered by the Confidential Application, Confidential Financial Statement and Confidential Medical Report prior to your Occupancy Date. In the event of any such material change prior to the Occupancy Date, Penick Village may request that additional information be provided. In the event of the existence of a material change in condition, Penick Village may revoke its acceptance of you for residency to Penick Village at any time prior to the Occupancy Date by written notification to you, and your First Installment deposit as specified in Section 4 shall be refunded less a \$1,000.00 administrative fee within 30 days of the date of such notification.

5.4 Duty of Resident to Notify Penick Village. You acknowledge and agree that Penick Village has relied upon all of the information contained in your Confidential Application and Financial Statement (Addendum B) and Confidential Medical Report (Addendum C) to make its decision regarding your acceptance for residency at Penick Village. Any misrepresentation or omission by you shall render this Agreement null and void at the option of Penick Village. You agree to notify Penick Village prior to the Occupancy Date of any material change in any of the matters covered by, or reflected on, the Confidential Application, Confidential Financial Statement and the Confidential Medical Report.

SECTION SIX: TERMINATION AND REFUNDS

6.1 Termination Prior to Occupancy.

- a. You will be entitled to full reimbursement of any monies paid to us, less any contractually agreed upon non-refundable charges for your requested specific upgrades, within thirty (30) days of our receiving your written termination of this Agreement, if applicable, and will be released

from liability to pay to us any other amount under this Agreement under the following condition. If you die before occupying your Residence at Penick Village, or if, because of illness, injury, or incapacity, you would be precluded from occupying your Residence consistent with the representations made by you in the Confidential Application and/or the Confidential Medical Report, this Agreement will be automatically canceled and the refund process listed in this paragraph will apply.

b. You will be entitled to full reimbursement of any monies paid to us, less any contractually agreed non-refundable charges for your requested specific upgrades and an administrative processing fee of one thousand dollars (\$1,000), within thirty (30) days, of our receiving your written termination of this Agreement, if applicable, and will be released from liability to pay us any other amount under this Agreement under any one of the following conditions:

(i) If you terminate this Agreement prior to the date you occupy your Residence for reasons or conditions other than those described in Section 6.1(a); or

(ii) If we terminate this Agreement for your failure to pay the second installment (or installments contractually agreed upon) or remaining Entrance Fee by the Occupancy Date as further described in Section 4.2.

6.2 Termination of Residency after Occupancy. After you have assumed occupancy of your Residence, this Agreement is subject to termination as follows and refund provisions described in Section 6.4.

a. By you at any time upon thirty (30) days prior written notice to Penick Village.

b. Penick Village may terminate this Agreement after the Occupancy Date for the following non-medical reasons:

(i) A material misrepresentation or omission by you in the Confidential Application, Confidential Financial Statement, or Confidential Medical Report, or related materials, which, if such information had been accurately provided, would have been material to the decision whether or not to accept the Resident for residency;

(ii) If you fail to comply with the policies and procedures of Penick Village or create a situation detrimental to the health, safety or quiet enjoyment of the community by yourself, other Residents, staff or neighboring property users;

(iii) If you fail to pay the Monthly Service Fee or other amounts due us when due unless other mutually satisfactory arrangements have been made, provided however it is our policy that this Agreement shall not be terminated solely because of your financial inability to pay the fees to the extent that (1) your inability to pay is not the result of your willful action; and (2) in our judgement, the ability of Penick Village to operate on a sound financial basis will not be impaired;

(iv) Material breach by you of the terms and conditions of this Agreement; and,

(v) The Residence is no longer fit for occupancy and Penick Village elects not to restore the Residence to habitable condition. To the extent another Residence is available, Penick Village will relocate you.

c. Penick Village may terminate this Agreement subsequent to Occupancy Date for medical reasons. If it is determined by the Medical Director or appropriate personnel of Penick Village (after consultation "to the extent feasible" with you, your personal physician, and your family and/or designated representative) that:

- (i) You have developed a dangerous or contagious disease or mental illness;
- (ii) You are in need of drug or alcoholic rehabilitation or any other condition for which we are not licensed or for which services cannot be provided by us without a significant and unique expenditure; or,
- (iii) You are or have become mentally or emotionally disturbed to a degree that your continued presence in Penick Village is determined to be detrimental to the health, safety and welfare of other Residents or staff.

If any of these situations occur, we are expressly authorized (after consultation with the Medical Director or appropriate personnel of Penick Village, your personal physician and your family and/or your designated representative to the extent feasible) to transfer you, at your expense, to an appropriate hospital or alternative care facility.

If Penick Village seeks to terminate this Agreement and your occupancy, Penick Village shall give you sixty (60) days prior written notice of termination which shall reasonably describe the conduct alleged to warrant the termination of this Agreement and shall set the time, place, and date for a meeting between you and Penick Village's representative(s), which shall not be earlier than thirty

(30) days nor later than forty-five (45) days after the notice of termination. At this meeting you may avoid termination upon your showing to Penick Village reasonable satisfaction that you have cured the conduct alleged to warrant the termination.

6.3 Effect of Double Occupancy. If your Residence is occupied by two (2) residents and one (1) resident dies, this Agreement will continue in full legal force and effect as to the surviving resident, except the Monthly Service Fee will be adjusted to reflect the then applicable single occupancy rate payable for the type of Residence occupied. No refund of the Entrance Fee will occur until the surviving resident leaves and all conditions of Section 6.4 are met.

6.4 Refund of Entrance Fee. After termination of the Residency Agreement or, in the event of the resident's death, or in the case of double occupancy, both occupants' death, Penick Village will refund what is contractually due to the resident(s). The refund, if applicable, will be paid as follows:

- All refunds will be accorded first-in, first-out treatment meaning each refund will be paid in sequential order based on each refund's original due date (i.e., when all events of refund have been satisfactorily achieved).
- Should two refunds be due on the same date, the refund for the Resident(s) with the longer on-campus tenure will receive priority.
- The refund will be paid within thirty (30) days after Penick Village's receipt of proceeds from the next entrance fee(s) sufficient to pay 100% of the refund.

24-Month Declining Refundable Entrance Fee: After termination of this Residency Agreement with Penick Village in accordance with Section 6.2, or, in the event of your death, or in case of double occupancy, both occupants' deaths, we will refund your 24-Month Declining Refundable Entrance Fee (without interest) that you paid for residency at Penick Village. The Entrance Fee shall be reduced and become non-refundable at the rate of 8% the first day of the first month occupied, then 4% per month for any portion of each month the Resident(s) occupied the residence for the next 23 months. After the beginning of the 24th month of occupancy, the Entrance Fee paid by the Resident(s) is fully amortized and nonrefundable.

Fifty Percent (50%) Refundable Entrance Fee: After termination of this Agreement in accordance with Section 6.2, or, in the event of your death, or in the case of double occupancy, both occupants' death, we will refund your Fifty Percent (50%) Refundable Entrance Fee (without interest) that you paid for residency at Penick Village. The amount of the 50% Refundable Entrance Fee will reduce 5% the first day of the first month occupied, 4% monthly for any portion of each month the Residence is occupied for the next 11 months, and 1% percent on the first day of the 13th month the Residence is occupied. At this time, 50% of the entrance fee is fully exhausted. Except as provided in the last paragraph of this section, the refund, if applicable, will be 50% of the original Entrance Fee. "Occupancy" is defined as the time the unit is occupied by the resident or any of the resident's belongings. Also see "Entrance Fee Refunds" above. The 50% Refundable Entrance Fee option is not available to potential residents 85 years of age and older as of the date of residency agreement signing. All couple entrance fees age qualifications will apply to the older of the two applicants.

Ninety Percent (90%) Refundable Entrance Fee: After termination of this Agreement in accordance with Section 6.2, or, in the event of your death, or in the case of double occupancy, both occupants' death, we will refund your Ninety Percent (90%) Refundable Entrance Fee (without interest) that you paid for residency at Penick Village. The amount of the 90% Refundable Entrance Fee will reduce 5% the first day of the first month occupied and then 1% monthly for any portion of each month the Residence is occupied for the next five months. At that time, 10% of the entrance fee is fully exhausted. Except as provided in the last paragraph of this section, the refund, if applicable, will be 90% of the original Entrance Fee. Also see "Entrance Fee Refunds" above. "Occupancy" is defined as the time the unit is occupied by the resident or any of the resident's belongings. The 90% Refundable Entrance Fee option is not available to potential residents 85 years of age and older as of the date of residency agreement signing. All couple entrance fees age qualifications will apply to the older of the two applicants.

In the event Penick Village terminates this Agreement for medical reasons in accordance with Section 6.2(c) of this Agreement, Penick Village shall pay to you any refund due, less a reasonable amount to cover the anticipated cost of utilities, telephone or other obligations if applicable and documented by Penick Village. The refund, if applicable, will be paid within 30 days upon receipt of proceeds from the next re-sale of your Residence listed on page one (1) of this Agreement.

6.5 Use of Entrance Fee. The purpose of the Entrance Fee is to contribute to the operating income of Penick Village and to help fund operating and capital costs. At the sole discretion of Penick Village, Entrance Fees may also be used to pay for project development costs, start-up deficits, debt service, retirement of debt, costs of future expansions, capital expenditures, resident refunds, and other purposes deemed appropriate by Penick Village. No reserve funding will be established pertaining to the refund of the Entrance Fee.

6.6 Right of Off-Set; Other Rights. We reserve the right to off-set against the refund of the Entrance Fee any fees or amounts payable to us under this Agreement including any charges deferred or unpaid. Termination of this Agreement for any reason will not affect or impair the exercise of any right or remedy granted to us or you under this Agreement for any claim or cause of action occurring prior to the date of such termination.

6.7 Relocation. Due to different variables, every internal move (from one independent location to another) is situational and will be up to Penick Village based on availability of the new, desired location. If any resident(s) would like to move internally, s/he/they must make a formal request. The process for making a request is as follows:

Before Approval:

- The resident(s) must submit a financial statement and a written application to the Sales and Marketing department outlining the reasoning for the move.
- All applications will be reviewed by Administration, which will study the availability of the new desired location and evaluate the financial impact of the requested move on the organization. Each situation will be discussed on an individual basis.

After Approval:

- If the application is approved, the Director of Independent Living will coordinate the internal move with the Independent Living resident(s).
- Also, if approved, the resident(s) must pay the cost (i.e., a non-refundable transfer fee) of the move.
 - In most cases, the transfer fee will cover the internal moving expenses, but not pre-move packing, unpacking, or similar expenses.
 - Other considerations affecting transfer fees include, but are not limited to:
 - Renovation costs
 - Resident move in date
 - Condition of existing residence
 - Condition of the new residence (if the new residence has been recently updated Administration may request and addition to the transfer fee)
- If there are additional renovations to the new residence, payment will be required in advance of purchase of materials.
- Finally, if approved, there may be differences between residences in terms of entrance fees and service fees.
 - Note that if moving to a residence with a larger entrance fee, the resident(s) will pay the difference between entrance fees. If moving to a residence with a smaller entrance fee, the resident will not have to pay the difference between fees. However, there will be no refund to the resident regarding this difference.
 - If a current resident wishes to move to a new construction residence, the resident will be required to pay the full entrance fee associated with the new construction, and their former entrance fee will not be applied.
 - Once the resident(s) has or have assumed occupancy on the established date outlined in a contractual addendum, s/he/they will be charged the monthly service fee associated with the new residence.

SECTION 7: MISCELLANEOUS

- 7.1 **Resident's Interest.** Penick Village retains proprietary interest in its Life Plan Community, assets, property, operational and management decisions. However, Penick Village will provide a forum for resident comment and input through resident council meetings and Town Hall Meetings.
- 7.2 **Responsibility for Protection of Resident's Property.** We shall not be responsible for damage or loss to any personal property belonging to you caused by fire, flooding or other casualty, or by leaking of water, bursting of pipes, theft or any other cause. You shall be solely responsible, at your own expense, for insuring against property damage or loss and personal liability to others. In the event of your death or transfer from Penick Village, we will exercise ordinary care in temporarily safekeeping your personal property. If such property is not removed from Penick Village premises within sixty (60) days after termination of this Agreement, we reserve the right to have such property placed in a commercial bonded warehouse at the expense and risk of you or your estate.
- 7.3 **Injury or Accident While Away from Penick Village.** If you are injured in an accident or become ill while away from Penick Village, you shall make every reasonable effort to notify Penick Village as soon as possible. Penick Village shall not be responsible for or assume the cost of medical care for illness or injury incurred by you while away from Penick Village.
- 7.4 **Injury Caused by Third Party.** In the event of an accident or injury to you caused by a third party, for which such third party may be liable for the cost of any medical, surgical, nursing or additional care for you resulting therefrom, you or your designated representative shall notify Penick Village promptly and you or your designated representative shall pursue diligently any claim for damages that may be due from such third party for the injury. Penick Village is not required to bear the cost of care to you for which a third party is liable. You agree to indemnify Penick Village for any expenses incurred by Penick Village in providing care to you for which a third party is liable.
- Penick Village may limit its actions as provided above to claims for recovery of the costs and expenses incurred by it, and in such event, Penick Village shall not be obliged to assert any claim on behalf of you arising out of such accident or injury beyond the costs and expenses incurred by Penick Village. Should Penick Village submit a claim for recovery, you agree to cooperate in all material respects with Penick Village's representatives in such claim management.
- 7.5 **Indemnification for Negligence.** You hereby agree to indemnify, protect and hold us harmless from any loss, damage, injury or expense incurred by Penick Village as a result of your negligent or willful acts or omissions or the acts or omissions of your invitees or guests.
- 7.6 **Right of Entry.** You hereby authorize our employees and agents to enter your Residence to provide services, repairs, maintenance, alterations, pest control and inspection, and to respond to perceived medical or other emergency. Penick Village will try to schedule all other services in advance with the Resident. If you are away from your residence seven (7) consecutive calendar days or longer, Penick Village reserves the right to, but is not obligated to, have a representative enter your Residence during your absence to confirm the safety and maintenance of your Residence remains intact.
- 7.7 **Guests.** Occupancy of the Residence and use of Penick Village community spaces and grounds is limited to you and your guests. You must be present while hosting guests at Penick Village and those guests may not occupy your Residence for more than 14 days without the prior approval of Penick Village. You will be responsible for the conduct of your guests and for payment of any charges incurred by your guests.

- 7.8 Damage to Property.** In the event you have a service provided to you (for example: movers, dry cleaners, parcel delivery, etc.) or you have a car or mobility assistance device and that person, company or device causes any damage or injury to Penick Village, another resident and/or their property or an employee, including but not limited to gates, signage, walls, doors, floors and elevators you will be personally liable for any and all resulting costs and expenses; including all workers compensation-related benefits if the injury is to a Penick Village employee.
- 7.9 Absence from Penick Village.** You agree to notify Penick Village in advance of any contemplated absence. No fee adjustments will be made in the event of a voluntary absence from Penick Village, with the exception of a daily meal credit in conformance with our Food Service policy noted in Section 1.5 (a).
- 7.10 Damage to Residence.** If your Residence is damaged by fire, flood, storm or other casualty or cause not resultant from your negligence or willful act or omission and we elect not to terminate this Agreement, we will, at our expense, proceed diligently to repair and restore your Residence. If your Residence is uninhabitable during the repair, we will relocate you to a comparable type Residence at Penick Village, if available, or, if not, we will try to relocate you temporarily to any other available Residence at Penick Village and the Monthly Service Fee will be adjusted for the type of Residence you temporarily occupy, but in no event shall be more than your Residence.
- 7.11 Entire Agreement.** This Agreement constitutes the entire Agreement between us with regard to your residence and care. We will not be liable for, or bound by, any statements, representations or promises made to you by any person representing or purporting to represent us, unless such statements, representations or promises are expressly set forth and endorsed by both parties in writing, and attached to this Agreement.
- 7.12 Binding Effect.** This Agreement is binding upon our successors and assigns to your heirs and personal representatives. The provisions of this Agreement are not assignable or transferable in whole or in part by you, and you will have no right to sublet the Residence.
- 7.13 Severability.** Each provision of this Agreement will be deemed separate from each other provision and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the balance of the Agreement.
- 7.14 Subordination.** Your rights under this Agreement will be subordinate to any mortgage, security interest, pledge, or other lien that now encumbers all or any part of Penick Village's assets and shall be further subordinate to any mortgage, security interest, pledge, or other lien hereafter placed on all or any part of Penick Village's assets, and you agree to execute, acknowledge and deliver such subordination agreements as any lender or future lender shall reasonably require in order to establish the priority of any such lien.
- 7.15 Nondiscrimination.** Penick Village will be operated on a non-discriminatory basis (except for age criteria), and will provide the accommodations and services described in this Agreement to individuals regardless of race, color, sex, marital status, religion, creed, handicap, national origin, veteran status, sexual orientation, or other prohibited categories.
- 7.16 Notices.** Any notice to Penick Village by you will be given in writing and mailed or delivered to Penick Village at the administrative office or at such other address as we may designate in writing. Any notice to you by us will be given in writing or mailed at such address as you may designate to Penick Village in writing.

Address for notice(s) to Penick Village:

Penick Village Business Office
500 East Rhode Island Avenue
Southern Pines, North Carolina 28387

- 7.17 Choice of Law.** This Agreement will be interpreted according to the laws of the State of North Carolina.
- 7.18 Change of Condition.** You agree to notify us of any material change in any of your physical, financial or mental conditions prior to residency and post-residency.
- 7.19 Authorized Agent Signature.** This Agreement has been executed on behalf of Penick Village by its duly authorized agent, and no officer, director, agent or employee of Penick Village shall have any personal liability hereunder to you under any circumstances.
- 7.20 Third Party Rights.** No other persons or entities other than Penick Village and the Resident have any rights or obligations under this Agreement.
- 7.21 Failure to Act.** Failure or delay of any party to exercise any right, power, or privilege under this Agreement will not operate as a waiver of such right, power, or privilege.
- 7.22 Right of Subrogation.** Should you be injured by a third-party and such injury requires Penick Village to provide health care services under this Agreement, Penick Village shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third-party to the extent necessary to reimburse Penick Village for the costs incurred in providing services under this Agreement.

To the extent allowed under North Carolina law, this right of subrogation authorizes Penick Village to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

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7.23 Religious Affiliation. Penick Village is affiliated with The Episcopal Diocese of North Carolina. The Diocese is NOT responsible for the financial and contractual obligations of Penick Village.

IN WITNESS WHEREOF, PENICK VILLAGE, INC, doing business as PENICK VILLAGE and the Resident have received the Disclosure Statement and signed this Agreement on this _____ day of _____, _____.

Resident Signature

Date

Printed Name

Resident Signature

Date

Printed Name

Penick Village Authorized Representative

Date

Printed Name

Title/Position

Addendum A

NOTICE OF RIGHT TO RESCIND

To rescind and terminate your Residency Agreement, you must mail by certified mail or hand deliver, a signed and dated copy of this cancellation notice or any other written notice clearly indicating your intent to cancel the contract to Penick Village, Inc. at 500 East Rhode Island Avenue, Southern Pines, North Carolina 28387. Your rescission and termination is effective upon receipt by Penick Village of the notice either by certified mail or hand delivery. Refer to Section 6.1 and 6.2 of the Residency Agreement regarding termination and refund provisions.

Pursuant to this notice, I hereby rescind and terminate my Residency Agreement.

Cancellation Date: _____

Resident Signature: _____

Attachment 4

Healthcare Residence and Services Agreement



PENICK VILLAGE

Penick Village, Inc.

Healthcare (Skilled Nursing and Assisted Living) Residence and Services Agreement

Resident: _____

Living Accommodation: _____

**HEALTHCARE
RESIDENCE AND SERVICES AGREEMENT
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HEALTHCARE RESIDENCE AND SERVICES AGREEMENT

This Agreement (the “Agreement”) is made this *(date of occupancy)* _____ day of _____, _____ by and between Penick Village, Inc., a North Carolina nonprofit corporation (hereinafter the “Corporation”, “PV”, “we”, us” or “our”) and _____ (hereinafter “Resident”, “you”, “your”).

WHEREAS, the Corporation is a Life Plan Community (f formerly known as a “Continuing Care Retirement Community”) located at 500 E. Rhode Island Ave., Southern Pines, NC 28387 known as “Penick Village”; and

WHEREAS, you desire to become a resident of PV’s Healthcare and to use and enjoy the facilities, programs and services provided by the Corporation subject to the terms and conditions of this Agreement;

NOW, THEREFORE, You and the Corporation agree as follows:

I. ACCOMMODATIONS AND SERVICES

Subject to the terms and conditions set forth in this Agreement, we agree to provide you the Living Accommodation, services and programs at PV described as follows:

- A. **Living Accommodation.** Residence number _____, a private room accommodation (as described in materials presented to you and as shown to you during a physical tour), located in PV’s Healthcare building (hereinafter referred to as the “Living Accommodation”). You have the exclusive right to occupy and use the Living Accommodation subject to the terms and conditions set forth in this Agreement. You, with the prior written consent of the Corporation and subject to the terms and conditions of this Agreement, may from time-to-time transfer from one PV Living Accommodation to another. Transfer charges may apply. In the event of such a transfer, the reference to the “Living Accommodation” designated above shall be automatically amended to reflect such a transfer.
- B. **Security.** We will use reasonable care in providing security on the PV premises. We will furnish an emergency call system that is monitored twenty-four (24) hours a day. Smoke detectors are provided in all Living Accommodations. We are not responsible for loss or damage to your personal property. You are responsible for securing your Living Accommodation.

Initials _____
Corporation Resident(s)

- C. **Utilities.** We will furnish ordinary electricity, heating, air conditioning, water, sewer, gas, basic cable television service, free Wi-Fi, a telephone, a clock, a television, and trash removal. You are responsible for any premium internet services.
- D. **Furnishings and Appliances.** The Corporation will provide furnishings and appliances in the Living Accommodation as described in the PV-published literature. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident and shall be maintained by you at your risk.
- E. **Meals.** The Corporation will make available, to you, three (3) nutritionally well-balanced meals each day, the cost of which is included in your Monthly/Daily Fee.
- F. **Housekeeping Services.** We agree to maintain the Living Accommodation by providing scheduled housekeeping for Healthcare residents. Housekeeping includes periodic vacuuming and dusting, daily cleaning of bath and changing of bed and bath linens and trash removal. Additional housekeeping services may be made available at your expense.
- G. **Laundry.** Bed and bath linens as well as linen laundry service and personal laundry service (washing, drying and folding) will be provided for Healthcare residents. The costs of these services are included in the Monthly/Daily fee. You are responsible for arranging and paying for dry cleaning services. PV is not responsible for loss or damage to personal items laundered by PV.
- H. **Maintenance and Repairs.** We will maintain and keep in repair the improvements, furnishings, appliances, and equipment owned by the Corporation. Maintenance and repair of your personal property is your responsibility. You will be responsible for the cost of repairing any damage to property of the Corporation caused by your negligence and/or that of any guest of yours, ordinary wear and tear excepted.
- I. **Alterations to Living Accommodation.** Any structural or physical change or redecoration of any kind within the Living Accommodation will require the prior approval of the Corporation. The cost of any change, repairs or maintenance for that change and the subsequent cost to return the living unit to its original condition in the event of such change, or redecoration, will be paid by you. Any such improvement or change will be owned by the Corporation and will not be considered in determining the amount of any refund to you upon termination of this Agreement.
- J. **Use of and Changes to Living Accommodation.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws, or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental laws or regulations.
- K. **Grounds keeping.** We will furnish basic grounds keeping service for the grounds of PV, including lawn, tree and shrubbery care. Subject to approval by the Corporation, you may plant and maintain certain areas designated for such purpose by the Corporation. The cost of these plantings and maintenance of such plantings will be at your expense.
- L. **Mail.** Mail will be delivered by the postal service to PV. PV staff delivers mail to central mail areas for Assisted Living Accommodations. PV staff deliver mail directly to each Skilled Nursing Living Accommodation.

Package deliveries vary by carrier. If a carrier does not deliver packages directly to the resident's Living Accommodation, PV staff will deliver packages directly to Assisted Living and Skilled Nursing Resident.

M. Common Facilities. We will provide common facilities for the use and/or benefit of all Residents. Such common facilities currently include an exercise facility, central dining rooms, mail room, multi-purpose rooms, library, game/television area, lounges, and sitting areas.

N. Transportation. We will provide local medical transportation for scheduled medical appointments Monday through Friday between 8:00 a.m. and 4:00 p.m. except holidays. Forty-eight (48) hours' notice is required. Additional charges will be incurred for appointments exceeding four (4) per month and those appointments outside of normal service hours noted above. Additional charges will be incurred for Residents who require staff accompaniment. Out-of-County transportation is not provided.

We will provide local transportation for Residents as part of the Activity program for the following: weekly shopping, scheduled meal outings, day trips, and other special events. An additional charge may be made for transportation for special, personal or group trips.

O. Activities. Wellness, social, recreational, spiritual, educational and cultural activities will be available to Residents. Additional charges may be incurred for some programs.

P. Other Services Available. Residents engaging third parties for services within PV may do so only with prior notification and PV authorization (i.e., companions, private agency nurses, maintenance workers, etc.). This is not an all-inclusive listing of services you may request or utilize. With respect to services not listed, consult the Resident Handbook's Schedule of Charges.

Q. Services. The services and facilities that are provided through the Entrance and Monthly/Daily Fees (may also be described further herein) are summarized below:

These services are provided to all Residents, regardless of level of accommodation, and are included in the monthly/daily fees.

- Dining plan
- Deposit services with First Bank when associated with a Resident Trust Account
- Limited parking
- Limited storage (based on Living Accommodation *)
- Computer/internet access
- Complimentary Wi-Fi
- All utilities
- Basic Cable television service
- Housekeeping service
- Maintenance service
- Local medical transportation within 25 miles of campus
- Social, spiritual, and recreational programs
- Pastoral counseling
- On-site delivery of pharmaceuticals
- Routine nursing services
- Nutritional counseling

- Emergency nursing services
- 24-hour medical emergency call system, security and fire protection
- Limited Check Cashing (may be limited in terms of frequency and amount)
- Notary Public services

* Additional storage space is not provided for the Assisted Living Center or Skilled Nursing Living Accommodations.

The following additional services are provided with the monthly/daily fee to Assisted Living and Skilled Nursing residents.

Assisted Living

- Three meals daily
- Meal service to room, if required
- Dining room assistance
- Assistance with bathing and grooming
- As-scheduled housekeeping service
- Personal laundry service
- Medication delivery by a nurse or medication technician
- Monitoring of vital signs according to physician's order
- Nursing assessment
- Multi-disciplinary care planning
- Skilled care by LPN and Med Tech/CNAs on duty 24 hours per day
- Access to Fitness Center and whirlpool tub
- Garden Cottage residences

Skilled Nursing

- Three meals daily
- Meal service to room, if required
- Dining room assistance
- Assistance with activities of daily living
- Wheelchair assistance
- As-scheduled housekeeping service
- Personal laundry service
- Medication delivery by a nurse
- Monitoring of vital signs according to physician's order
- Nursing assessment
- Multi-disciplinary care planning
- Whirlpool tub
- Skilled care by RNs, LPNs and CNAs on duty 24 hours per day

- Access to Fitness Center

R. Professional Management of PV and its Facilities. The Corporation will employ associates and/or agents to manage the operations of PV and its facilities.

S. Nursing and Health Care. We will provide nursing and health care for each Resident as follows:

1. Skilled Nursing: The Skilled Nursing Center will be provided for the benefit of the Residents. The Corporation is licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation to operate 50 beds offering intermediate and skilled nursing care for Residents who are temporarily ill or who require long-term nursing care. Private accommodations will be provided for Residents in the Skilled Nursing Center. Some of the beds in the Healthcare Center are dual-licensed for Medicare and Medicaid reimbursement.

- Twenty-four (24) hour nursing staff maintained throughout Healthcare.
- The overall coordination of health care services by the Corporation provided through the joint efforts of a Medical Director (a licensed physician selected by the Corporation), the Corporation's licensed Nursing Home Administrator, and the Corporation's Director of Nursing, and other nursing/clinical staff of the Corporation.
- Charges for Healthcare accommodations and services are described in the Schedule of Fees and other literature published by the Corporation and distributed to Residents at least annually.
- Residents may choose their own personal physician and are responsible for charges for services by such physicians and any consultants. Residents may choose to use the Corporation's Medical Director as their personal physician. Residents are responsible for applicable charges.
- Other health care services may be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services, radiology services, dental and podiatry services, laboratory tests, physical therapy, occupational therapy, including therapeutic activities, rehabilitative treatments, wheelchairs, other medical equipment and supplies. The cost of such services shall not be covered by the Monthly/Daily Fees described herein.
- Temporary care (up to 30 days) is also available in the Skilled Nursing and for treatment of short-term illnesses or injuries.

2. On-Site Emergency Call Response. Each Living Accommodation is equipped with an emergency call system. PV nursing staff will respond to emergency calls.

3. Emergency Medical Care. We will notify your family when emergency medical care is necessary. If acute medical care is necessary or upon physician's or your request, you will be transferred to a local hospital Emergency Room.

4. **Assisted Living Center.** Our Residential Assisted Living is licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation to operate 40 residences, 42 beds to provide support services for Residents who require assistance with activities of daily living. Private accommodations will be provided for Residents in the Assisted Living Center. The Assisted Living Center is licensed to provide services to individuals who require some assistance with activities of daily living, including but not limited to: bathing, dressing, medication administration, dining room assistance, monitoring of vital signs, and nursing assessments. The Garden Cottage serves the needs of individuals diagnosed with memory care-related issues.

II. FINANCIAL ARRANGEMENTS

- A. **Entrance Fee.** Entrance Fees are as presented in the fees and services documentation provided you.
- B. **Non-Standard Features.** The Corporation has consented to your request to add the following non-standard features in your Living Accommodation and you agree to pay the following amount to cover the additional costs, maintenance and removal of these features. This additional amount is not subject to refund and is payable prior to the installation of the applicable non-standard features.

Non-Standard Features Added:	Cost
	\$
	\$
	\$
	\$
Total of Non-Standard Features Added	\$

- C. **Monthly/Daily Fee.** You agree to pay a Monthly/Daily Fee during the term of this agreement which shall be payable in advance by the 15th day of each month. As of the date of this Agreement, the Monthly/Daily Fee associated with your Living Accommodation will be \$ _____.

The Monthly/Daily Fee will begin on the date of occupancy. Occupancy is defined as the first day that a Resident either resides in the Living Accommodation or the first day that the Resident’s furnishings or belongings are placed in the Living Accommodation or in a PV storage area.

No credit will be provided to you should you refuse services, which are included in the Monthly/Daily Fee, such as laundry, housekeeping and meals.

Initials _____
 Corporation Resident(s)

D. Vacations and/or Time Away from Living Accommodation. Monthly/Daily Fees not subject to change or credit if a Resident is away from the Living Accommodation for any period of time. (For example, vacations, hospital stays, etc.)

E. Adjustments in the Monthly/Daily Fee. The Corporation usually sets fees annually but shall have the authority to adjust the Monthly/Daily Fee from time to time during the term of this Agreement as it, in its discretion, deems necessary. Any such increase in the Monthly/Daily Fee or other charges may be made by the Corporation upon thirty (30) days written notice to the Resident.

In the event that it should be determined that the Corporation is required to pay ad valorem taxes upon its property, the Monthly/Daily Fee may be adjusted to reflect the amount of such taxes. You will pay all taxes assessed on your personal property.

In the event PV is assessed sales or use tax on Monthly/Daily Fee and/or fees for other services, you agree to pay PV the amount of such taxes.

F. Schedule of Fees. You have been given a current copy of the Schedule of Fees as authorized by the Chief Executive Officer of the Corporation. You understand that these fees may periodically change.

G. Monthly Statements. We will furnish the Resident with monthly statements showing the total amount of fees and other charges owed by the Resident, which shall be payable by the 15th of the month. Late payments are subject to an interest charge of one and one-half percent (1.5%) per month from the first of the month. PV offers and encourages an automatic bank draft for the Monthly/Daily Fees. PV may terminate this agreement if you have a past due amount in excess of thirty (30) days. Termination of this Agreement does not end the obligation of you or your estate to pay all amounts due, no matter when incurred.

You, and your current and future responsible parties (i.e. power(s) of attorney, executor(s)) on your behalf, from your assets and income agree to pay all costs, expenses, and reasonable attorneys' fees, in the event same must be expended in the collection of any sums due and owed by you to the Corporation.

The Corporation reserves the right, with 30 days' notice, to change the billing date and the payment due date. For a partial first month, the Monthly/Daily Fee is pro-rated on a per diem basis. Thereafter, Monthly/Daily Fees are paid in advance and are not pro-rated at termination for the Assisted Living Center. Monthly/Daily Fees are paid in advance and are pro-rated at termination for the Health Care Center.

H. Skilled Nursing and Assisted Living Priority Admission. Residents are provided priority admission over non-Residents for entry to the Skilled Nursing or Assisted Living Center. PV will make every effort to accommodate Residents in the Skilled Nursing and/or Assisted Living Centers but cannot guarantee availability of accommodations. In the event the Skilled Nursing and the Assisted Living Centers are fully occupied when a resident is in need of care, the resident agrees to relocate to an alternate health care facility ("a Comparable Facility"). In the event of relocation, PV will make every effort to transfer the resident back to PV when accommodations become available.

Upon your relocation to a Comparable Facility, the resident will continue to be responsible for the Monthly/Daily Fee (unless their Living Accommodation is surrendered). PV will not be responsible for the charges associated with the alternate health care accommodations.

- I. **Application for Benefits.** If requested by PV, you will apply for any or all federal, state, and local benefits for which you may be eligible or entitled; and if requested by PV, you will apply for any or all such benefits toward the cost of your care at PV. These benefits may include: Medicare, Medicaid, prescription, and Veterans benefits.

Residents who receive Medicaid funding and who reside in a Medicaid certified accommodation must have their Social Security, pension or other monthly income paid directly to PV. PV will administer and manage these funds, on behalf of the Resident in accordance with applicable laws and regulations, to pay for the residence and services provided to the resident.

- J. **Assignment of Benefits.** You will periodically authorize any provider of medical and health services to receive reimbursement as provided under Medicare/Medicaid, any or all Federal, State and local benefits for which You may be eligible or entitled, and any supplementary insurance programs. If requested by PV, you will periodically make assignments to the provider of medical and other health services of all benefits otherwise accruing to you under Medicare/Medicaid, or other programs and supplementary extended coverage plans to compensate for services rendered.

- K. **Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, or other programs, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

1. **Participating Provider.** If PV is a participating provider with your managed care program, the Corporation agrees to be reimbursed at the rate negotiated with your managed care program.
2. **Not a Participating Provider.** If PV is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all costs. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is terminated, you will continue to pay the Monthly/Daily Fee for your Living Accommodation, unless your Living Accommodation has been surrendered to us.
3. **No Negotiated Managed Care Rate.** If PV is not a participating provider in your managed care program and a negotiated rate is not agreed upon by PV and you would still like to receive health care and services at PV, then you will be responsible for the full amount of applicable charges not paid by your insurance carrier.
4. **Medicaid.** In the event you receive financial assistance through the Medicaid program while occupying a Medicaid certified bed in the Skilled Nursing Center, you will be charged in advance for your liability portion established by the local county department of social services. You will be responsible for all charges for additional items and services requested by you and furnished to you which are not covered under the Medicaid program. Charges shall be made only as permitted under the Social Security Act and applicable regulations.

III. ENTRY REQUIREMENTS

You will become qualified for entry to PV upon satisfaction of the following provisions:

- A. **Age.** The entry requirements for PV residency are nondiscriminatory except as to age, and PV is open to both married and single men and women of all races and religions. Generally, entry in the Assisted Living and the Skilled Nursing Centers is restricted to persons sixty-two (62) years of age or older.
- B. **Personal Interview.** You shall have an interview with a PV representative (including nursing assessment) prior to taking PV residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by the Corporation.
- C. **Application, Health History and Financial Statement.** You shall submit for review, by the Corporation, an Application for Admission, a FL-2, and a Confidential Financial Statement, all on forms furnished by the Corporation.
- D. **Notification.** The clinical team will review the application materials as well as forwarded hospital and physician's documentation / information and will notify you whether you meet the entry requirements. We will also notify you as early as possible of the date on which the Living Accommodation is expected to be available for occupancy.
- E. **Health Requirements.** Prior to PV residency, you shall submit a report of a physical examination (FL-2) made by a physician selected by you. Such report shall include a statement by such physician that you require health care accommodations. We may require you to have another physical examination by our Medical Director or by another physician approved by the Corporation. You shall be responsible for the costs of such physical examinations. If your health as disclosed by such physical examination differs materially from that disclosed in your Application for Entry and FL-2, the Corporation shall have the right to decline entry and to terminate this Agreement, or in the discretion of the Corporation, to permit you to take occupancy of accommodations at PV suitable to your needs.
- F. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** PV is not designed to care for persons who have an active psychiatric illness, a dangerous communicable disease or who require treatment for drug or alcohol abuse. Should PV, in consultation with the Medical Director, determine that your physical or psychiatric illness, or that your condition as a result of drug or alcohol abuse, is such that your continued presence is either dangerous or detrimental to your life, health, safety or peace, or the life, health, safety, or peace of others in the community, then PV may transfer you to another facility of your choosing and/or require you to terminate your PV residency.
- G. **Financial Requirements.** You must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet your ordinary living expenses. We may require you to furnish current financial information at any time prior to and subsequent to occupancy.
- H. **Financial Resources.** You, your current and future responsible parties (i.e., power(s) of attorney, executor(s)) will abide by any and all financial arrangements made with the Corporation for the purpose of securing your ability to pay any and all charges for residing at PV. You agree not to make any gift or other transfer of assets for the purpose of evading your obligations under this Agreement,

or if such gift or transfer would render you unable to meet such obligations under this Agreement. Gifts or transfers of assets in this manner, which result in your inability to meet your financial obligations in accordance with this Agreement, will entitle PV to terminate this Agreement, and you or your responsible parties, as applicable, will be liable for any unpaid amounts.

I. Power of Attorney. You agree to execute and maintain in effect a durable power of attorney that is valid under North Carolina law and will survive your incapacity or disability. This durable power of attorney will designate an attorney-in-fact and an alternate attorney-in fact who will act for you in managing your financial affairs and in filing for insurance or other benefits under private and public assistance programs as full and complete a manner as you could do if acting personally for yourself. **You will deliver a copy of a fully executed power of attorney to PV prior to occupancy.** You will not revoke or amend this durable power of attorney except upon execution of a replacement durable power of attorney, a fully executed copy of which will be delivered to PV. This document also may address at your option, other affairs, such as decisions concerning medical care.

J. Will. You agree to execute a Will, and to provide to PV a copy of such sections of the Will and any revisions, as applicable during the term of this Agreement to document the name(s) of the person(s) to be contacted in the event of your death (i.e., executor(s)).

In the event of your death, while you are a resident of PV this Agreement, only the executor(s) named in your Will, will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation and any related PV storage areas. **Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.**

K. Funeral and Burial. PV will not be responsible for making funeral or burial arrangements and is not responsible for related expenses.

L. Advance Directives. You are encouraged to execute a Living Will and a Health Care Power of Attorney and deliver a fully executed copy thereof to PV as well as any revisions as applicable, during the term of this Agreement.

M. Representations. You affirm that the representations made during the entry process are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement.

N. Appointment of Guardian. If you become unable to care for your business and financial affairs, the Corporation reserves the right to institute action for the determination of your incompetence and the appointment of a guardian to fulfill the terms of this Agreement; unless such needed arrangements have already been made.

O. Emergency Notifications. You agree to provide PV with the following information prior to the date of occupancy as well as updates of this information during the term of this Agreement:

- Names, addresses and phone numbers of persons to notify in an emergency (minimum of two are required)
- Names of persons having the right of entry into your residence
- Name, address and phone number of funeral home (prior arrangements are encouraged)

- Names, addresses and phone numbers of lawyer and executor
- Names, addresses and phone numbers for Powers of Attorney

IV. **TERMS OF RESIDENCY**

A. **Rights of Resident.** You have the right to occupy and enjoy the Living Accommodation described herein during your lifetime unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Corporation other than the right to use or occupancy of the Living Accommodation in accordance with the terms hereof. The Living Accommodation may not be used for commercial purposes. The Living Accommodation may not be occupied or used in any manner in violation of any ordinance, law or regulation.

B. **Healthcare residents of the Skilled Nursing Facility are also afforded the following specifically enumerated resident rights pursuant to 42 CFR 483.10:**

- (1) To be treated with consideration, respect, and full recognition of personal dignity and individuality.
- (2) To receive care, treatment, and services that are adequate and appropriate, and in compliance with relevant federal and State statutes and rules.
- (3) To receive at the time of admission and during stay, a written statement of services provided by the facility, including those required to be offered on an as needed basis, and of related charges. Charges for services not covered under Medicare and Medicaid shall be specified. The patient will sign a written receipt upon receiving the above information.
- (4) To have on file physician's orders with proposed schedule of medical treatment. Written, signed evidence of prior informed consent to participation in experimental research shall be in patient's file.
- (5) To receive respect and privacy in his medical care program. All personal and medical records are confidential.
- (6) To be free of mental and physical abuse.
- (7) Except in emergencies, to be free of chemical and physical restraint unless authorized for a specified period of time by a physician according to clear and indicated medical need.
- (8) To receive from the administration or staff of the facility a reasonable response to all requests.
- (9) To associate and communicate privately and without restriction with persons and groups of the patient's choice at any reasonable hour.
- (10) To send and receive mail promptly and unopened.
- (11) To have access to a telephone where the patient may speak privately. To have access to writing instruments, stationary and postage.
- (12) To manage his/her own financial affairs unless other legal arrangements have been implemented. The facility may also assist the patient, but is required to follow stringent guidelines.

- (13) To have privacy in visits by the patient's spouse, and if both are patients in the same facility, they shall be given the opportunity, where feasible, to share a room.
- (14) To enjoy privacy in his/her room.
- (15) To present grievances and recommend changes in policies and services personally, through other persons or in combination with others, without fear of reprisal, restraint, interference, coercion, or discrimination.
- (16) To not be required to perform services for the facility without personal consent and the written approval of the attending physician.
- (17) To retain, to secure storage for, and to use his personal clothing and possessions, where reasonable.
- (18) To not be transferred or discharged from a facility except for medical, financial, or their own or other patient's welfare, nonpayment for the stay or when mandated by Medicare or Medicaid. Any such transfer shall require at least five days' notice, unless the attending physician orders immediate transfer, which shall be documented in the patient's medical record.
- (19) To be notified within ten days after the facility's license is revoked or made provisional. The responsible party or guardian must be notified as well.

- C. **Subordination.** You agree that all of your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Corporation, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. You shall not be liable for any such indebtedness.
- D. **Policies, Rules and Regulations.** You understand and agree that: (i) in order for PV to operate in the best interests of the entire community, it is essential that we have cooperation of and compliance with applicable policies, rules and regulations by you, your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of you or who may come on the premises of PV in any capacity or for any purpose in connection with or as a result of your residency at PV; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by PV that it is impracticable or impossible for PV to continue to accommodate you as a resident; and (iii) upon such determination by PV, we shall have the right to terminate this Agreement.
- E. **Weapons.** No weapons of any type shall be brought on to the PV property by you or your guests without the express prior written permission of the Corporation.
- F. **Resident Representation.** Residents have the right of self-organization through a Residents' council which may convene to review the interests of the resident population. You shall have resident representation on the PV Board of Directors as outlined in the Bylaws of PV.
- G. **Guests and Visitors.** Guests and visitors are welcome at PV. Guests may use PV guest accommodations, subject to availability and additional charges. At all times, you shall be responsible for any injury to others or damage to the property of others or PV, caused by you or

your guest(s). PV reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.

- H. Relationships Between Residents and Employees (“Associates”).** PV is built on mutual respect and instructs its Associates to be cordial and helpful to Residents. The relationship is to remain professional. Associates must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to Associates or Associates’ families is not permitted. Residents will not employ PV Associates nor hire former PV Associates without the prior written consent of PV Management.
- I. Loss of Property.** The Corporation maintains insurance on all of its property and its operations to include general public liability insurance, property insurance including coverage for acts of God, vandalism and theft, professional liability insurance and worker’s compensation.

The Corporation has established a process to safeguard residents’ personal possessions without effectively prohibiting a resident’s use of personal possessions. Corporation will work with residents and their representatives in an effort to assure that resident’s personal possessions are maintained in a reasonably safe manner and will investigate concerns in accordance with the federal regulations.

- J. Right of Entry.** PV recognizes your right to privacy, and shall limit entry to your Living Accommodation to legitimate emergencies and to scheduled work, including housekeeping, repairs, maintenance, and inspections. You hereby authorize Associates or agents of PV to enter your Living Accommodation, upon reasonable notice for all such purposes.
- K. Appliances.** PV is not obligated to determine your ability to safely utilize the appliances, if any, in your Living Accommodation. However, should we determine that you have demonstrated an inability to safely utilize appliances in your Living Accommodation; we will have the right to turn off the power servicing such appliance(s) and/or to remove any and all such appliances. In any such instance, you shall remain obligated to pay for the Full Month/Daily fee for your Living Accommodation, any extra meals and any fire alarm charges issued by the fire department.
- L. Changes in Living Accommodations.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws or regulations.
- M. Health Insurance.** You will maintain eligible Medicare coverage and one supplemental health insurance policy or equivalent insurance coverage, which adequately covers hospital, medical, prescription, and skilled nursing deductibles and co-payments required of your primary insurance plan. Both your primary and supplemental health insurance policies must recognize PV as a health care provider, or you will assume the financial responsibility for services provided that otherwise could be covered.

You will be responsible for ensuring that the health insurance coverage does not lapse, and will provide PV with evidence of such coverage upon request. If your health insurance coverage should lapse, PV may require that you reapply for suitable coverage. If you are unable to obtain adequate new coverage, PV will charge you for any costs of medical and other health care services provided that otherwise would have been covered by an approved policy.

N. Filing for and Rights to Insurance Benefits. PV is a participating provider with Medicare and Medicaid only.

- PV will file claims with Medicare for all covered services. By law, the patient is responsible for payment of the deductible, co-insurance, and any non-covered service. Non-covered services include, but are not limited to beauty shop charges.
- As a courtesy, PV will file claims to your secondary insurance carrier for your Medicare Parts A & B co-insurance, unless we are prohibited from filing due to participation requirements of the carrier.
- The Medicare Part A co-insurance will be billed on your monthly PV statement as services are rendered prior to any insurance filings. You are responsible for payment of all Medicare Part A co-insurance billed by PV upon receipt of the bill. Payments received from your insurance carrier for Medicare Part A co-insurance will be applied to your monthly PV statement when received.
- Medicare Part B co-insurance (i.e., therapy co-insurance) not paid by a Resident's insurance carrier within 90 days of the date of service will become due and payable by the Resident unless the claim is subject to Medicare, Medicaid, or an insurance plan in which PV participates.
- In the event a Resident's health insurance determines a service is "not covered", the Resident will be responsible for payment. PV tries to inform Residents when services may not be covered; however, it is the resident's responsibility to understand his/her policy limitations.
- Charges not paid by a Resident's insurance company within 90 days of the date of service will become due and payable by the Resident unless the claim is subject to Medicare, Medicaid, or an insurance plan in which PV participates.
- If, for any reason, PV cannot apply directly for benefits payable under insurance required by this Agreement, you agree to make such application and to pay PV the proceeds received.
- **PV reserves the right, in its discretion, to eliminate or change its participation with any and all insurance plans.**

O. Combination of Living Accommodations. Various circumstances may make it desirable that a Living Accommodation occupied by a Resident be combined with an adjoining Living Accommodation to form one combined Living Accommodation. You agree that if a determination is made by the Corporation that it is desirable to combine your Living Accommodation with a Living Accommodation which adjoins your Living Accommodation, you will surrender occupancy of your Living Accommodation, within a reasonable time after receiving notice of such determination. In the event that the Corporation makes such determination and notifies you of such, you have the option to (a) transfer into the combined Living Accommodation when such combined Living Accommodation is ready for occupancy, or (b) transfer to another Living Accommodation, when available, of the same type as the Living Accommodation previously occupied by you. You will pay the Monthly/Daily charge associated with the combined Living Accommodation as established by the Corporation.

- P. Transfer to Another Living Accommodation.** You may move to a different PV Health Care Center Living Accommodation, when it becomes available, upon payment of such fees, consent by the Corporation and compliance with such guidelines regarding transfers as may be adopted by the Corporation. Fees and guidelines may be changed from time to time by the Corporation.
- Q. Transfer to an Assisted Living Accommodation.** Should your needs change, you may request entry to an Assisted Living Accommodation, when it becomes available, upon payment of such fees, consent by the Corporation and compliance with such guidelines regarding transfers as may be adopted by the Corporation. Fees and guidelines may be changed from time to time by the Corporation.
- R. Transfer to an Independent Living Accommodation.** Should your needs change, you may request entry to an Independent Living Accommodation. You would be required to complete the applicable entry process, provide requested information and execute a separate residence and services agreement. You would be required to pay an Entrance Fee at the time of transfer to an independent Living Accommodation. Fees and guidelines may be changed from time to time by the Corporation. PV reserves the right to amend such policies, guidelines and fees in its discretion.
- S. Room Assignment in Skilled Nursing and Assisted Living Centers.** You understand that you acquire no ownership in any property at PV under this Agreement; also, that no particular room or unit in the Assisted Living or the Skilled Nursing Centers is subject to reservation or permanent assignment, and that we may change your room assignment in the Assisted Living or the Skilled Nursing Centers. Though we retain the right to change your room assignment, we agree that we will make changes only as we find such changes to be necessary or advisable.
- T. Moving Costs.** You are responsible for arranging and paying for all packing and moving costs for moves into, within and out of PV.
- U. Pets/Smoking.** Pets are not allowed in the Assisted Living and Skilled Nursing Centers Living Accommodations.

Smoking / Tobacco Products. PV is a “Smoke and Tobacco Free” Community. Smoking and use of tobacco products is not permitted anywhere on PV property including, campus buildings, building entrances or common areas. The only exception is:

The Health Care Center Administrator may permit smoking for a Resident, if so, a designated smoking area would be created outside. However, the prohibition will remain in effect for a family member or caregiver who may accompany the Resident to the designated area.

- V. Absences.** You agree to inform PV (Director of Nursing) when you are going to be away for any length of time. In order to provide adequate time for medications to be available, if applicable, you must provide at least 24 hours advance notice of an absence. No credits (i.e., missed meals) will be given during absences for Assisted Living and Skilled Nursing Residents. For additional information related to absences from Skilled Nursing, please refer to the Bed Hold Policy, which is described within the Resident Handbook.

V. TRANSFERS OR CHANGES IN LEVELS OF CARE.

(A change in Living Accommodations within the Skilled Nursing or to the Assisted Living Centers will require no additional residence and services agreement. This Agreement will remain in effect.)

- A. **Transfer within the Skilled Nursing Center or to Assisted Living Center.** You agree that the Corporation shall have authority to determine that you should be transferred from your Living Accommodation to the Assisted Living Center or a separate area within either center. Such determinations shall be based on the professional opinion of PV's Medical Director, Healthcare Administrator and Director of Nursing and shall be made only after consultation to the extent practical with the Resident, the Resident's physician, a representative of the Resident's family or the Resident's responsible party.
- B. **Transfer to Hospital or Other Facility.** If it is determined that you need care beyond that which can be provided by PV, you may be transferred to a hospital, center or institution equipped to give such care, which care will be at your expense. Such transfer will be made only after consultation to the extent practical with the Resident, the Resident's physician, a representative of the Resident's family or the Resident's responsible party.

In the event it becomes necessary for you to be transferred to a hospital, PV will provide any information available to meet the provisions of any hospital admissions agreement and you agree that PV has the right to provide such information, which may include part or all of your records.

- C. **Surrender of Living Accommodation.** If a determination is made by the Corporation that any transfer described in this Section is permanent in nature, you agree to surrender the Living Accommodation and any storage areas, which were occupied by you prior to such transfer, within 5 days of the determination.

You are responsible for the costs of transfer and moving as well as the Monthly/Daily Fee through the last day of occupancy of the Living Accommodation being vacated. For the purposes of this Section V.C., occupancy is defined as the last day that a Resident either resides in the Living Accommodation or the last day that the Resident's furnishings or belongings occupy the Living Accommodation.

If the Corporation subsequently determines based upon the opinion of our Healthcare staff, Medical Director and whomever else we wish to engage, that you can resume occupancy in accommodations comparable to those occupied by you prior to such transfer you shall have priority to such accommodations as soon as they become available and you will be responsible for applicable fees as determined by the Corporation.

VI. **TERMINATION PROVISIONS**

- A. **Termination Prior to Occupancy.** This Agreement may be rescinded by you at any time prior to taking occupancy at PV for any reason by giving written notice to the Corporation.

This Agreement may be terminated by the Corporation at any time prior to the date that you take occupancy if the Corporation determines that you no longer meet the physical, mental or financial requirements for admission.

In the event of such termination (including death or physical or mental conditions making you ineligible for admission to PV), you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. Notwithstanding anything to the contrary in this

Agreement, if the Resident has paid the applicable Monthly/Daily Fee prior to occupying the Living Accommodation, any refund of such amounts (expressly excluding any amounts paid for non-standard features added to the Living Accommodation) shall be paid by PV within thirty (30) days following such termination pursuant to this paragraph.

- B. Voluntary Termination.** Except as provided herein in subsection A of this Section VI., you may terminate this Agreement by giving the Corporation thirty (30) days prior written notice (nonrefundable) of such termination. If required notice is given, or if no written notice is given, you will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period (nonrefundable fee) and for each day of occupancy except when a delay in discharge or transfer would jeopardize your health or safety or that of others at PV. Any refund due following termination will be made in accordance with Section VI.I.
- C. Abandoned Living Accommodation.** You may be deemed to have abandoned the Living Accommodation and terminated this Agreement if you do not occupy a residence at PV for a period of one continuous year.
- D. Temporary Absence.** Temporary absence because of illness, trips or otherwise will not affect your rights to retain occupancy of Living Accommodation, as long as applicable Monthly/Daily Fees are paid.
- E. Termination Upon Death.** In the event of your death, this Agreement shall terminate as of the date that your Living Accommodation is vacated provided, however, that the Resident's estate shall continue to be obligated to pay the applicable Monthly/Daily Fee for such Resident's Living Accommodation until such Resident's Living Accommodation is vacated and left in good condition except for normal wear and tear.

In the event of such termination, you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. Any refund due following the Resident's death, will be made in accordance with Section VI.I.

Any refund to which you are entitled shall be paid to your Estate unless you execute a designation and name a trust, revocable by you at the time of your death, to receive applicable refunds. Should you execute a revocable trust subsequent to signing this agreement, you or your estate's executor may submit a written beneficiary designation form designating a trust, revocable by you at the time of your death, to receive applicable refunds.

- VII. Termination by the Corporation.** We may terminate this Agreement at any time if there has been a material misrepresentation or omission made by you during the application process; if you fail to make payment to the Corporation of any fees or charges due the Corporation within thirty (30) days after receiving written notice of your failure to pay such fees or charges; if you do not abide by the rules and regulations adopted by the Corporation or breach any of the terms and conditions of this Agreement; if the health or safety of other individuals in the Corporation is endangered if you remain in PV as determined by a physician, physician assistant or nurse practitioner; or the discharge is necessary for your welfare and your needs cannot be met by the Corporation as documented by your physician, physician assistant or nurse practitioner.

You will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period and for each day of occupancy. Except in cases of emergency, you will receive a notice of the termination by the Corporation at least thirty (30) days prior to the effective date of termination.

You may be entitled to appeal the Corporation's decision to terminate this Agreement and, except in cases of emergency, the Corporation will not discharge you before the final decision resulting from the appeal has been rendered. Further, Healthcare has a policy that follows the Federal Regulations regarding involuntary discharge: (1) The discharge or transfer is necessary for the resident's welfare and the facility cannot meet the resident's needs. (2) The resident's health has improved sufficiently so that the resident no longer needs the care and/or services of the facility. (3) The resident's clinical or behavioral status (or condition) endangers the safety of individuals in the facility. (4) The resident's clinical or behavioral status (or condition) otherwise endangers the health of individuals in the facility. (5) The resident has failed, after reasonable and appropriate notice to pay, or have paid under Medicare or Medicaid, for his or her stay at the facility. (6) The facility ceases to operate. Corporation will not initiate a discharge should a Medicaid application be pending.

- A. **Condition of Living Accommodation.** At the effective date of termination of this Agreement, you will vacate the Living Accommodation and will leave it in good condition except for normal wear and tear. You, or your estate, will be liable to the Corporation for any costs incurred in restoring the Living Accommodation and storage areas to good condition except for normal wear and tear.
- B. **Removal of Personal Property.** In the event of termination of this Agreement, you agree to surrender the Living Accommodation and any storage areas, which were occupied by you, within five (5) days of the determination.

The Corporation reserves the right that should personal property remain in the vacated room longer than five (5) days, to remove the belongings from the Living Accommodation and any storage areas. You will pay a Monthly/Daily storage fee equal to 50% of the Monthly/Daily Fee for the previously occupied Living Accommodation or the actual cost of external storage, whichever is applicable. Your property will not be stored for longer than 30 days. Unclaimed property will become the property of PV after 30 days and will be disposed of at the sole discretion of the Corporation.

In the event of your death, while you are a resident of PV under this Agreement, only the executor(s) named in your Will will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation and any related storage areas at PV. Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

- C. **Refund.** You or your estate, or a revocable trust designated by you may be entitled to a refund of any amounts related to the cost of health care services provided by PV or any third-party health care provider less any amounts payable to PV or any third-party health care provider through the date the refund is due hereunder. This refund shall not include the cost of non-standard features that were added to your Living Accommodation at your request. Any refund will be made no later than thirty (30) days from the date of your death.

If the Agreement is terminated by you or the Corporation in an emergency situation (i.e., because the Corporation is no longer able to meet your urgent health care needs, or termination is necessary to protect your health and safety or that of another person at PV), the refund will be made within thirty (30) days after you leave PV. If this Agreement is terminated for any other reason, the refund will be made no later than thirty (30) days after you leave PV.

- D. Release from Obligations Upon Termination.** Upon termination of this Agreement, PV is released from any further obligations to you except for the payment of any refund which may be due under this Agreement.

VIII. RIGHT OF RESCISSION

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by you giving written notice of such rescission to the Corporation within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1, et seq. of the North Carolina General Statutes. In the event of such rescission, you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. You will not be required to move into PV before the expiration of such thirty (30) day period. Notwithstanding anything to the contrary in this Agreement, any refund that may be due to you following rescission of this Agreement, shall be paid by the corporation within thirty (30) days following receipt of written notice of rescission pursuant to this paragraph.

IX. FINANCIAL ASSISTANCE

Subsidy. In connection with its charitable mission, it is the desire of the Board of Directors of PV that no one leave PV because of lack of funds. Any disposition of Resident's assets in any way other than for care at PV or related living/medical expenses to the extent that Resident cannot adequately provide for Resident's expenses or care will nullify this desire on the part of PV and entitle PV to terminate Resident's right to reside in PV.

PV will make reasonable efforts to acquire the funds necessary to meet PV's fees for care. However, the resources of PV to provide care for Residents are not unlimited, and PV reserves the right to terminate the residency of any person, including Resident, who cannot pay the full cost of PV Monthly/Daily Fees and charges, and other PV costs in connection with such person's stay at PV.

In the event that a Resident presents facts which in the opinion of the corporation justify special financial consideration, the Corporation will give careful consideration to subsidizing in whole or in part the Monthly/Daily Fees and other PV charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of the Corporation to attain its objectives while operating on a sound financial basis.

In the event that the Corporation may subsidize in whole or in part the Monthly/Daily Fees and other PV charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial Assistance Agreement with the Corporation.

In the event that we continue to provide the services to you under the terms of this Agreement despite your financial inability to continue to pay the Monthly/Daily Fee or other PV charges payable under the terms of this Agreement, PV shall be entitled to require you to move to a smaller or less costly Living Accommodation.

Any determination by the Corporation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Corporation, under a separate agreement.

- A. Recovery of Subsidies Provided by PV.** When a Resident dies or moves out of the community, if said Resident's fees have been subsidized wholly or partly by PV, the Resident or Resident's

Estate, if any, will be liable to PV for the full amount of the subsidy the Resident received for the entire time of residency. This paragraph will apply whether or not the Resident is in residence at PV at the time of death. This Agreement will operate as a lifetime assignment, transfer and conveyance to PV of so much of Resident's property as is necessary to cover such liability. Any amount due PV under this paragraph may be deducted from any refund payable to Resident or to the Resident's estate.

- B. Financial Assistance Funds.** The Corporation has established funds which will be used to assist Residents who would otherwise not be able to live at PV. Such funds may be used for the purposes of providing financial assistance but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.

X. GENERAL

- A. Compliance with Applicable Laws.** Resident and PV will operate in full compliance with all laws, rules, regulations and ordinances promulgated by lawful governmental authorities.
- B. Confidentiality.** PV has the responsibility to keep all of the personal, medical and financial information you have supplied to it confidential. You agree that PV can disclose such information in accordance with all applicable laws to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).
- C. Assignment.** Your rights and privileges under this Agreement to the facilities, services and programs of the Corporation are personal to you and may not be transferred or assigned by you or otherwise.
- D. Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or deny any person for residency. Residents do not have the right to determine admission or terms of admission of any other Resident. PV reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the community in its sole discretion.
- E. Episcopalian Affiliation.** PV is affiliated with the Episcopalian Church. The Episcopalian Church is not responsible for the financial and contractual obligations of PV.
- F. Indemnity.** You agree to indemnify, defend and hold us harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or those of your guests, including private duty nurses, companions, or other.
- G. Separability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- H. Resident Contracted Services.** If you wish to privately employ outside assistance, including PV-employed Associates, for whatever reason, all PV policies must be upheld, and prior written approval by PV management must be obtained. You agree to hold PV harmless in all situations related to the provisions of such outside services. The Corporation has the right to require termination of such a service at any time.

- I. **Resident Handbook.** You will be given a current copy of the Resident's Handbook as adopted by the Corporation. You understand that these documents will change from time to time but that they are the procedural documents for those occupying Living Accommodations at PV. You will be provided with a copy of any revisions to the Resident Handbook in a timely manner, and will have an opportunity to inquire with Corporation's Administrator or designee should you request clarification.
- J. **Entire Agreement.** This Agreement constitutes the entire contract between the Corporation and Resident. 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 in an amendment to this Agreement signed by PV's CEO and by you. Electronic (e.g., pdf) versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.
- K. **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 the heirs, executors, responsible parties, powers of attorney, administrators and assigns of you.
- L. **Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent or employee of ours shall have any personal liability hereunder to you under any circumstances.
- M. **Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement.
- N. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles.
- O. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep the Agreement in compliance with applicable laws and regulations provided, that the changes we make do not substantially reduce your benefits under the Agreement. If any provision in this Agreement is invalidated, all other provisions will remain in force.
- P. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- Q. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her stay at PV that remain unpaid as of such termination.
- R. **Mediation/Arbitration.** See attached.

- S. **Gender.** Throughout this Agreement, the use of the masculine gender shall include the feminine, and the use of singular shall include the plural.
- T. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- U. **Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively “notices”) will be in writing and addressed as follows:

Penick Village, Inc.:

Attn: Business Office
500 E. Rhode Island Ave.
Southern Pines, North Carolina 28387

Resident:

Your address for the purpose of giving notice prior to your move to PV is the address appearing after your signature below.

Your address for the purpose of giving notice after your move to PV will be the current Living Accommodation address at the applicable time of notice.

You are responsible for notifying us of any changes in address and/or telephone number.

Penick Village, Inc. will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign this Agreement.

I (we) understand this matter involves a financial commitment and associated risk as well as a legally binding contract. I (we) was (were) encouraged to consult with an attorney and/or financial advisor who could advise me (us) concerning this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, as of the day and year first above written, one duplicate copy of this Agreement being retained by each party.

Your signature below certifies that you have read, understand and accept this Agreement as of this (current date) _____ day of _____,

PENICK VILLAGE, INC.

**RESIDENT(S)
(or Resident(s)'s Attorney in Fact) (*)**

By (signature)

(signature)

(SEAL)

Printed Officer Name

(signature)

(SEAL)

Title

Current Address: Street

City, State, Zip Code

Telephone

(*) If Attorney-in-Fact signs on behalf of the Resident(s), a Filed Power of Attorney document must be attached to this Agreement.

**ACKNOWLEDGEMENT OF RECEIPT
OF
DISCLOSURE STATEMENT**

**Penick Village, Inc.
500 E. Rhode Island Ave.
Southern Pines, NC 28387**

As of the day and year above written in this Residence and Services Agreement, the undersigned Resident(s) acknowledges receipt of the Disclosure Statement of Penick Village, Inc. Dated _____ . The Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to the facility, whichever occurred first.

As a prospective resident, the facility’s representatives have encouraged me to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand the facility, like all other continuing care facilities in the State of North Carolina is subject to an act concerning registration and disclosure by continuing care facilities (the “Act”). Registration under the Act does not constitute approval, recommendation, or endorsement of the facility by the Department of Insurance or the State of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the Disclosure Statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement and the Financial Statements prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who could review these documents with me, if any matters contained herein are not clear, including an understanding of solvency and deficit fund balance levels for this and other continuing care facilities.

PENICK VILLAGE, INC.

**RESIDENT(S)
(or Resident(s)’s Attorney in Fact) (*)**

By (signature)

(signature) (SEAL)

Printed Name

(signature) (SEAL)

Title

(*) If Attorney-in-Fact signs on behalf of the Resident(s), a Filed Power of Attorney document must be attached to this Agreement.

Attachment 5

Short-Term Healthcare Residence and Services Agreement



PENICK VILLAGE

Short-Term Residence and Services Agreement

Resident: _____

Living Accommodation: _____

SHORT TERM RESIDENCE AND SERVICES AGREEMENT

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Short-Term Residence and Services Agreement

This Agreement (the "Agreement") is made this *(date of occupancy)* _____ day of _____, _____ by and between Penick Village, Inc., a North Carolina not-for-profit corporation (hereinafter the "Corporation," "Penick," "PV," "we," "us," or "our") and _____ (hereinafter "Resident," "you," "your" or when two persons "Resident," "you" or "your" shall apply to both persons, except where the context otherwise requires).

WHEREAS, the Corporation is a Life Plan Community located at 500 E. Rhode Island Ave., Southern Pines, NC 28387 and

WHEREAS, you desire to become a resident of Penick's Healthcare Skilled Nursing or Assisted Living on a short-term basis for the period of _____ *(date of occupancy)* through _____ and to use and enjoy the facilities, programs and services provided by the Corporation subject to the terms and conditions of this Agreement;

NOW, THEREFORE, You and the Corporation agree as follows:

I. ACCOMMODATIONS AND SERVICES

Subject to the terms and conditions set forth in this Agreement, we agree to provide you the PV Living Accommodation, services and programs described as follows:

- A. **Living Accommodation.** Unit *(number or address)* _____, an accommodation (as described in materials presented to you and as shown to you during a physical tour), located in PV's Healthcare Building (hereinafter referred to as the "Living Accommodation"). You have the exclusive right to occupy and use the Living Accommodation subject to the terms and conditions set forth in this Agreement.
- B. **Long-Term Permanent Entry.** Should you desire permanent entry to PV's Healthcare Skilled Nursing or Residential Assisted Living, you need to complete PV's entry process of making separate application, approval of the application and execution of a separate Residence and Services Agreement.
- C. **Security.** We will use reasonable care in providing security on PV's premises. We will furnish an emergency call system that is monitored twenty-four (24) hours a day. Smoke detectors are provided in all Living Accommodations. We are not responsible for loss or damage to your personal property. You are responsible for securing your Living Accommodation.

Initials _____
Corporation Resident(s)

- D. Utilities.** We will furnish ordinary electricity, heating, air conditioning, water, sewer, basic cable television service, free Wi-Fi, a telephone, clock and television and trash removal. You are responsible for any telephone and internet installation charges and the cost of telephone and internet services.
- E. Furnishings and Appliances.** The Corporation will provide furnishings and appliances in the Living Accommodation as described in the literature published by the Corporation. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident and shall be maintained by you at your risk.
- F. Meals.** The Corporation will make available to you three (3) nutritionally well-balanced meals daily, the cost of which is included in your Monthly/Daily Fee.
- G. Housekeeping Services.** We agree to maintain the Living Accommodation by providing periodic housekeeping services. Housekeeping includes vacuuming, dusting, cleaning of bath, changing of bed and bath linens and trash removal. Additional housekeeping services may be made available at your expense.
- H. Laundry.** Bed and bath linens as well as linen laundry service and personal laundry service (washing, drying and folding) will be provided for Residents in the Healthcare Building. The costs of these are included in the Monthly/Daily fee. You are responsible for arranging and paying for dry cleaning services. PV is not responsible for loss or damage to personal items laundered by PV.
- I. Maintenance and Repairs.** We will maintain and keep in-repair the improvements, furnishings, appliances and equipment owned by the Corporation. Maintenance and repair of your personal property is your responsibility. You will be responsible for the cost of repairing any damage to PV property caused by your negligence and/or that of any guest of yours, ordinary wear and tear excepted.
- J. Alterations to Living Accommodation.** Any structural or physical change or redecoration of any kind within the Living Accommodation requires PV's prior written approval. The cost of any change, repairs or maintenance for that change and the subsequent cost to return the living unit to its original condition in the event of such change or redecoration, will be paid by you. Any such improvement or change will be owned by PV and will not be considered in determining the amount of any refund to you upon termination of this Agreement.
- K. Use of and Changes to Living Accommodation.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws, or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental laws or regulations.
- L. Parking.** The Corporation will provide one (1) unassigned parking area for your personal vehicle and limited parking for guests.
- M. Mail.** Mail will be delivered by the postal service to PV. In turn, PV staff deliver mail to central mail areas in the Healthcare Building. As appropriate, PV staff may deliver mail directly to Healthcare Building residents.

Package deliveries vary by carrier. If a carrier does not deliver packages directly to the resident's Living Accommodation, PV staff will deliver packages directly to Residents.

- N. **Common Facilities.** We will provide common facilities for the use and/or benefit of all Residents. Such common facilities currently include an exercise facility, dining rooms, mailroom, multi-purpose rooms, library, game/television area, lounges, and sitting areas.
- O. **Transportation.** We will provide local medical transportation for scheduled medical appointments Monday through Friday between 8:00 a.m. and 4:30 p.m. except holidays. Forty-eight (48) hours' notice is required. Additional charges will be incurred for appointments outside of normal service hours noted above. Additional charges will be incurred for Residents who require staff accompaniment. Out-of-County transportation is not provided.

We will provide local transportation for Residents as part of the Activity program for the following: weekly shopping, scheduled meal outings, day trips, and other special events. An additional charge may be made for transportation for special, personal or group trips.

- P. **Activities.** Wellness, social, recreational, spiritual, educational and cultural activities will be available to Residents. Additional charges may be incurred for some programs.
- Q. **Other Services Available.** Residents engaging third parties for services within Penick may do so only with prior notification and written authorization by PV (e.g., companions, private duty nurses, maintenance workers, etc.). This is not an all-inclusive listing of services you may request or utilize. With respect to services not listed, consult the Resident Handbook, schedule of charges (both provided to residents) or the Healthcare Administrator.
- R. **Services.** The services and facilities that are provided through the Entrance and Monthly/Daily Fees (may also be described further herein) are summarized below:

These services are provided to all Residents, regardless of level of accommodation and are included in the monthly/daily fees. (Fees will not be reduced or unbundled for services that Residents decline such as dining.)

- Limited parking
- Limited storage (based on Living Accommodation)
- Computer/internet access (additional fees may apply)
- Complimentary Wi-Fi
- All utilities
- Basic cable television service
- Housekeeping service
- Maintenance service
- Limited local medical transportation (within 25 miles of campus)
- Social, spiritual, and recreational programs
- Pastoral counseling
- On-site delivery of pharmaceuticals and pharmaceutical consultations
- Routine nursing services
- Nutritional counseling

- Emergency nursing services
- 24-hour medical emergency call system, security and fire protection
- Check cashing (may be limited in frequency and amount)
- Notary Public services

The following additional services are provided with the monthly/daily fee to Healthcare Building residents. (Fees will not be reduced or unbundled for services that Residents decline such as meals or laundry.)

- Three meals daily
- Meal service to room, if required
- Dining room assistance
- Assistance with activities of daily living
- Weekly housekeeping service
- Personal laundry service
- Medication delivery by a nurse or medication technician
- Monitoring of vital signs according to physician's order
- Multi-disciplinary care planning
- Skilled care by LPN and CNAs on duty 24 hours per day
- Access to Fitness Center
- Nursing assessment
- Whirlpool tub

S. **Nursing and Health Care.** We will provide nursing and health care for each Resident as follows:

1. **Healthcare Building.** The Healthcare Building will be provided for the benefit of the Residents. The Corporation is licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation to operate 50 Skilled Nursing and 42 Assisted Living beds offering intermediate and skilled nursing care for Residents who are temporarily ill or who require long-term nursing care. Private accommodations will be provided for all Healthcare residents. Some of the beds in the Healthcare Building are certified for Medicare and/or Medicaid reimbursement.
 - The overall coordination of health care services by the Corporation provided through the combined overview and efforts of the Chief Executive Officer, the Corporation's licensed Healthcare Administrator, Director of Nursing, Medical Director (a licensed physician selected by the Corporation) and other nursing/clinical staff of the Corporation.
 - Charges for Healthcare Building accommodations and services are described in the Schedule of Fees and other literature published by the Corporation and distributed to Residents at least annually.
 - Residents may choose their own personal physician and are responsible for charges for services by such physicians and any consultants. Residents may choose to use the Corporation's Medical Director as their personal physician. Residents are responsible for applicable charges.
 - Other health care services may be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services, radiology services, dental and podiatry services; laboratory tests; physical therapy; occupational therapy, including therapeutic activities; rehabilitative treatments; and wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by the Monthly/Daily Fees described herein.
2. **On-Site Emergency Call Response.** Each Living Accommodation is equipped with an emergency call system. Penick nursing staff will respond to emergency calls.
3. **Emergency Medical Care.** We notify your physician when emergency medical care is necessary. If acute medical care is necessary or upon physician's or your request, you will be transferred to a local hospital Emergency Room.

II. FINANCIAL ARRANGEMENTS

(There is no Entrance Fee for short-term direct entries into the Healthcare Building.)

- A. **Monthly/Daily Fee.** You agree to pay a Monthly/Daily Fee during the term of this agreement. This fee shall be due and payable upon entry (except for a Medicare qualified stay). Should additional/ancillary charges be incurred during the term of this agreement that have not been paid in advance, such charges will be due and payable by the 15th day of the subsequent month. As of

the date of this Agreement the Monthly/Daily Fee associated with the Living Accommodation will be \$ _____.

The Monthly/Daily Fee will begin on the date of occupancy. Occupancy is defined as the first day that a Resident either resides in the Living Accommodation or the first day that the Resident's furnishings or belongings are placed in the Living Accommodation.

No credit will be provided to you should you refuse services, which are included in the Monthly/Daily Fee, such as laundry, housekeeping and meals.

Initials _____
Corporation Resident

B. Vacations and/or Time Away from Living Accommodation. Monthly/Daily fees are not subject to change or credit if a Resident is away from the Living Accommodation for any period of time. (For example, vacations, hospital stays, etc.)

C. Adjustments in the Monthly/Daily Fee. The Corporation usually sets fees annually but shall have the authority to adjust the Monthly/Daily Fee from time to time during the term of this Agreement as it, in its discretion, deems necessary. Any such increase in the Monthly/Daily Fee or other charges may be made by the Corporation upon thirty (30) days written notice to the Resident.

In the event that it should be determined that the Corporation is required to pay ad valorem taxes upon its property, the Monthly/Daily Fee may be adjusted to reflect the amount of such taxes. You will pay all taxes assessed on your personal property.

In the event PV is assessed sales or use tax on Monthly/Daily Fee and/or fees for other services, you agree to pay PV the amount of such taxes.

D. Schedule of Fees. You have been given a current copy of the Schedule of Fees as adopted by the Board of Trustees of the Corporation. You understand that these fees may change from time to time.

E. Payment Due Date. Penick will automatically draft payments from the resident's designated account the fifteenth (15th) day of each month, or on the business day prior if the 15th of the month falls on a weekend and holidays, for accumulated service fees and miscellaneous expenses.

F. Statements. We will furnish the Resident with monthly statements showing the total amount of fees and other charges owed by the Resident, which shall be payable by the 15th of the month. Late payments are subject to an interest charge of one and one-half percent (1.5%) per month from the first of the month. Penick offers and encourages an automatic bank draft for the Monthly/Daily Fees. PV may terminate this agreement if you have a past due amount in excess of thirty (30) days. Termination of this Agreement does not end the obligation of you or your estate to pay all amounts due, no matter when incurred.

You, and your current and future responsible parties (i.e. power(s) of attorney, executor(s)) on your behalf, from your assets and income agree to pay all costs, expenses, and reasonable attorneys' fees, in the event same must be expended in the collection of any sums due and owed by you to the Corporation.

The Corporation reserves the right, with 30 days' notice, to change the billing date and the payment due date. For a partial first month, the Monthly/Daily Fee is pro-rated on a per diem basis. Thereafter, Monthly/Daily Fees are paid in advance and are not pro-rated at termination for the Assisted Living Center.

Monthly/Daily Fees are paid in advance and are pro-rated at termination for the Health Care Center.

- G. Healthcare Building Priority Entry.** Under-contract Life Plan Community Residents are provided priority entry over non-Residents for entry to the Healthcare Building. While Penick will make every effort to accommodate non-Residents in the Healthcare Building, Penick cannot guarantee availability of accommodations. In the event the Healthcare Building is fully occupied when a non-Resident is in need of care, the non-Resident agrees to relocate to an alternate health care facility (“a Comparable Facility”). In the event of relocation, PV will make every effort to transfer the non-Resident back to PV when accommodations become available.

Upon relocation to a Comparable Facility, the non-Resident will continue to be responsible for the Monthly/Daily Fee (unless their Living Accommodation is surrendered). PV will not be responsible for the charges associated with the alternate health care accommodations.

- H. Assignment of Benefits.** You will from time to time authorize any provider of medical and health services to receive reimbursement as provided under Medicare/Medicaid, any or all Federal, State and local benefits for which you may be eligible or entitled and any supplementary insurance programs. If requested by Penick, you will from time to time make assignments to the provider of medical and other health services of all benefits otherwise accruing to you under Medicare/Medicaid, or other program, and supplementary extended coverage plans to compensate for services rendered.

- I. Managed Care.** If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

- 1. Participating Provider.** If PV is a participating provider with your managed care program, the Corporation agrees to be reimbursed at the rate negotiated with your managed care program.
- 2. Not a Participating Provider.** If PV is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all costs for health care services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is terminated, you will continue to pay the

Monthly/Daily Fee for your Living Accommodation, unless your Living Accommodation has been surrendered to us.

3. **No Negotiated Managed Care Rate.** If Penick is not a participating provider in your managed care program and a negotiated rate is not agreed upon by Penick and you would still like to receive health care and services at Penick, then you will be responsible for the full amount of applicable charges not paid by your insurance carrier.
4. **Medicaid.** In the event you receive financial assistance through the Medicaid program while occupying a Medicaid certified bed in the Healthcare Building, you will be charged in advance for your liability portion established by the local county department of social services. You will be responsible for all charges for additional items and services requested by you and furnished to you which are not covered under the Medicaid program. Charges shall be made only as permitted under the Social Security Act and applicable regulations.

III. ENTRY REQUIREMENTS

You will become qualified for entry to Penick upon satisfaction of the following provisions:

- A. **Age.** The entry requirements for PV residence are nondiscriminatory except as to age and Penick is open to both married and single men and women of all races and religions. Entry in the Healthcare Building is restricted to persons 62 years of age or older.
- B. **Personal Interview.** You shall have an interview with a PV representative (including nursing assessment) prior to taking PV residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by the Corporation.
- C. **Application, Health History and Financial Statement.** You shall submit for review, by the Corporation, an Application for Entry, FL-2 and a Confidential Financial Statement, all on forms furnished by the Corporation.
- D. **Notification.** Our clinical team review the application materials as well as the forwarded hospital and/or physician documentation and will notify you whether you meet the entry requirements. We will also notify you as early as possible of the date on which the Living Accommodation is expected to be available for occupancy.
- E. **Health Requirements.** Prior to PV residency, you shall submit a report of a physical examination (FL-2) from a physician selected by you. Such report shall include a statement by such physician that you require skilled nursing or assisted living care accommodations. We may require you to have another physical examination by our Medical Director or by another physician approved by the Corporation. You shall be responsible for the costs of such physical examinations. If your health as disclosed by such physical examination differs materially from that disclosed in your Application for Entry and FL-2, the Corporation shall have the right to decline entry and to terminate this Agreement, or in the discretion of the Corporation, to permit you to take occupancy of PV accommodations suitable to your needs.
- F. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** Penick is not designed to care for persons who have an active psychiatric illness, a dangerous communicable

disease or who require treatment for drug or alcohol abuse. Should Penick in consultation with the Medical Director, determine that your physical or psychiatric illness, or that your condition as a result of drug or alcohol abuse, is such that your continued presence is either dangerous or detrimental to your life, health, safety or peace, or the life, health, safety, or peace of others in the community, then PV may transfer you to another facility of your choosing and/or require you to terminate your PV residency.

- G. Financial Requirements.** You must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet your ordinary living expenses. We may require you to furnish current financial information at any time prior to and subsequent to occupancy.
- H. Financial Resources.** You, your current and future responsible parties (i.e., power(s) of attorney, executor(s)) will abide by any and all financial arrangements made with the Corporation for the purpose of securing your ability to pay any and all charges for residing at Penick. You agree not to make any gift or other transfer of assets for the purpose of evading your obligations under this Agreement, or if such gift or transfer would render you unable to meet such obligations under this Agreement. Gifts or transfers of assets in this manner, which result in your inability to meet your financial obligations in accordance with this Agreement, will entitle PV to terminate this Agreement, and you or your responsible parties, as applicable, will be liable for any unpaid amounts.
- I. Power of Attorney.** You agree to execute and maintain in effect a durable power of attorney that is valid under North Carolina law and will survive your incapacity or disability. This durable power of attorney will designate an attorney-in-fact and an alternate attorney-in fact who will act for you in managing your financial affairs and in filing for insurance or other benefits under private and public assistance programs as full and complete a manner as you could do if acting personally for yourself. **You will deliver a copy of a fully executed power of attorney to Penick prior to occupancy.** You will not revoke or amend this durable power of attorney except upon execution of a replacement durable power of attorney, a fully executed copy of which will be delivered to Penick. This document also may address at your option, other affairs, such as decisions concerning medical care.
- J. Will.** You agree to execute a Will, and to provide Penick a copy of such sections of the Will and any revisions, as applicable during the term of this Agreement to document the name(s) of the person(s) to be contacted in the event of your death (i.e., executor(s)).
- A.** In the event of your death while you are a PV resident under this Agreement, only the executor(s) named in your Will, will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation. **Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.**
- K. Funeral and Burial.** Penick will not be responsible for making funeral or burial arrangements and is not responsible for related expenses.

- L. **Advance Directives.** You are encouraged to execute a Living Will and a Health Care Power of Attorney and deliver a fully executed copy thereof to Penick as well as any revisions as applicable, during the term of this Agreement.
- M. **Representations.** You affirm that the representations made during the entry process are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement.
- N. **Appointment of Guardian.** If you become unable to care for your business and financial affairs, the Corporation reserves the right to institute action for the determination of your incompetence and the appointment of a guardian to fulfill the terms of this Agreement; unless such needed arrangements have already been made.
- O. **Emergency Notifications.** You agree to provide Penick with the following information prior to the date of occupancy as well as updates of this information during the term of this Agreement:
- Names, addresses and phone numbers of persons to notify in an emergency (minimum of two are required)
 - Names of persons having the right of entry into your residence
 - Name, address and phone number of funeral home (prior arrangements are encouraged)
 - Names, addresses and phone numbers of lawyer and executor
 - Names, addresses and phone numbers for Powers of Attorney

IV. TERMS OF RESIDENCY

- A. **Rights of Resident.** You have the right to occupy and enjoy the Living Accommodation during the term of this Agreement as described herein unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Corporation other than the right to use or occupancy of the Living Accommodation in accordance with the terms hereof. The Living Accommodation may not be used for commercial purposes. The Living Accommodation may not be occupied or used in any manner in violation of any ordinance, law or regulation.
- B. **All residents of the Healthcare Center are also afforded the following specifically enumerated rights:**
- (1) To be treated with consideration, respect, and full recognition of personal dignity and individuality.
 - (2) To receive care, treatment, and services that are adequate and appropriate, and in compliance with relevant federal and State statutes and rules.
 - (3) To receive at the time of admission and during stay, a written statement of services provided by the facility, including those required to be offered on an as needed basis, and of related charges. Charges for services not covered under Medicare and Medicaid shall be specified. The patient will sign a written receipt upon receiving the above information.

- (4) To have on file physician's orders with proposed schedule of medical treatment. Written, signed evidence of prior informed consent to participation in experimental research shall be in patient's file.
- (5) To receive respect and privacy in his medical care program. All personal and medical records are confidential.
- (6) To be free of mental and physical abuse.
- (7) Except in emergencies, to be free of chemical and physical restraint unless authorized for a specified period of time by a physician according to clear and indicated medical need.
- (8) To receive from the administration or staff of the facility a reasonable response to all requests.
- (9) To associate and communicate privately and without restriction with persons and groups of the patient's choice at any reasonable hour.
- (10) To send and receive mail promptly and unopened.
- (11) To have access to a telephone where the patient may speak privately. To have access to writing instruments, stationary and postage.
- (12) To manage his/her own financial affairs unless other legal arrangements have been implemented. The facility may also assist the patient, but is required to follow stringent guidelines.
- (13) To have privacy in visits by the patient's spouse, and if both are patients in the same facility, they shall be given the opportunity, where feasible, to share a room.
- (14) To enjoy privacy in his/her room.
- (15) To present grievances and recommend changes in policies and services personally, through other persons or in combination with others, without fear of reprisal, restraint, interference, coercion, or discrimination.
- (16) To not be required to perform services for the facility without personal consent and the written approval of the attending physician.
- (17) To retain, to secure storage for, and to use his personal clothing and possessions, where reasonable.
- (18) To not be transferred or discharged from a facility except for medical, financial, or their own or other patient's welfare, nonpayment for the stay or when mandated by Medicare or Medicaid. Any such transfer shall require at least five days' notice, unless the attending physician orders immediate transfer, which shall be documented in the patient's medical record.
- (19) To be notified within ten days after the facility's license is revoked or made provisional. The responsible party or guardian must be notified as well.

C. Subordination. You agree that all of your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Corporation, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such

subordination as such lenders may reasonably require. You shall not be liable for any such indebtedness.

- D. Policies, Rules and Regulations.** You understand and agree that: (i) in order for Penick to operate in the best interests of the entire community, it is essential that we have cooperation of and compliance with applicable policies, rules and regulations by you, your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of you or who may come on the premises of PV in any capacity or for any purpose in connection with or as a result of your residency at PV; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by PV that it is impracticable or impossible for PV to continue to accommodate you as a resident; and (iii) upon such determination by PV, we shall have the right to terminate this Agreement.
- E. Weapons.** No weapons of any type shall be brought on to the PV property by you or your guests without the express prior written permission of the Corporation.
- F. Resident Representation.** Residents have the right of self-organization through a Residents' Council, which may convene to review the interests of the resident population. You shall have resident representation on the Penick Board of Trustees as outlined in the Penick's Bylaws.
- G. Guests and Visitors.** Penick welcomes guests and visitors. Guests may use PV's guest accommodations, subject to availability and additional charges. At all times, you shall be responsible for any injury to others or damage to the property of others or PV caused by you or your guest(s). Penick reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.
- H. Relationships Between Residents and Employees ("Associates").** Penick is built on mutual respect and instructs its Associates to be cordial and helpful to Residents. The relationship is to remain professional. Associates must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to Associates or Associates' families is not permitted. Residents will not employ PV Associates nor hire former PV Associates without the prior written consent of PV Management.
- I. Loss of Property.** The Corporation maintains insurance on all of its property and its operations to include general public liability insurance, property insurance including coverage for acts of God, vandalism and theft, professional liability insurance and worker's compensation.

The Corporation has established a process to safeguard residents' personal possessions without effectively prohibiting a resident's use of personal possessions. Corporation will work with residents and their representatives in an effort to assure that resident's personal possessions are maintained in a reasonably safe manner and will investigate concerns in accordance with the federal regulations.

- J. Right of Entry.** Penick recognizes your right to privacy, and shall limit entry to your Living Accommodation to legitimate emergencies and to scheduled work, including housekeeping,

repairs, maintenance, and inspections. You hereby authorize PV Associates or agents to enter your Living Accommodation, upon reasonable notice for all such purposes.

K. Appliances. PV is not obligated to determine your ability to safely utilize the appliances, if any, in your Living Accommodation. However, should we determine that you have demonstrated an inability to safely utilize appliances in your Living Accommodation; we will have the right to turn off the power servicing such appliance(s) and/or to remove any and all such appliances. In any such instance, you shall remain obligated to pay for the Full Month/Daily fee for your Living Accommodation, any extra meals and any fire alarm charges issued by the fire department.

L. Changes in Living Accommodations. The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental laws or regulations.

M. Health Insurance. You will maintain eligible Medicare coverage and one supplemental health insurance policy or equivalent insurance coverage, which adequately covers hospital, medical, prescription and skilled nursing deductibles and co-payments required of your primary insurance plan. Both your primary and supplemental health insurance policies must recognize Penick as a health care provider, or you will assume the financial responsibility for services provided that otherwise could be covered.

You will be responsible for ensuring that the health insurance coverage does not lapse, and will provide Penick with evidence of such coverage upon request. If your health insurance coverage should lapse, Penick may require that you reapply for suitable coverage. If you are unable to obtain adequate new coverage, Penick will charge you for any costs of medical and other health care services provided that otherwise would have been covered by an approved policy.

V. Filing for and Rights to Insurance Benefits. PV is a participating provider with Medicare, Medicaid only.

- Penick will file claims with Medicare for all covered services. By law, the patient is responsible for payment of the deductible, co-insurance, and any **non-covered** service. Non-covered services include, but are not limited to beauty shop charges.
- As a courtesy, Penick will file claims to your secondary insurance carrier for your Medicare Parts A & B co-insurance, unless we are prohibited from filing due to participation requirements of the carrier.
- The Medicare Part A co-insurance will be billed on your monthly PV statement as services are rendered prior to any insurance filings. You are responsible for payment of all Medicare Part A co-insurance billed by PV upon receipt of the bill. Payments received from your insurance carrier for Medicare Part A co-insurance will be applied to your monthly PV statement when received.
- Medicare Part B co-insurance (i.e., therapy co-insurance) not paid by a Resident's insurance carrier within 90 days of the date of service will become due and payable by the Resident unless the claim is subject to Medicare, Medicaid, or an insurance plan in which PV participates.

- In the event a Resident’s health insurance determines a service is “not covered”, the Resident will be responsible for payment. PV tries to inform Residents when services may not be covered; however, it is the resident’s responsibility to understand his/her policy limitations.
- Charges not paid by a Resident’s insurance company within 90 days of the date of service will become due and payable by the Resident unless the claim is subject to Medicare, Medicaid, or an insurance plan in which PV participates.
- If, for any reason, PV cannot apply directly for benefits payable under insurance required by this Agreement, you agree to make such application and to pay PV the proceeds received.
- **Penick reserves the right, in its discretion, to eliminate or change its participation with any and all insurance plans.**

VI. Room Assignment in Healthcare Building... You understand that you acquire no ownership in any property at Penick under this Agreement; also, that no particular Skilled Nursing or Assisted Living room or unit is subject to reservation or permanent assignment, and that we may change your Healthcare Building room assignment. Though we retain the right to change your room assignment, we agree that we will make changes only as we find such changes to be necessary or advisable.

A. Moving Costs. You are responsible for arranging and paying for all packing and moving costs for moves into, within and out of Penick.

B. Pets/Smoking. Pets are not allowed in the Healthcare Building.

Smoking / Tobacco Products. Penick is a “Tobacco Free” Community. Smoking and use of tobacco products is not permitted anywhere on Penick property including, campus buildings, building entrances or common areas. The only exception is:

- The Healthcare Building may permit smoking for a Resident, if so, a designated smoking area would be provided outside. However, the prohibition will remain in effect for a family member or caregiver who may accompany the Resident to the designated area.

C. Absences. You agree to inform Penick (Nursing Administration, Billing Office & Dining Services) when you are going to be away for three days or more, and to give us the names of people we can contact in an emergency. In order to provide adequate time for medications to be available, if applicable, you must provide at least 24 hours advance notice of an absence. No credits (i.e. missed meals) will be given during absences. For additional information related to absences from Skilled Nursing, please refer to the Bed Hold Policy, which is described within the Resident Handbook.

VII. TRANSFERS OR CHANGES IN LEVELS OF CARE

- A. **Transfer to Hospital or Other Facility.** If it is determined by your physician that you need care beyond that which PV can provide, you may be transferred to a hospital, center or institution equipped to give such care, which care will be at your expense. Such transfer will be made only after consultation to the extent practical with the Resident, the Resident's physician, a representative of the Resident's family or the Resident's responsible party.

In the event it becomes necessary for you to be transferred to a hospital, PV will provide any information available to meet the provisions of any hospital admissions agreement and you agree that Penick has the right to provide such information, which may include part or all of your records.

- B. **Surrender of Living Accommodation.** If a determination is made by the Corporation that any transfer described in this Section is permanent in nature, you agree to surrender the Living Accommodation and any storage areas, which were occupied by you prior to such transfer, within 30 days of the determination.

You are responsible for the costs of transfer and moving as well as the Monthly/Daily Fee through the last day of occupancy of the Living Accommodation being vacated. For the purposes of this Section VII. B. occupancy is defined as the last day that a Resident either resides in the Living Accommodation or the last day that the Resident's furnishings or belongings occupy the Living Accommodation.

If the Corporation subsequently determines based upon the opinion of your physician that you can resume occupancy in accommodations comparable to those occupied by you prior to such transfer you shall have priority to such accommodations as soon as they become available and you will be responsible for applicable fees as determined by the Corporation.

VIII. TERM AND TERMINATION

- A. **Term.** This Agreement shall commence on the date set forth in the first paragraph above and shall continue, unless earlier terminated as provided herein, through the date set forth in the third paragraph of this Agreement. The parties may, by mutual written agreement, extend the term of this Agreement.
- B. **Termination Prior to Occupancy.** This Agreement may be rescinded by you at any time prior to taking occupancy at PV for any reason by giving written notice to the Corporation.

This Agreement may be terminated by the Corporation at any time prior to the date that you take occupancy if the Corporation determines that you no longer meet the physical, mental or financial requirements for entry.

In the event of such termination (including death or physical or mental conditions making you ineligible for entry to Penick), you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. Notwithstanding anything to the contrary in this Agreement, if the Resident has paid the applicable Monthly/Daily Fee prior to occupying the Living Accommodation, any refund of such amounts (expressly excluding any amounts paid for

Non-standard features added to the Living Accommodation) shall be paid by Penick within fourteen (14) days following such termination pursuant to this paragraph.

- C. **Voluntary Termination.** At any time, you may terminate this Agreement by giving the Corporation five (5) days prior written notice of such termination. If required notice is given, or if no written notice is given, you will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period and for each day of occupancy except when a delay in discharge or transfer would jeopardize your health or safety or that of others at Penick. Any refund due the following voluntary termination pursuant to this Section will be made in accordance with Section VIII.I.
- D. **Temporary Absence.** Temporary absence because of illness, trips or otherwise will not affect your rights to retain occupancy of Living Accommodation, as long as applicable Monthly/Daily Fees are paid.
- E. **Termination Upon Death.** In the event of your death, this Agreement shall terminate as of the date that your Living Accommodation is vacated provided, however, that the Resident's estate shall continue to be obligated to pay the applicable Monthly/Daily Fee for such Resident's Living Accommodation until such Resident's Living Accommodation is vacated and left in good condition except for normal wear and tear.

In the event of such termination, you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. Any refund due following the Resident's death, will be made in accordance with Section VIII. I.

Any refund to which you are entitled shall be paid to your Estate unless you execute a designation and name a trust, revocable by you at the time of your death, to receive applicable refunds. Should you execute a revocable trust subsequent to signing this agreement, you or your estate's executor may submit a written beneficiary designation form designating a trust, revocable by you at the time of your death, to receive applicable refunds.

- F. **Termination by the Corporation.** We may terminate this Agreement at any time in the following circumstances: 1. The discharge or transfer is necessary for the resident's welfare and the facility cannot meet the resident's needs. 2. The resident's health has improved sufficiently so that the resident no longer needs the care and/or services of the facility. 3. The resident's clinical or behavioral status (or condition) endangers the safety of individuals in the facility. 4. The resident's clinical or behavioral status (or condition) otherwise endangers the health of individuals in the facility. 5. The resident has failed, after reasonable and appropriate notice to pay, or have paid under Medicare or Medicaid, for his or her stay at the facility. 6. The facility ceases to operate.

If you fail to make payment, the Corporation will notify you of any fees or charges due the Corporation. The fees and charges must be satisfied in full within thirty (30) days after receiving written notice of your failure to pay such fees or charges. You will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period and for each day of occupancy. Except in cases of emergency, you will receive a notice of the termination by the Corporation at least thirty (30) days prior to the effective date of termination.

You may be entitled to appeal the Corporation's decision to terminate this Agreement and, except in cases of emergency, the Corporation will not discharge you before the final decision resulting from the appeal has been rendered.

- G. Condition of Living Accommodation.** At the effective date of termination of this Agreement, you will vacate the Living Accommodation and will leave it in good condition except for normal wear and tear. You, or your estate, will be liable to the Corporation for any costs incurred in restoring the Living Accommodation and storage areas to good condition except for normal wear and tear.
- H. Removal of Personal Property.** In the event of termination of this Agreement, you agree to surrender the Living Accommodation and any storage areas, which were occupied by you, within five (5) days of the determination.

The Corporation reserves the right to remove your belongings from the Living Accommodation and any storage areas. You will pay a Monthly/Daily storage fee equal to 50% of the Monthly/Daily Fee for the previously occupied Living Accommodation or the actual cost of external storage, whichever is applicable. Your property will not be stored for longer than 30 days. Unclaimed property will become the property of Penick after 30 days and will be disposed of at the sole discretion of the Corporation.

In the event of your death, while you are a Penick resident under this Agreement, only the executor(s) named in your Will will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation and any related storage areas at Penick. Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

- I. Refund.** You or your estate, or a revocable trust designated by you, may be entitled to a refund of any amounts related to the cost of health care services provided by PV or any third-party health care provider less any amounts payable to PV or any third-party health care provider through the date the refund is due hereunder. This refund shall not include the cost of non-standard features that were added to your Living Accommodation at your request. Any refund will be made no later than thirty (30) days from the date of your death.

If the Agreement is terminated by you or the Corporation in an emergency situation (i.e., because the Corporation is no longer able to meet your urgent health care needs, or termination is necessary to protect your health and safety or that of another person at Penick, refund will be made within fourteen (14) days after you leave Penick. If this Agreement is terminated for any other reason, the refund will be made no later than fourteen (14) days after you leave Penick.

- J. Release from Obligations Upon Termination.** Upon termination of this Agreement, Penick is released from any further obligations to you except for the payment of any refund which may be due under this Agreement.

IX. GENERAL

- A. Compliance with Applicable Laws.** Resident and Penick will operate in full compliance with all laws, rules, regulations and ordinances promulgated by lawful governmental authorities.

- B. Confidentiality.** Penick has the responsibility to keep all of the personal, medical and financial information you have supplied to it confidential. You agree that Penick can disclose such information to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).
- C. Assignment.** Your rights and privileges under this Agreement to the facilities, services and programs of the Corporation are personal to you and may not be transferred or assigned by you or otherwise.
- D. Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or deny any person for residency. Residents do not have the right to determine entry or terms of entry of any other Resident. Penick reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the community in its sole discretion.
- E. Affiliation.** Penick is affiliated with the Episcopalian Church. However, the Episcopalian Church is not responsible for PV's financial and contractual obligations.
- F. Indemnity.** You agree to indemnify, defend and hold us harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or those of your guests, including private duty nurses, companions or others.
- G. Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- H. Resident Contracted Services.** If you wish to privately employ outside assistance, including PV-employed Associates, for whatever reason, all PV policies must be upheld, and prior written approval by PV management must be obtained. You agree to hold PV harmless in all situations related to the provisions of such outside services. The Corporation has the right to require termination of such a service at any time.
- I. Resident Handbook.** You will be given a current copy of the Resident's Handbook as adopted by the Corporation. You understand that these documents will change from time to time but that they are the procedural documents for those occupying PV's Living Accommodations. You will be provided with a copy of any revisions to the Resident Handbook in a timely manner, and will have an opportunity to inquire with Corporation's Administrator or designee should you request clarification.
- J. Entire Agreement.** This Agreement constitutes the entire contract between the Corporation and Resident with the exception of Resident Handbook; Schedule of Fees; and any other documents which are incorporated by reference herein. 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 in an amendment to this Agreement signed by PV's CEO and by you.

Electronic (e.g., pdf) versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.

- K. **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 the heirs, executors, responsible parties, powers of attorney, administrators and assigns of you.
- L. **Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent or employee of ours shall have any personal liability hereunder to you under any circumstances.
- M. **Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement.
- N. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles.
- O. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep the Agreement in compliance with applicable laws and regulations provided, that the changes we make do not substantially reduce your benefits under the Agreement. If any provision in this Agreement is invalidated, all other provisions will remain in force.
- P. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege (“Right”) under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- Q. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her stay at Penick that remain unpaid as of such termination.
- R. **Gender.** Throughout this Agreement, the use of the masculine gender shall include the feminine, and the use of singular shall include the plural.
- S. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- T. **Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively “notices”) will be in writing and addressed as follows:

Business Office
Penick Village, Inc.
500 E. Rhode Island Ave.
Southern Pines, North Carolina 28387

Resident:

Your address for the purpose of giving notice prior to your move to Penick is the address appearing after your signature below.

Your address for the purpose of giving notice after your move to Penick will be the current Living Accommodation address at the applicable time of notice.

You are responsible for notifying us of any changes in address and/or telephone number.

Penick Village, Inc. will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign this Agreement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. I was encouraged to consult with an attorney and/or financial advisor who could advise me concerning this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, as of the day and year first above written, one duplicate copy of this Agreement being retained by each party.

Your signature below certifies that you have read, understand and accept this Agreement as of this (current date) _____ day of _____,

PENICK VILLAGE, INC.

**RESIDENT(S)
(or Resident(s)'s Attorney in Fact) (*)**

By (signature)

(signature) (SEAL)

Printed Name

(signature) (SEAL)

Title

Current Address: Street

City, State, Zip Code

Telephone

**ACKNOWLEDGEMENT OF RECEIPT OF
DISCLOSURE STATEMENT**

**Penick Village, Inc.
500 E. Rhode Island Ave.
Southern Pines, NC 28387**

As of the day and year above written in this Residence and Services Agreement, the undersigned Resident(s) acknowledges receipt of the Disclosure Statement of Penick Village, Inc. dated **February 28, 2022**. The Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to the facility, whichever occurred first.

As a prospective resident, the facility’s representatives have encouraged me to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand the facility, like all other continuing care facilities in the State of North Carolina is subject to an act concerning registration and disclosure by continuing care facilities (the “Act”). Registration under the Act does not constitute approval, recommendation, or endorsement of the facility by the Department of Insurance or the State of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the Disclosure Statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement and the Financial Statements prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who could review these documents with me, if any matters contained herein are not clear, including an understanding of solvency and deficit fund balance levels for this and other continuing care facilities.

PENICK VILLAGE, INC.

**RESIDENT(S)
(or Resident(s)’s Attorney in Fact) (*)**

By (signature)

(signature) (SEAL)

Printed Name

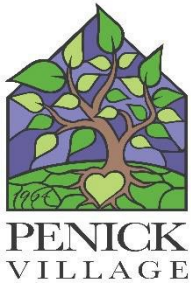
(signature) (SEAL)

Title

(*) If Attorney-in-Fact signs on behalf of the Resident(s), a Filed Power of Attorney document must be attached to this Agreement.

Attachment 6

Future Residency Program Agreement



PENICK VILLAGE FUTURE RESIDENCY PROGRAM AGREEMENT

This Future Residency Program Agreement ("Agreement") is entered into by:

_____ (individually and/or collectively "you" or "Resident(s)"), and Penick Village, Inc. doing business as Penick Village (hereinafter referred to as "Penick Village"), a North Carolina not-for-profit corporation. The term "Penick Village", "we", "our", and "the Community" are used throughout this Agreement to denote Penick Village, Inc. All Depositors that are parties to this Agreement shall all be jointly and severally responsible for payment of all fees and charges under this agreement.

Penick Village, Inc. presently owns and operates a Life Plan Community, also known as a Continuing Care Retirement Community, located at 500 East Rhode Island Avenue, Southern Pines, North Carolina, and Penick Village hereby acknowledges receipt of a deposit in the amount of **\$1,000.00** from the Depositor(s) identified above. The deposit entitles the Depositor(s) to a numbered priority position indicated below on the Future Residency Program Ready/Hold list for later application to secure a specific residence at Penick Village. The position assigned is personal to the Depositor(s) and is non-transferable.

The Future Residency Program Agreement is active for Ten (10) years from the signing of this agreement. If the Depositor does not move forward with Residency at Penick Village, the Depositor(s) shall be limited to an automatic refund of One Thousand (\$1,000.00) deposit, less a One Hundred (\$100) processing fee within 30 days.

For approval to join the Future Residency Program, You will submit a Confidential Application (Addendum B – Part 1) and Confidential Financial Information (Addendum B – Part 2) within fifteen (15) days of the signing of this agreement. Penick Village may require updated additional confidential information to ensure requirements continue to be met. Penick Village reserves the right to refuse a position on the Future Residency Program list, should requirements for potential residency at Penick Village not be met. Penick Village reserves the right to refuse any application, and, in such event, its liability to the Depositor(s) shall be limited to a refund One Thousand (\$1,000.00) deposit, less a One Hundred (\$100) processing fee within 30 days.

Depositor(s) may request and receive a refund of this deposit at any time by giving to Penick Village written notice of the Depositor's desire to withdraw from the Future Residency Program. No interest will be paid on the refunded deposit of One Thousand (\$1,000.00), less a One Hundred (\$100) processing fee within 30 days. The Depositor's priority position and Future Residency Program membership will be immediately forfeited.

Upon the selection of a specific residence by qualified Depositor(s), they shall be required to execute a Reservation Agreement for the selected residence and to make a deposit equal to Five Thousand (\$5,000.00), less the One Thousand (\$1,000.00) Future Residency Program deposit already paid.



Prior to approval for residency, the Depositor(s) must submit an updated Confidential Application (Addendum B – Part 1), Confidential Financial Information (Addendum B – Part 2) and the Confidential Medical Report (Addendum C), providing all information necessary to establish that the Depositor(s) meet the minimum age, health, and financial requirements for admission to Penick Village. Penick Village reserves the right to refuse any application. In such event, its liability to the Depositor(s) shall be limited to the applicable refund within 30 days.

Penick Village maintains two Future Residency Program Lists using the same priority system. Only those on the “Ready” List are notified of available residences. Members of the “Hold” List maintain their position, but are not notified of available residences. The application is held in suspense at the same position until such time as the Depositor notifies Penick Village that they are ready to move to Penick Village upon notification of available residences. At such time, the Depositor(s) will be given priority in accordance with their position as noted below and will again be notified of residences available for selection.

Please make your selection:

_____READY _____HOLD

Preferred Floor Plan(s):

1. 2. _____, 3. _____

Penick Village will be operated on a non-discriminatory basis (except for age criteria), and will provide facilities and services to individuals regardless of race, color, sex, marital status, religion, creed, handicap, national origin, veteran status, sexual orientation, or other prohibited categories.

Signature Date

Signature Date

Your deposit of \$ _____ is hereby acknowledged.

Penick Village Authorized Representative Date Priority Date

Attachment 7
Expansion Plan -
Phase I Escrow Agreement



**PENICK
VILLAGE**

Binding Reservation Agreement

Applicants(s): _____

Reserved Residence: _____

**PENICK VILLAGE
NEW CONSTRUCTION RESERVATION DEPOSIT AGREEMENT**

This Reservation Deposit Agreement ("Agreement") is entered into by _____ (individually and/or collectively "you" or "Resident(s)"), and Penick Village, Inc. doing business as Penick Village (hereinafter referred to as "Penick Village"), a North Carolina not-for-profit corporation. The term "Penick Village", "we", "our", and "the Community" are used throughout this Agreement to denote Penick Village, Inc. All Depositors that are parties to this Agreement shall all be jointly and severally responsible for payment of all fees and charges under this agreement.

Penick Village, Inc. presently owns and operates a Life Plan Community also known as a Continuing Care Retirement Community whose administrative offices are located at 500 East Rhode Island Avenue, Southern Pines, North Carolina. This Agreement documents that Penick Village accepts a **Reservation Deposit** to reserve a New Construction apartment or villa. This Agreement is entered into for the purpose of reserving a residence for you at Penick Village.

You and Penick Village agree as follows:

I. Reservation of Residence

Residence (*address*) _____, a(n) (*apartment or villa*) _____ type of living accommodation located at (*building*) _____ in Penick Village (hereinafter referred to as the "Reserved Residence").

Monthly Service Fee. In addition to the Entrance Fee, you agree to pay a Monthly Service Fee for services when Occupancy begins. As of the date of this Agreement, the Monthly Service Fee, based on the Reserved Residence is currently \$ _____ for 1st person per month and \$ _____ for 2nd person per month, for _____ occupancy. The initial Monthly Service Fee will be equal to the then current Monthly Service Fee for the Reserved Residence charged by Penick Village as of the Availability Date and will begin and be required to be paid on the Occupancy Date, unless otherwise agreed to in writing by Penick Village. The Monthly Service Fee is subject to change as described in the Disclosure Statement.

Initials

Corporation Resident Resident

A Reservation Deposit of **10% of the Entrance Fee** which is separate and distinct from the Monthly Service Fee shall be paid upon execution of this Agreement and will be credited to the total Entrance Fee as set forth in Exhibit A. The balance of the Entrance Fee will be due and payable before you take occupancy of the Reserved Residence.

II. Terms of Payment

a) **Deposits**

Reservation (Ten Percent - 10%) Deposit You shall pay to Penick Village a reservation deposit equal to ten percent (10%) of the Entrance Fee ("Reservation Deposit"). The Reservation Deposit shall be paid upon execution of this Agreement. The Reservation Deposit will be placed in an escrow account with an FDIC-insured financial institution by Penick Village, subject to

applicable law. Interest earned on the Reservation Deposit will be retained by Penick Village and will not be paid to you or credited toward the fees due by you at the time of signing this Agreement or the Residency Agreement. The Reservation Deposit and any Priority Deposit you paid to Penick Village, if any, pursuant to a New Construction Reservation Agreement, will be credited to the total Entrance Fee. The Entrance Fee for your Reserved Residence shall not be increased above the Entrance Fee set forth herein unless this Agreement is terminated pursuant to Section VIII herein.

Balance of Entrance Fee The Entrance Fee balance will be due and payable on or before the Occupancy Date. Penick Village will give you reasonable notice of availability prior to the Occupancy Date.

b) **Fees**

Application Fee There is a non-refundable application fee of **\$250.00**.

III. Projected Date of Availability

The date of availability is the actual date at which the Reserved Residence will be declared by Penick Village to be available for residence (“Occupancy Date”). It is understood that such a projected availability date for occupancy is an estimate and may vary due to the actual availability of the Reserved Residence. Penick Village will provide you with reasonable notice of the actual date of availability for Occupancy.

IV. Application Requirements

Applicants for independent residency at Penick Village are required to live independently at the time of admission and to have the financial resources to pay the Entrance and Monthly Service Fees. Residents must be 62 years of age or older at the time of residency.

V. Conditional Acceptance to Penick Village

You will submit a Confidential Application (Addendum B- Part 1), Confidential Financial Statement (Addendum B – Part 2) with supporting documentation, and a Confidential Medical Report (Addendum C) within 15 days of the signing of this Agreement; and, within 30 days of the signing of this Agreement, you shall participate in a non-binding interview with a representative from the Community. Penick Village may require updated financial or health information to ensure admission requirements continue to be met. Penick Village reserves the right to refuse residency should requirements for admission not be met.

VI. Residency Agreement

Acceptance for residency at Penick Village shall be conditional upon no material change in the matters covered by the Confidential Application, Confidential Financial Statement and Confidential Medical Report prior to your Occupancy Date. Prior to Occupancy, Penick Village may require updated financial or health information and non-binding interview with a representative from the Community to ensure admission requirements continue to be met. In the event of the existence of a material change in condition, Penick Village may revoke its acceptance of you for residency. Penick Village, at any time prior to the Occupancy Date and by written notification to you, will refund your **Reservation Deposit** less a **\$1,000.00** administrative fee within 30 days of the date of such notification.

Upon continued residency application approval, you agree to sign a Residency Agreement within fifteen (15) days of notification of application approval. The balance of the Entrance Fee

will be due before you take occupancy of the Reserved Residence.

VII. Modifications to Your Residence

Penick Village allows customized choices to personalize your residence. Any such choices must have prior written approval by Penick Village. You may be provided a menu of customized upgrade options during the Selections process. You are responsible for the cost of any custom changes, and are required to use installers and contractors provided by Penick Village. All customizations become the property of Penick Village. You may be responsible for costs associated with restoring the residence to its standard condition prior to occupancy by a subsequent resident. All customized upgrades costs are to be paid in full prior to any work taking place and are **non-refundable**.

VIII. Termination and Refund

This Agreement will terminate upon any of the following occurrences:

- a) You fail to pay the Reservation Fee;
- b) You die (or one of you dies if co-applicants) or if, on account of illness, injury, or incapacity, you (or one of you if co-applicants) would be precluded from occupying a living accommodation under the terms of the agreement for continuing care, before the Residency Agreement becomes effective;
- c) You submit to Penick Village written notice of termination of Agreement for any reason;
- d) You fail to sign a Residency Agreement or to pay the balance of applicable fees in accordance with the terms of this Agreement;
- e) You experience changes in your financial status prior to occupancy at Penick Village that cause you to fail to meet Penick Village's financial qualifications for admission; or
- f) Your future health care needs exceed the level of service provided in the Assisted Living, Garden Cottage, or Skilled Nursing.

If you or Penick Village terminate this Agreement for a reason other than not signing a Residency Agreement, Penick Village shall have the right to reassign the Reserved Residence. You will have no further rights to that unit except that a surviving co-applicant shall be given the reasonable opportunity not to exceed fourteen (14) days to enter into a new Reservation Agreement for the Reserved Residence based on single occupancy or on joint occupancy with another co-applicant before the Reserved Residence is offered to others.

Termination Prior to Signing a Residency Agreement

- g) You may terminate this New Construction Reservation Deposit Agreement any time prior to entering into a Residency Agreement for any reason by giving written notice to Penick Village. Penick Village will refund the amount of your **Reservation Deposit**, less an **\$1,000.00** administrative fee, within thirty (30) days of receipt of your notification. The **\$250.00** application fee is non-refundable.
- h) If your application for residency does not meet admission requirements, we will notify you in writing and refund your **Reservation Deposit**, less the **\$1,000.00** administrative

fee, amount within thirty (30) days of our written notification to you. The **\$250.00** Application fee is non-refundable.

Termination After Signing a Residency Agreement

After you execute a Residency Agreement, any **Reservation Deposit** shall thereafter be deemed “Entrance Fee Deposits” and shall be refundable as set forth in Section Six (6) of the Residency Agreement.

IX. Miscellaneous

Entire Agreement. This Agreement constitutes the entire Agreement between us with regard to your reserved residence. We will not be liable for, or bound by, any statements, representations or promises made to you by any person representing or purporting to represent us, unless such statements, representations or promises are expressly set forth and endorsed by both parties in writing, and attached to this Agreement.

Binding Effect. This Agreement is binding upon our successors and assigns to your heirs and personal representatives. The provisions of this Agreement are not assignable or transferable in whole or in part by you, and you will have no right to sublet the Residence.

Severability. Each provision of this Agreement will be deemed separate from each other provision and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the balance of the Agreement.

Subordination. Your rights under this Agreement will be subordinate to any mortgage, security interest, pledge, or other lien that now encumbers all or any part of Penick Village’s assets and shall be further subordinate to any mortgage, security interest, pledge, or other lien hereafter placed on all or any part of Penick Village’s assets, and you agree to execute, acknowledge and deliver such subordination agreements as any lender or future lender shall reasonably require in order to establish the priority of any such lien.

Nondiscrimination. Penick Village will be operated on a non-discriminatory basis (except for age criteria), and will provide the accommodations and services described in this Agreement to individuals regardless of race, color, sex, marital status, religion, creed, handicap, national origin, veteran status, sexual orientation, or other prohibited categories.

Notices. All notices shall be given in writing and shall be given to Penick Village or to you at the addresses set forth in Exhibit A, or at such address as Penick Village and you shall specify in writing to each other.

Choice of Law. This Agreement will be interpreted according to the laws of the State of North Carolina.

Change of Condition. You agree to notify us of any material change in any of your physical, financial or mental conditions prior to residency and post-residency.

Authorized Agent Signature. This Agreement has been executed on behalf of Penick Village by its duly authorized agent, and no officer, director, agent or employee of Penick Village shall

have any personal liability hereunder to you under any circumstances.

Third Party Rights. Your rights under this Agreement may not be transferred to any other person. This Agreement will be governed by the laws of the State of North Carolina, and specifically by the North Carolina law governing continuing care retirement facilities, Chapter 58, Article 64 of the General Statutes of North Carolina.

Failure to Act. Failure or delay of any party to exercise any right, power, or privilege under this Agreement will not operate as a waiver of such right, power, or privilege.

Right of Subrogation. Should you be injured by a third-party and such injury requires Penick Village to provide health care services under this Agreement, Penick Village shall be subrogated, to the extent allowed by North Carolina law, to your rights against such other third-party to the extent necessary to reimburse Penick Village for the costs incurred in providing services under this Agreement.

To the extent allowed under North Carolina law, this right of subrogation authorizes Penick Village to institute legal action in your name; provided, however, that such action shall not cause or result in a compromise, waiver or release of any causes of action that you may have against such third party for such injuries.

By signing this Agreement, you understand and agree to its terms. You also agree that you have received a copy of Penick Village's Disclosure Statement on the _____ day of _____, 20 _____.

Prospective Resident's Signature

Date

Prospective Resident's Signature

Date

Penick Village Authorized Representative

Date

Corporate Title

Exhibit A

NEW CONSTRUCTION RESERVATION DEPOSIT AGREEMENT

Residence Address _____

Floor Plan Style _____

Entrance Fee _____

10% Deposit 

Priority Deposit (*if applicable*) - _____

10% deposit due at Execution New Construction
Reservation Agreement - _____

Balance of Entrance Fee due prior to move-in = _____

Addresses for Required Notices

To Penick Village:
Penick Village
Business Office
500 East Rhode Island Avenue
Southern Pines, North Carolina 28387

To You:

**Your signature(s) indicate(s) that you understand and accept the terms stated
in this Exhibit A.**

Prospective Resident Date

Prospective Resident Date