



**PENICK
VILLAGE**

**Disclosure Statement
March 1, 2021**

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 28, 2022.**
- **This Disclosure Statement must be delivered to a contracting party before execution of a contract for continuing care with Penick Village.**

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.**

500 E. Rhode Island Ave., Southern Pines, NC 28387
Phone: 910-692-0300 Fax: 910-692-5509 Website: www.penickvillage.org

INDEX

Begins on Page

Narrative description of the Organization and its Operation, Affiliations, Licensure	4
Board of Directors	5
Officer, Related Service Providers	6
Criminal Violations Statement, Location and Description of Physical Property, Long-Range Plans	7
Number of Residents, Community Services, POLICIES - Admission	8
Smoking, Financial/Insurance Criteria, Benevolent Assistance	9
Entrance Fees	10
Right of Offset, Pets, Right to Rescind	12
Termination Prior To / After Occupancy	13
Effect of Double Occupancy	14
Entrance Fee Refunds, Moves	15
Marriage/New Second Occupant, SERVICES – General Services and Facilities	16
Parking, Community Space, Food Service / Meal Allowances	17
Housekeeping, Utilities, Security and Emergency Alert Systems, Maintenance	18
Mail, Transportation, Spiritual Programs, Social, Educational, Cultural and Recreational Programs, Storage Area, Insurance, Medical Director, Long-Term Care Benefit	19
Assisted Living, Skilled Nursing Services, Home Care, Optional Services	20

INDEX

	<u>Begins on Page</u>
FEES & CREDITS – Future Residency Program Deposit, Reservation Deposit, Monthly/Daily Service Fees	21
Payment Due Date, Late Payments, Temporary Services, No-Charge Nursing Days	22
Changes for the Previous Five Years, Reserves (Capital Indebtedness and Operating Reserves), Other Material Information	23
Fees – Independent Living, Residential Assisted Living (Including Garden Cottage), Skilled Nursing, Home Care and Optional Service Fees (Effective January 1, 2021), Changes in Monthly Service Fees – Five Years 2016 – 2020	25
Actual vs. Forecast – Fiscal 2020 – Variance Analysis	31
Summary Interim Financial Statements, Excluding Affiliates (December 31, 2020)	36
Summary of Actuarial Analysis (A.V. Powell & Associates, Inc.)	40
Attachments	43
• Attachment 1 Consolidated Financial Statements and Supplementary Information Years Ended September 30, 2020 and 2019 (Audit Report)	
• Attachment 2 Projected Financial Statements and Independent Accountants Compilation Report for the Years Ending September 30, 2021 - 2025	
• Attachment 3 Independent Living Residence Agreement	
• Attachment 4 Reservation Agreement	
• Attachment 5 Future Residency Program Agreement	
• Attachment 6 Assisted Living Residency Agreement	

Narrative Description of the Organization and Its Operations

Penick Village, Inc. (“Penick Village” 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. Accordingly, it does share a continuing affiliation with the Episcopal faith and the Diocese of North Carolina.

The Corporation is a single-site Life Plan Community (f/k/a Continuing Care Retirement Community or “CCRC”) nonprofit corporation under Internal Revenue Code Section 501-c-(3) and is, therefore, exempt from Federal and State income taxes.

Its affiliate, The Penick Village Foundation, Inc. (the “Foundation”) was organized in September 2003 to raise funds for the Village’s support including its charity care programs.

The Foundation is a nonprofit 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.

Its affiliate, JA Greer Group, LLC (“Greer”) was organized in November 2016 to own and manage a multi-family property purchased by Greer in December 2016. Greer is a limited liability company formed and organized in the State of North Carolina.

The Corporation began operating its Community as The Bishop Edwin A. Penick Memorial Home in Southern Pines, North Carolina in April of 1964.

In October 2015, the 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.

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.

Affiliations:

The Corporation maintains memberships in LeadingAge, Leading Age North Carolina, North Carolina Health Care Facilities Association, Moore County Chamber of Commerce and Partners in Progress.

Licensure:

The Corporation and its retirement community are licensed by the North Carolina Department of Insurance 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.

Board of Directors:

The business and other affairs of the Corporation are managed by a Board of Directors composed of no less than 12 and no more than 30 members and the 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, 2021, including the length 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

The Right Reverend Samuel R. Rodman	Honorary Chair of the Board
The Right Reverend Anne Hodges-Coople	Honorary Co-Chair of the Board
Marsha Coles Volunteer	Class of 2021
Ray Pardue Resident	Class of 2021
Gary Hildebrand Resident	Class of 2021
W. Lance Craig (Treasurer) CPA/Businessman	Class of 2022
Sherry Price (Secretary) Retired School Administrator	Class of 2022
Dr. Gary Krasicky (Past President) Retired Physician	Class of 2022
Micah Niebauer Small Business Owner	Class of 2022

Mike Penick VP Commercial HVAC	Class of 2022
Mary Reca Todd Volunteer	Class of 2022
John R. Frizzell, III (President) Retired Banker	Class of 2023
Wayne Robbins Retired Lawyer	Class of 2023
Len Gillespie Operations Management Volunteer	Class of 2023
Michelle Stinnett Volunteer	Class of 2023
Rev. J. Carr Holland Retired Minister	Class of 2023
Lynne Healy (First VP) Community Volunteer	Class of 2023

Officers:

Interim Chief Executive Officer: Ron Jennette was appointed Interim CEO effective October 26, 2020. Ron has in excess of 26 years of experience in the senior services sector, serving as the CEO at two different, large retirement communities. Most recently, Ron was the Interim CEO at Friends House in Sandy Springs, MD.

Chief Development Officer: Caroline Eddy graduated from UNC Chapel Hill with a BA in Arts Administration and has over 20 years’ experience in the nonprofit development field. She presently serves as the Chief Development Officer of Penick Village.

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.

Related Service Providers

Darlene Vaughn, 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.

Lynne Healy, Board Member: Healy Wholesale, Fayetteville NC provides alcoholic beverages for our dining service area as a vendor

Wayne Robbins, Board Member: Mr. Robbins is a retired former partner in a local law firm who the organization uses for various business matters.

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

The campus is presently composed of one multi-level Healthcare building (the North building which includes the majority of our Assisted Living rooms plus all our Skilled Nursing rooms), three independent living apartment buildings (Woodlands, Wharton and Parkview), 47 cottage-type Independent Living residences, one Assisted Living 10-bed small-house (Garden Cottage) and a community center (the Village House).

The South Building was resident-vacated in 2019 and will be razed as that acreage is redeveloped.

Long Range Plans

Penick Village continues to work on its long-range strategic plan to strengthen the organization's sustainability, mission compliance and serve future generations of residents, their families and its employees. This Plan includes:

- Develop the construction, marketing, financing plan, including feasibility studies, of a 50-100 Independent Living apartment building and Wellness Center.
- Continue to emphasize its Marketing program, including the major renovation of existing Independent Living homes and cottages.

- Expand Penick Village’s successful Home Care Program to give both residents and off-campus clients choice to maintain residency in their preferred location.
- Renovate the Healthcare (North) building to provide a household model of care and implement additional education and training for enhanced care and services.
- Develop a five-year 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
 - Recruitment and retention
- To continue supporting the approximate \$1.4 million of annual charity care Penick Village provides, the Penick Village Foundation will strive to:
 - Raise \$750,000 for its annual contributions drive and
 - Grow its permanent funds to \$20 million over the next 10 years

Number of Residents

At September 30, 2020, the number of residents totaled:

- 188 Independent Living residents (includes 47 “2nd-pesons”)
- 37 Assisted Living residents and
- 41 Skilled Nursing residents for a total of
- 266 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:

- Typically, several times a year, Penick Village hosts American Red Cross-sponsored blood drives.
- On a routine basis, Penick Village donates furniture, fixtures and equipment to Habitat for Humanity, Helping Hands, Goodwill and similar organizations.
- Penick Village makes periodic donations to the Southern Pines Fire and Police Departments, Friend to Friend and annually funds a nursing scholarship at the local Community College.
- 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 events 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 the Skilled Nursing Center, Blanche Robertson Garden Cottage or Residential Assisted Living, the applicant must:

- Be admitted on the recommendation of the resident's attending physician.
- Submit physical examination form before admission. Also submit a complete transcript of medical records for review by Penick Village's Health Services staff.
- 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, foundation, government programs (including Medicare and Medicaid)).

Where Penick Village 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 his or her financial obligations to Penick Village.

Should a resident become unable to pay for the care furnished or being furnished by Penick Village, 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 general contributions, fundraising events, foundation grants and net investment earnings, Penick Village 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 control of the Resident,
- Resident acts in good-faith in dealing with Penick Village regarding the matter and
- Management determines the facts justify special consideration.

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

Penick Village cannot promise or guarantee in advance to that resident the continuing availability or extent of such assistance.

All Benevolent Assistance residents undergo an annual financial review to confirm their continuing eligibility for the Program:

To maintain the availability of funds for future benevolent assistance, Penick Village 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 assistance provided by Penick Village.

Entrance Fees

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 Village reserves the right to limit entrance fee options to potential residents based on information provided to the community.

In exchange, Penick Village agrees to provide Applicant(s) continuing services for life pursuant to said Agreement.

Upon executing the Residency Agreement, the Applicant(s) shall pay Penick Village 10% of the Entrance Fee and is generally required to take financial occupancy of the Independent Living Residence within sixty (60) days.

The Applicant(s) will also arrange with Penick Village a mutually satisfactory schedule of subsequent payments thereon and shall complete the payment of the full Entrance Fee amount on or before taking financial responsibility for the residence.

Provisions for cancellation and termination of the Agreement or for making it final, or pertaining to Entrance Fees are set forth in the below Policies section.

All specific upgrade costs to the Resident's Independent Living Residence, Residential Assisted Living Residence, Garden Cottage or Skilled Nursing Health Center Room will be non-refundable and due in full in advance of the construction of the specific upgrades and become a permanent part of the residence and property of Penick Village.

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 Village. Penick Village shall refund the amount of the 10% deposit paid less a \$1,000 administrative and processing fee within 30 days of such notice.

48-Months Declining Refundable Entrance Fee:

Once the Resident(s) has (have) chosen and paid the required 48-Month Declining Entrance Fee and has (have) taken occupancy of a residence at Penick Village under a continuing care contract,

The Entrance Fee shall be reduced and become non-refundable at the rate of 6% the first day of the first month occupied, then 2% per month for any portion of each month the Resident(s) occupied the residence for the next 47 months.

After the beginning of the 48th month of occupancy, the Entrance Fee paid by the Resident(s) is fully amortized and nonrefundable.

Except as provided in the last paragraph of this section, 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 40% higher than the comparable, in-affect 48 months declining refundable entrance fee amount.

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.

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" below.

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.

90% Refundable Entrance Fee:

The 90% Refundable Entrance Fee is 90% higher than the comparable, in-affect 48 months declining refundable entrance fee amount.

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 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" 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 date of residency agreement signing.

- All couple entrance fees age qualifications will apply to the older of the two applicants.

Right of Offset:

Penick Village reserves the right to off-set against the refund of the Entrance Fee any fees or amounts payable to the Organization under this Agreement including any charges deferred or unpaid and as stated in Section 4.7 of Penick Village'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 Village 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 Village at different times and under different contracts, as these contracts have evolved over the years, the terms outlined in the signed Residency Agreement applies.

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 Village.

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 Village'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 transferred to Penick Village 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 Village at the Resident's request and described in the Agreement or any Addendum signed by the Resident.

Termination Prior to Occupancy

A resident will be entitled to full reimbursement of any monies paid to Penick Village less and will be released from liability to pay Penick Village any other amounts under their Residency Agreements under the following condition:

- If a resident passes-away prior to occupying the Independent Living Residence or if,
- Because of illness, injury or incapacity, the Resident would be precluded from occupying the Residence consistent with the representations made by the Resident in the Confidential Application or the Confidential Medical Application.
- The Residency Agreement will be automatically cancelled and
- The Resident will be entitled to a full reimbursement of any monies paid Penick Village less (a.) any contractually agreed-on refundable charges for Resident-requested specific upgrades and (b.) a \$1,000 administrative fee.
- Within 60 days upon receipt of the written termination of the Residency Agreement and will be released from liability to pay Penick any other amounts under the Residency Agreement provided the Resident terminates their Residency Agreement prior to the date they occupy the Residence for reasons or conditions other than those described in the Residency Agreement.

Termination of Residency After Occupancy

After the resident has assumed occupancy of the residence, the Residency Agreement is subject to termination as follows:

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

Penick Village may terminate the Residency Agreement after the occupancy date for the following non-medical reasons:

- A material misrepresentation or omission by the resident in the Confidential Data Profile, Confidential Medical Profile 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.
- If the resident fails to comply with the policies and procedures of Penick Village or creates a situation detrimental to the health, safety or quiet enjoyment of the community for other residents, staff or neighboring property users.

- If the resident fails to pay the Monthly Service Fee or other amounts when due, unless other mutually satisfactory arrangements have been made. However, it is the policy of Penick Village that the Residency Agreement shall not be terminated solely because of financial inability to pay the fees to the extent that (1) the resident's inability to pay is not the result of the resident's willful action and (2) in Penick Village's judgment, the ability of Penick Village to operate on a sound financial basis will not be impaired.
- Material breach by the resident of the terms and conditions of the Residency Agreement or,
- If 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 the resident.

Penick Village may terminate the Residency Agreement subsequent to Occupancy Date for medical reasons. If it is determined by the Medical Director and/or Penick's Health Care Administrator, Interim/Chief Executive Officer (after reasonable consultation with the resident, their personal physician, their family and/ or designated representative) that:

- The resident has developed a dangerous or contagious disease or mental illness,
- The resident is in need of drug or alcoholic rehabilitation or any other condition for which Penick Village is not licensed or for which care cannot be provided by Penick Village without a significant and unique expenditure.
- The resident becomes mentally or emotionally disturbed to a degree that their continued presence in Penick Village is determined to be detrimental to the health, safety and/or welfare the resident, other residents or staff.
- Should any of these situations occur, Penick Village is expressly authorized (after consultation with the Medical Director or the appropriate Penick Village personnel, the resident's personal physician and their family and/or the designated representative to the extent feasible) to transfer the resident, at their expense, to an appropriate hospital Community or alternative care Community.
- If Penick Village seeks to terminate the Residency Agreement and the resident's occupancy,
- Penick Village shall give the resident sixty (60) days prior written notice of termination which shall reasonably describe the conduct alleged to warrant the termination of the Residency Agreement and
- Shall set the time, place and date for a meeting between the resident 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 the resident may avoid termination by showing to Penick Village reasonable satisfaction that they have cured the conduct alleged to warrant the termination.

Effect of Double Occupancy

If the residence is occupied by two (2) residents and one (1) resident dies the Residency 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 Independent Living Residence occupied.

If applicable, no refund of the Entrance Fee will occur until the surviving resident leaves the campus and all conditions of the Residency Agreement are met.

Entrance Fee Refunds

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.

Moves

For reasons not occasioned by changing health requirements, a resident may elect to move to another Independent Living Residence.

This is subject to availability and may be limited due to refund obligations,

For moves from one Independent Living Residence to another Independent Living Residence where the new Residence is square feet-larger:

- On or before move-in, the Resident will be required to pay the difference between the new Residence's prevailing entrance fee and their existing Residence's entrance fee (excluding any "upgrade" fees/charges).
- In-advance, the Resident will be required to pay (i.) all requested upgrades (in accordance with then-current Penick Village practices regarding same) and any required renovations or refurbishments to the new Residence. All such charges are non-refundable.
- As of the effective move-in date, the new Residence's prevailing monthly service fee will be in-affect.

For moves from one Independent Living Residence to another Independent Living Residence where the new Residence is square feet-smaller or the same size:

- There will be no entrance fee refund in terms of comparing the new Residence's prevailing entrance fee and what the Resident paid for their existing Residence.
- As of the effective move-in date, the new Residence's prevailing monthly service fee will be in-affect.

All moves require the in-advance, non-refundable payment of a \$5,000 administrative fee.

Penick Village will coordinate and pay for moving expenses but not any pre-move packing or similar expenses.

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 Village who does not meet the residency requirements, Penick Village, in its sole discretion, may allow such person to reside at Penick Village 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

In consideration of payment of an Entrance Fee and Monthly Service Fee the resident is entitled to occupy the Independent Living Residence selected and to receive the services and use of the facilities described in the Residency Agreement.

The Residence is furnished at Penick Village's expense with floor coverings, blinds, 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.

Parking

Parking areas are provided for the Residents and Penick Village guests as defined in the Resident Handbook.

Based on availability, covered parking is an option for the Woodlands apartments for (i.) an upfront fee and (ii.) a monthly maintenance fee (see Optional Service Fee schedule for rates).

Golf cart parking for all IL residents is available on a limited bases and needs to be arranged in-advance with Resident Services.

Community Space

Resident(s) may use Penick Village community space in accordance with the Resident Handbook.

Community spaces are non-smoking and are anticipated to include but are not guaranteed or warranted to include:

- Chapel
- Living rooms
- Dining rooms
- Library
- Barber/beauty salon
- Card/Life Enrichment room
- Multi-purpose/media room
- Mail and Fitness centers

Food Service / Meal Allowances

Meal Service Monday – Saturday: Breakfast, lunch and dinner.

Meal Service Sunday: Breakfast and lunch.

Meal allowances are subject to annual review and adjustment in conjunction with the annual rate-change process.

Each Residency Agreement Resident receives a monthly meal (food) allowance available for use in all Penick Village dining venues including bar expenses and guest meals except for below-defined “special occasion” meals.

If a resident exceeds their monthly allowance, it will be billed directly to their account to be paid with his or her monthly statement.

Unused meal allowances are not subject to carry-forward.

Food prices are subject to change. Therefore, Dining prices are exempt from Penick’s 30-day pre-notification requirements.

Meal Allowances may not be used for raw, frozen or seared meat, store-to-door items, bulk food orders or guest holiday / special occasion meals (Thanksgiving, Christmas, Valentine's Day or others as determined by Penick Village Dining).

When a Resident(s) permanently leaves Penick Village or resides in a different level of care, the monthly food allowance is discontinued and will be prorated in proportion to the number of days the Resident occupied their Independent Living Residence.

If a Resident is off-campus 14 days or longer and timely notifies Resident Services (i.e., no later than 24 hours prior to planned absence), Resident will receive a meal credit equal to \$5/day effective day 1 until their return to campus.

Housekeeping

Residential Housekeeping includes vacuuming, dusting, bathroom cleaning, mopping, sweeping, etc. and occurs on a weekly scheduled basis.

Utilities

The costs of sewer, natural gas (if applicable) water, waste disposal and electricity are included in the Monthly Service Fee.

In consideration of evolving alternate forms of fuels and power sources, Penick Village reserves the right to apply up-front and/or ongoing charges to cover such costs.

Penick Village offers “basic” and “enhanced” cable television and internet service.

Basic cable television and telephone services are included in the Monthly Service Fee.

Security and Emergency Alert System

Residences are equipped with smoke/heat detection and emergency alert systems.

The Health Care Building, Parkview, Wharton and Woodlands Residences are also equipped with a fire sprinkler system.

Along with 24-hours security, all areas on campus have access control. The staff of Penick Village monitors the emergency alert systems around the clock and coordinates emergency response, as appropriate.

Maintenance

Penick Village maintains, repairs and replaces all community space, grounds and provided appliances.

If repairs are required to Company property as a result of a resident's negligence, the resident will be financially responsible for all repairs.

The resident is responsible for maintenance of their personal property.

Mail

A mailbox is provided for each Independent and Residential Assisted Living resident as are mail slots for intra-Penick Village communication.

Transportation

Penick Village provides scheduled group transportation to designated 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.

Please reference the Resident Handbook of hours of operations.

Spiritual Programs

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

Social, Educational, Cultural and Recreational Program

A full-time Coordinator of Life Enrichment coordinates a variety of social, recreational, educational, fitness, wellness and cultural programs for those residents wishing to participate.

Storage Area

Except for Residents who live in a cottage or home, storage areas located in Penick Village are assigned and available for a Resident's use.

Insurance

Penick Village maintains property and casualty insurance coverage on the buildings and grounds.

However, such coverage will not insure against loss or damage to a resident's personal property or damage or injury to others caused by the resident.

Therefore, Penick Village recommends that the resident purchase appropriate comprehensive insurance typically referred to as renter's insurance as well as flood and personal "excess" insurance policies.

Medical Director

Penick Village retains the services of a qualified physician for certain regulatory requirements.

Long Term Care Benefit

If it is determined that a resident requires Assisted Living or Skilled Nursing services. Such resident will receive priority access to the Residential Assisted Living, Blanche Robertson Garden Cottage or Skilled Nursing Health Center.

Assisted Living

Penick Village provides residents in a Residential Assisted Living studio or apartment, services that are designed to assist with the events of daily living in accordance with applicable North Carolina statutes and regulations including assistance with medication administration, dressing, grooming, bathing, toileting and ambulating.

These services are provided in conjunction with the prevailing published daily rate which varies by room size and accommodations.

Skilled Nursing Services

Penick Village provides residents licensed skilled nursing services in a private room in accordance with applicable North Carolina statutes and regulations.

These services are included in the then in-affect published daily rate for a private nursing room.

Such services 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 service providers)

Home Care

Penick Village's Home Care provides services to residents and the greater community such as Nursing Services, Companion and Respite Services.

The care provided is fee-for-service and includes services that are listed in the following "Optional Service Fees" section.

Optional Services

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

- Guest meals

- Catering for special occasions
- Barber and beauty services
- Meal delivery service
- Additional transportation
- Computer and IT services
- Usage of guest suites and community space, if available
- Personal business services
- Additional maintenance and landscaping services
- Additional housekeeping services

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 the Resident(s) monthly.

Prices for Optional Services are detailed in the following “Optional Service Fee” section.

FEES AND CREDITS

Future Residency Program Deposit

It is Penick policy to charge a \$1,000 refundable Future Residency Program 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.

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

Reservation Deposit

It is Penick’s policy to charge a non-refundable \$250 Administrative Application Fee and a \$5,000 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 Entrance Fees, Independent Living Monthly Service Fees, Assisted Living, Garden Cottage and Nursing Care daily fees are included in the below “Penick Village Fees” effective January 1, 2021 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.

Penick Village 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 Village representative that the resident needs Assisted Living or Nursing services, Penick

Village will admit the resident to the Residential Assisted Living, the Blanche Robertson Garden Cottage, or Skilled Nursing Health 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 Blanche Robertson 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 Blanche Robertson 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 Blanche Robertson 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 Blanche Robertson Garden Cottage, or Skilled Nursing Health Center, upon determination that a permanent transfer is required, Penick Village 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 Blanche Robertson Garden Cottage, or Skilled Nursing Health Center.

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

If Home Health Care is not medically possible Penick Village will contact another Community 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 Community as appropriate and pay for transportation costs above those costs paid by third party payors such as Medicare.

Payment Due Date

All monthly payments and all daily payments for the full month are due and payable in advance on the fifteenth (15th) day of each month.

Late Payments

Penick Village has a late payment policy for all payments not received by the 15th of the month; a late charge of eighteen percent (18%) annually will be applied to any unpaid balance.

Temporary Services

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

No-Charge Nursing Days

Penick Village will provide, without additional charge, an Independent Living Resident who is temporarily in Assisted Living (including the Garden Cottage) or Nursing services, 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 Blanche Robertson Garden Cottage or the Skilled Nursing Health Center 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.

Further, in the case of Double Occupancy, one spouse may donate a maximum 7 days to their spouse once the receiving spouse's maximum Free Nursing Days are exhausted, provided the Free Nursing Days are, in fact, available to the donating spouse.

If a Resident does not use his or her 14 days, they may "bank" those days to a maximum of 28 days.

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.

Residential rates are by the month; Nursing, Garden Cottage, and Assisted Living rates are by the day.

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:

- **Capital Indebtedness:** US 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 balance at December 31, 2019 was \$2,017,353.
- **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, 2020 and based on the Five-Year Forecast in-affect during that audit, Penick Village complied with the General Statute and reported a required Operating Reserve of \$3.898 million.

Subsequent to completion of the fiscal 2020 audit but prior to issuing this Disclosure Statement, an updated Five-Year Forecast was prepared and a related Compilation Report issued by CliftonLarsonAllen, LLP (a copy of which is included in this Disclosure Statement). In that Compilation Report, inclusive of the included assumptions, the fiscal 2021 required Operating Reserve was calculated to be \$3.826 million. Penick Village will adjust its fiscal 2021-related internally-prepared Balance Sheet to reflect the \$3.826 million required Operating Reserve.

At December 31, 2020, the Operating Reserve Fund's market value was \$5,227,131. The Fund is managed by 19/19 Investment Counsel, Birmingham, Alabama. 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.

No Escrow Agreements are held at this time.

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, 2021)

	<u>Beginning on Page</u>
➤ Independent Living	26
➤ Residential Assisted Living	27
➤ Skilled Nursing	27
➤ Home Care	28
➤ Optional Service Fees	29
➤ Five Years 2016 – 2020	30

Penick Village Fees
Effective January 1, 2021
Includes 3% Increase For All levels

<u>Location</u>	<u>Model</u>	<u>Qty.</u>	<u>Sq. Ft.</u>	<u>48 Mos. Ent. Fee</u>	<u>Mo'ly Srvc. Fee 1st Person</u>	<u>2nd-Person Fee</u>
<u>Independent Living:</u>						
Weymouth	Cottages	33	From 1,167	From \$210,060	\$ 3,540	\$ 975
Parkview	Acadia	2	650	110,500	2,176	975
(Apts.)	Aurora	4	1,500	277,500	3,550	975
	Franklin	2	1,500	277,500	3,550	975
	Griffith	2	1,300	234,000	3,206	975
	Hyde	4	1,600	296,000	3,894	975
	Lincoln	2	1,050	183,750	2,979	975
	Topanga	2	600	102,000	2,176	975
		18				
Wharton	Acadia	2	650	110,500	2,176	975
(Apts.)	Aurora	2	1,500	277,500	3,550	975
	Boyd	2	800	136,000	2,513	975
	Franklin	2	1,500	277,500	3,550	975
	Griffith	2	1,300	234,000	3,206	975
	Hyde	2	1,600	296,000	3,894	975
	Lincoln	2	1,050	183,750	2,979	975
	Sierra	2	1,095	191,625	2,999	975
	Topanga	1	600	102,000	2,176	975
	Umstead	2	1,130	197,750	3,037	975
	Guest Suite	1	400	-	-	-
		20				
Woodland	Dogwood	3	1,900	334,400	4,546	975
(Cottages)	Longleaf	5	2,100	369,600	4,546	975
	Magnolia	2	From 2,100	From 369,600	4,546	975
		10				
Woodland	Birch	12	1,250	193,700	3,207	975
(Apts.)	Chestnut	6	1,900	294,500	4,155	975
	Crape Myrtle	8	700	101,500	2,331	975
	Linden	5	850	123,250	2,554	975
	Periwinkle	3	1,000	150,000	2,993	975
	Pin Oak	19	1,500	232,500	3,646	975
	Poplar	6	1,700	263,500	3,935	975
	Redbud	11	1,000	150,000	2,993	975
	Loft	1	540	92,000	2,057	975
	Apt. - Guest Suite	2	-	-	-	-
		73				
		154				

Penick Village, Inc.
Effective January 1, 2021
Includes 3% Increase for All Levels

	Entrance	Square		Daily Rate	Daily Rate
<u>Residential Assisted Living - Healthcare Bldg.:</u>	<u>Fee (1)</u>	<u>Feet</u>	<u>Qty.</u>	<u>Internal</u>	<u>External</u>
Studio	\$ 2,000	270	8	\$ 170	\$ 175
Extended studios	4,000	366 - 454	3	212	228
Large studios	3,500	366	2	205	212
1 bedroom	5,000	540	17	244	266
2 bedroom - 1 person	10,000	810	1	282	308
2 bedroom - 2 people (2)	-	810	1	436	462
			32		
(1) Applicable only to external admittances.					
(2) There is not a second, separate entrance fee for the second-person.					
<u>Residential Assisted Living - Garden Cottage:</u>					
	\$ 10,000	305	10	\$ 234	\$ 244
<u>Skilled Nursing:</u>					
	-	100	50	\$ 328	\$ 328

Penick Village, Inc.
Effective January 1, 2021
Home Care

Initial Assessment	Included
Home Helper/Companion - Two (2) hour minimum <ul style="list-style-type: none"> • \$5 increase per hour for couples (based on care plan) • 5% decrease per hour for shifts of 12 hours • Quarterly visit by Home Care Supervisor included 	\$18.50 per hour- weekday \$19.50 per hour- weekend
In-Home Aide- Nursing Assistant – Two (2) hour minimum <ul style="list-style-type: none"> • \$7 increase per hour for couples (based on care plan) • 5% decrease per hour for shifts of 12 hours • Quarterly RN visits and supervision of aides included 	\$21.50 per hour - weekday \$22.50 per hour - weekend
Transportation <ul style="list-style-type: none"> • Charged when the caregiver transports for an authorized trip • Mileage fee is charged in addition to hourly rate 	Current IRS rate + \$.10/mile
Visit Cancellation Fee <ul style="list-style-type: none"> • Applicable if the Home Care Office is not notified 24 hours in advance. • A 72-hour notice is required to end 24-hour care services. 	A charge equal to scheduled shift canceled
Pet Care <ul style="list-style-type: none"> • Includes feeding, walking, litter box care for cats 	Home Helper/Companion Rates Apply
Nurse Visit <i>May include medication management, wound care, monitoring chronic conditions, care coordination with physician</i>	\$60 per hour
Care Management <i>May include education, resources and referrals, long-term care insurance assessments, monitoring chronic conditions, care coordination.</i>	\$60.00 per hour

Penick Village, Inc.	
Optional Service Fees	
Fiscal 2021	
<u>Description</u>	<u>Fee</u>
Computer / IT Support	\$65 initial evaluation and setup (2 hrs maximum) After 2 hrs., \$50/hr. standard billing rate applies with 1 hr. minimum Service Calls: \$50/hr. with 1 hr. minimum After 5 pm, weekends, holidays: Non-emergency calls will incur an additional \$150 service charge in addition to the standard service call fee.
Copies	\$0.10/page
Covered Parking (Woodlands Only)	If available: \$5,000 one-time, non-refundable fee plus \$10/mo.
Dining	Reservations required for Village House; pricing is a-la-carte
Guest Rooms	\$70/night, 7-night maximum, breakfast in Village House dining included
Housekeeping	Additional housekeeping not considered routine will have a fee based on materials and labor. Carpet cleaning for pet stains start at \$75. Penick Village reserves the right to out-source such services.
Internet	\$36/mo.
Mail/Meal Delivery	\$3/delivery
Medical Supplies	Contact Resident Services for current price list
Phone Charges	Plan A.: \$21/mo. plus \$0.11/min. for long-distance Plan B.: \$42/mo. including long-distance International calls not included in either Plan.
Replacements	Gate Sticker: \$25/sticker Key: \$5/key Key-Fob: \$12/key-fob Pendant: \$175/pendant
Special Maintenance Requests	This excludes routine maintenance. The fee will be based on materials and labor.
Store-2-Door	Contact Dining Services for current price list

Penick Village, Inc.					
Monthly Service Fees - By Residence					
For The Five Years 2016 - 2020					
<i>(Includes only residences available at January 1, 2021)</i>					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Park Cottage	\$ 2,801	\$ 2,885	\$ 2,935	\$ 3,023	\$ 3,116
Weymouth Cottage (starting at)	3,183	3,278	3,335	3,436	3,540
Woodland Cottages - Dogwood, Longleaf and Magnolia	3,968	4,087	4,159	4,285	4,414
Woodlands Apt. - Crape Myrtle	2,035	2,096	2,133	2,197	2,263
Woodlands Apt. - Linden	2,229	2,296	2,336	2,408	2,480
Woodlands Apt. - Redbud, Periwinkle	2,613	2,692	2,739	2,821	2,906
Woodlands Apt. - Birch	2,801	2,885	2,935	3,023	3,114
Woodlands Apt. - Pin Oak	3,183	3,278	3,335	3,436	3,540
Woodlands Apt. - Poplar	3,435	3,538	3,600	3,708	3,820
Woodlands Apt. - Chestnut	3,628	3,737	3,802	3,916	4,034
Parkview Apt. - Topanga	1,900	1,957	1,991	2,051	2,113
Parkview Apt. - Acadia	1,900	1,957	1,991	2,051	2,113
Parkview Apt. - Lincoln	2,600	2,678	2,725	2,807	2,892
Parkview Apt. - Griffith	2,800	2,884	2,934	3,022	3,113
Parkview Apt. - Aurora and Franklin	3,100	3,193	3,249	3,346	3,447
Parkview Apt. - Hyde	3,400	3,502	3,563	3,670	3,781
Wharton Apt. - Acadia and Topanga	-	-	-	-	2,113
Wharton Apt. - Boyd	-	-	-	-	2,440
Wharton Apt. - Lincoln	-	-	-	-	2,892
Wharton Apt. - Sierra	-	-	-	-	2,912
Wharton Apt. - Umstead	-	-	-	-	2,949
Wharton Apt. - Griffith	-	-	-	-	3,113
Wharton Apt. - Aurora and Franklin	-	-	-	-	3,447
Wharton Apt. - Hyde	-	-	-	-	3,781
Second Person Fee	925	935	950	950	975
Daily Rate - Assisted Living Healthcare - Internal	\$147 - \$245	\$152 - \$245	\$155-\$232	\$160-\$290	\$170-\$299
Daily Rate - Assisted Living - Garden Cottage	203	210	214	\$220-\$230	\$227-\$237
Daily Rate - Nursing Care	285	295	300	309	318
Annual % Rate Increase (Effective Each January 1st)	3.50%	3%	1.75%	3%	3%
Average IL Monthly 1st-Person Rate Increase (1)	\$ (38)	\$ 85	\$ 51	\$ 90	\$ 22

(1) Includes only residences available at January 1, 2021.

Penick Village, Inc.
Fiscal 2020 Actual Vs. Forecast
Variance Analysis

	<u>Beginning on Page</u>
➤ Summary Balance Sheet	32
➤ Summary Statement of Operations	34
➤ Summary Statement of Cash-Flow	35

Penick Village, Inc. - Consolidated Summary Balance Sheet - Actual Vs. Forecast (\$000s Omitted)					
September 30, 2020					
<i>Threshold: Comments are limited to +/- \$500,000 AND 10% or more.</i>					
		F2020 Audit	F2020	Actual Increase (Decrease) Vs. Forecast	
	Notes	Results	Forecast	\$	%
ASSETS:					
<i>Current Assets:</i>					
Cash and cash equivalents		\$ 5,292	\$ 4,969	\$ 323	6.5%
Assets limited to use, current portion		392	56	336	600.0%
Investments	(1)	8,168	5,788	2,380	41.1%
Receivables:					
Accounts and notes, net of allowance		391	633	(242)	-38.2%
Unconditional promises to give		40	-	40	100.0%
Other		256	419	(163)	-38.9%
Prepaid assets		252	150	102	68.0%
<i>Total Current Assets</i>		<i>14,791</i>	<i>12,015</i>	<i>2,776</i>	<i>23.1%</i>
Assets limited to use: Investments - operating					
reserve requirement		3,898	3,898	-	0.0%
Held by Trustee Under Bond Agreements	(2)	4,907	4,017	890	22.2%
<i>tal Assets Limited to Use, Net of Current Portion</i>		<i>8,805</i>	<i>7,915</i>	<i>890</i>	<i>11.2%</i>
Property and equipment, net					
		49,228	47,499	1,729	3.6%
<i>Other Assets:</i>					
Deposits		29	1	28	2800.0%
Investment in joint venture		-	1	(1)	-100.0%
Interest rate cap agreement		1	1	(0)	0.0%
Beneficial interests in annuities		190	185	5	2.7%
Intangible asset		78	80	(2)	-2.5%
Due to (from) JA Greer Group, LLC	(3)	-	933	(933)	-100.0%
Long-term note receivable		-	64	(64)	-100.0%
<i>Total Other Assets</i>		<i>298</i>	<i>1,265</i>	<i>(967)</i>	<i>-76.5%</i>
Total Assets		\$ 73,122	\$ 68,694	\$ 4,428	6.4%
LIABILITIES AND NET ASSETS					
<i>Current Liabilities:</i>					
Current maturities of long-term debt		\$ 320	\$ 250	\$ 70	28.0%
Current maturity of lease liability		11	10	1	10.0%
Payable from assets limited as to use		46	56	(10)	-17.9%
Accounts payable		712	602	110	18.3%
Accrued liabilities		728	697	31	4.4%
Application and prepaid admission deposits		547	121	426	352.1%
Refund liability - current portion	(4)	550	-	550	100.0%
Refundable Advance - Payroll Protection Program	(5)	1,720	-	1,720	100.0%
Deferred Revenue - Provider Relief Funds		275	-	275	100.0%
<i>Total Current Liabilities</i>		<i>4,909</i>	<i>1,736</i>	<i>3,173</i>	<i>182.8%</i>
Refund liability - noncurrent portion					
	(6)	4,762	5,879	(1,117)	-19.0%
Deferred revenue	(7)	16,924	19,700	(2,776)	-14.1%
Long-term debt less current maturities, net					
of deferred financing costs		36,308	33,451	2,857	8.5%
Lease liability - long-term		17	20	(3)	-15.0%
<i>Total Long-Term Liabilities</i>		<i>58,011</i>	<i>59,050</i>	<i>(1,039)</i>	<i>-1.8%</i>
<i>Total Liabilities</i>		<i>62,920</i>	<i>60,786</i>	<i>2,134</i>	<i>3.5%</i>

Penick Village, Inc. - Consolidated Summary Balance Sheet - Actual Vs. Forecast (\$000s Omitted)					
September 30, 2020					
<i>Threshold: Comments are limited to +/- \$500,000 AND 10% or more.</i>					
		F2020 Audit	F2020	Actual Increase (Decrease) Vs. Forecast	
	Notes	Results	Forecast	\$	%
Net Assets:					
Without donor restrictions	(8)	9,165	7,027	2,138	30.4%
With donor restrictions:					
Purpose restricted		708	552	156	28.3%
Perpetually restricted		329	329	0	0.0%
<i>Total net assets</i>		<i>10,202</i>	<i>7,908</i>	<i>2,294</i>	<i>29.0%</i>
Total Liabilities and net assets		\$ 73,122	\$68,694	\$ 4,428	6.4%
(1)	Actual includes \$1.848 million of The Foundation's investments. The Forecast includes only Penick Village's investments, not the . Foundation's. The \$532,000 remaining variance relates to the investments' aggregate mark-to-market unrealized gains. The Forecast includes \$0 such market-influenced unrealized gains.				
(2)	This variance primarily consists of (a.) a timing variace associated with payment of principal and interest on the bonds and (b.) a higher-than-Forecast fiscal year-end balance in the bonds-related Construction Fund due to various trailing Wharton-related charges.				
(3)	Variance is primarily due to Penick Village advancing JA Greer (a.) \$750,000 as a parital paydown on their bank loan (itself which was sourced from bond proceeds) and (b.) funds to acquire additional properties.				
(4)	Thre Forecast did not assume any "current" refunds due at September 30, 2020.				
(5)	The Forecast did not include Penick Village obtaining a \$1.72 million Payroll Protection Program refundable advance.				
(6)	\$550,000 of this variane is the same "Refunds Liability - Current Portion" balance. The remaining \$567,000 variance reflects additional, non-Forecast refunds paid in fiscal 2020.				
(7)	This variance is a combination of (a.) higher-than-Forecast amortization of entrnace fees, (b/) higher-than-Forecast refunds and (c.) lower-than-Forecast additions regarding Wharton move-ins.				
(8)	The variance is primarily due to (a.) \$1.063 million higher-than-Forecast fiscal 2020 "Increase in Net Assets" (\$344,000 actual vs. -\$719,000 Forecast) and (b.) the remainder is largely due to a higher-than-Forecast "Net Assets - Beginning of Year" amount.				

Penick Village, Inc. - Consolidated Summary Income Statement - Actual Vs. Forecast (\$000s Omitted)					
For The Fiscal Year Ended September 30, 2020					
<i>Threshold: Comments are limited to +/- \$250,000 AND 10% or more.</i>					
F = Favorable, (U) = Unfavorable					
	Notes	F2020 Audit Results	F2020 Forecast	Actual Fav. (Unfav.) Vs. Forecast	
				\$	%
Revenues:					
Net resident service revenue		\$ 13,385	\$14,239	\$ (854)	-6.0%
Earned entrance fees		2,586	2,460	126	5.1%
Other operating revenue	(9)	1,230	446	784	175.8%
Contributions		712	800	(88)	-11.0%
Net assets released from restriction		2	-	2	100.0%
<i>Total unrestricted revenues, gains and other support</i>		<i>17,915</i>	<i>17,945</i>	<i>(30)</i>	<i>-0.2%</i>
Operating Expenses:					
<i>Program Services:</i>					
Healthcare		5,479	5,373	(106)	-2.0%
All other program services		6,020	6,429	409	6.4%
<i>Total Program Services</i>		<i>11,499</i>	<i>11,802</i>	<i>303</i>	<i>2.6%</i>
<i>Support Services:</i>					
General and administrative		2,251	2,315	64	2.8%
Human Resources, Information Technology, Marketing and Development		1,229	1,476	247	16.7%
Depreciation		2,176	2,187	11	0.5%
Interest expense	(10)	1,351	1,026	(325)	-31.7%
<i>Total Support Services</i>		<i>7,007</i>	<i>7,004</i>	<i>(3)</i>	<i>0.0%</i>
<i>Total Operating Expenses</i>		<i>18,506</i>	<i>18,806</i>	<i>300</i>	<i>1.6%</i>
<i>Operating Income (Loss)</i>		<i>(591)</i>	<i>(861)</i>	<i>270</i>	<i>31.4%</i>
Non-Operating Income (Loss)	(11)	839	142	697	490.8%
<i>Excess of revenues, gains and other support over (under) expenses</i>		<i>248</i>	<i>(719)</i>	<i>967</i>	<i>134.5%</i>
Increase in purpose-restricted net assets:		96	-	96	100.0%
Increase in net assets		344	(719)	1,063	147.8%
Net assets, beginning of year		9,858	8,627	1,231	14.3%
Net Assets, End of Year		\$ 10,202	\$ 7,908	\$ 2,294	29.0%
(9)	This variance primarily consists of: (a.) approximately \$146,000 favorably higher-then-Forecast upgrade income from Wharton Wharton residents, (b.) JA Greer's \$386,000 revenues (\$0 in Forecast) and (c.) \$230,000 of Dept. Health and Human Services stimulus revenues.				
(10)	The unfavorable variance is due to the "actual" amount including \$208,000 amortization of issuance costs associated with writing-off the intangible asset "Cost of Issuance" related to prior bank financings upon the bonds issuance.				
(11)	This favorable variance represents the Organization's fiscal 2020 market-influenced unrealized investment gains. Due to the vagaries of the market, the Forecast includes \$0 for such gains/losses.				

Penick Village, Inc. - Consolidated Statement of Cash-Flow - Actual Vs. Forecast (\$000s Omitted)
September 30, 2020

Threshold: Comments are limited to +/- \$200,000 AND 10% or more.

F = Favorable,
(U) = Unfavorable

	<u>Notes</u>	<u>F2020 Audit</u>	<u>F2020</u>	<u>Actual F (U) Vs. Forecast</u>	
		<u>Results</u>	<u>Forecast</u>	<u>\$</u>	<u>%</u>
Net cash provided (used) by operating activities	(12)	\$ 2,902	\$ 602	\$ 2,300	382.1%
Net cash provided (used) by investing activities	(13)	(7,932)	(14,007)	6,075	43.4%
Net cash provided (used) by financing activities	(14)	12,011	15,047	(3,036)	-20.2%
Increase in cash, cash equivalents and restricted cash		6,981	1,642	5,339	325.2%
Cash, cash equivalents and restricted cash - beginning of year		3,609	3,327	282	8.5%
Cash, cash equivalents and restricted cash - end of year		\$ 10,590	\$ 4,969	\$ 5,621	113.1%

- (12) Approximately 75% of this variance represents the \$1.72 million proceeds the Organization received pursuant to the Federal Payroll Protection Program. The remaining variance is primarily favorable-to-Forecast working capital results.
- (13) This variance resulted from (a.) \$4 million favorable-to-Forecast increase in "Assets Limited to Use" and (b.) \$1.8 million favorable-to-Forecast lower purchases of Property and Equipment. The "actual" results are consolidated whereas the Forecast is solely Penick Village, exclusive of the two affiliates - The Penick Village Foundation, Inc. and The J.A. Greer Group, LLC. Combined the two affiliates reported approximately \$2 million cash and equivalents at September 30, 2020. The remainder of the variance is primarily "timing" variances in terms of disbursements related to construction of The Wharton building.
- (14) Approximately 84%, \$2.551 million, of this variance resulted from higher-than-Forecast entrance fee refunds. The remainder of the variance primarily represents favorable-to-Forecast debt service payments (i.e., line of credit and bond-related).

Penick Village, Inc.
Internally-Prepared, Unaudited Interim Financial Statements
For the Three Months Ended December 31, 2020
(Excludes Affiliates)

	<u>Beginning on Page</u>
➤ Summary Balance Sheet	37
➤ Summary Statement of Operations	38
➤ Summary Statement of Cash-Flow	39

Penick Village, Inc. (Excludes Affiliates)			
Summary Balance Sheet			
December 31, 2020			
<u>ASSETS</u>		<u>LIABILITIES AND NET ASSETS</u>	
<u>Current Assets</u>		<u>Current Liabilities</u>	
Cash - Unrestricted	\$ 4,100,980	Accounts Payable - Trade	\$ 275,168
Cash - Assets Limited to Use	81,076	Bond/Bank Debt - Current (Inc. PPP)	2,647,477
Cash - Series19 Bonds	3,336,081	Lease Liability - Current Portion	12,544
Investments - Unrestricted	6,948,903	Accred Expenses, Payroll	993,549
Investments - Restricted	620,141	Accts. Pay. - Assets Limited to Use	81,076
Accts. Rec. , Net	582,852	Refund Liability - Current Portion	825,614
Prepaid Expenses	285,141	Application/Prepaid Deposits	511,700
Total Current Assets	15,955,175	Total Current Liabilities	5,347,128
Cash - Restricted - Statutory Reserves	5,915,353	<u>Long-Term Liabilities</u>	
		Deferred Revenue	15,964,400
Prop., Plant & Equip. - Net	44,906,446	Refund Liability-Noncurrent Portion	4,723,280
		Lease Liability - Long-Term	14,453
<u>Other, Non-Current Assets</u>		Bonds/Notes Pay. - Long-Term	33,142,172
Due From Affiliates	1,617,552	Total Long-Term Liabilities	53,844,306
All Other, Net	299,370		
Total Other, Non-Current Assets	1,916,922	TOTAL LIABILITIES	59,191,434
TOTAL ASSETS	\$ 68,693,896	<u>NET ASSETS</u>	
		Operating Fund Balance - PY	7,944,448
		Restricted Assets - PY	557,000
		Net Assets - Permanently Restricted	329,407
		Current Changes - Equity	671,607
		TOTAL NET ASSETS	9,502,462
		TOTAL LIABILITIES & NET ASSETS	\$ 68,693,896

Penick Village, Inc. (Excludes Affiliates)	
Summary Income Statement	
F2021: YTD 3 Mos. Ended December 31, 2020	
<u>REVENUE - RESIDENT SERVICES:</u>	
Independent Living Revenue	\$ 1,474,870
Healthcare Revenue	1,780,009
Home Care Revenue	314,478
Other & Ancillary Revenues	319,871
<i>Gross Rev. - Resident Svcs.</i>	<i>3,889,228</i>
Contra-Revenues	(467,799)
<i>Net Rev. - Resident Svcs.</i>	<i>3,421,429</i>
<u>REVENUE - OTHER:</u>	
Earned Entrance Fees	645,216
Contributions	196,773
<i>Total Other Revenue</i>	<i>841,989</i>
TOTAL NET REVENUE	<u>4,263,418</u>
<u>OPERATING EXP. - PROGRAM SRVCS:</u>	
Dining Services	659,018
Facility Maintenance	299,242
Utilities	159,807
Housekeeping	168,579
Healthcare	1,071,589
Home Care	270,117
All Other	148,188
<i>Total - Program Services</i>	<i>2,776,539</i>
<u>OPERATING EXP. - SUPPORT SRVCS.:</u>	
General & Administrative	414,622
Human Resources	136,893
Information Technology	111,455
All Other	205,970
<i>Total - Support Services</i>	<i>868,940</i>
<i>Total Operating Expenses</i>	<i>3,645,479</i>
<i>Depreciation / Amortization Expense:</i>	<i>518,159</i>
<i>Other (Income) Expense, Net:</i>	
Interest Expense, Net of Amort. Bond Prem.	380,734
Interest (Income)	(54,869)
Real/Unrealized (G)/L on Investments	(775,814)
PPP Loan Forgiveness	-
All Other, Net	(121,878)
<i>Total-Other (Income) Expense, Net</i>	<i>(571,827)</i>
CHANGE IN NET ASSETS	<u>\$ 671,607</u>

Penick Village. Inc. (Excludes Affiliates)		
Summary Statement of Cash-Flow		
F2021 Year-To-Date 3 Months Ended Dec. 31, 2020		
Net Cash Provided (Used) By Operating Activities		\$ (740,590)
Net Cash Provided (Used) By Investing Activities		(120,494)
Net Cash Provided (Used) By Financing Activities		229,960
Net Increase (Decrease) In Unrestricted Cash		(631,123)
Unrestricted Cash - Beginning Balance		4,732,104
Unrestricted Cash - December 31, 2020		\$ 4,100,980

SUMMARY OF ACTUARIAL ANALYSIS – AS OF SEPT. 30, 2020 (3 PAGES)


A.V. Powell & Associates, Inc.

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.

ASOP#3 satisfactory actuarial balance with AVP seal. 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, 2020, 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, 2020, dated January 28, 2021

Actuarial Criteria and Opinions	9.30.2020	9.30.2019	AVP Median	ASOP#3 Minimum
1. Funded Status	119.6%	116.9%	106.2%	100.0%
2. New Entrant Pricing				
48 Month Declining Refund 50% Refundable	2.5%	7.7%	11.3%	0.0%
90% Refundable	2.2%	7.6%		
3. 10-Year Reserve Increase Factor	1.66	4.68	2.20	>\$0 balance
Unified Funded Status (Combines Criteria #1 and	122.8%	124.2%	114.1%	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 increasing from 141 units as of September 30, 2020, to 145 units as of September 30, 2021, then decreasing down to 138 units as of September 30, 2022, and maintains an average occupancy of 92.0% thereafter. During the prior three years, average ILU occupancy was 93.4%, 90.1%, and 96.7%.
2. Average annual assisted living/memory care occupancy increases from 85.4% to 87.8% and average annual nursing care occupancy remains constant at 72.0%.
3. In prior fiscal year (2020), average occupancy for ILU was 93.4%; for assisted living/memory care was 86.8%; and for nursing care was 76.9%.
4. Entry fees for CCRC residents moving into independent living units are assumed to increase 3% annually. All new entrants in fiscal year 2021 are assumed to select the nonrefundable (48mos) contract.
5. Monthly and per diem rate increases for independent living, assisted living, memory care and nursing care are assumed to match average expense increases (3%) throughout the projection period. Monthly fees are assumed to increase by 3.0% annually and per diem rates by 3.0% annually. Budgeted operating expenses excluding interest and depreciation for fiscal year 2021 were 4.6% over audited operating expenses for fiscal year 2020 and are assumed to increase by 3.0% 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 2.0%.
8. Projected capital expenditures are adequate to maintain the market position of the community and total \$17.4 million during the next 10 years.
9. Projected accumulated cash balances are all available for the exclusive benefit of contract-holders and all cash outflows have been reflected in the report to our 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 11.5

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, 2020, and submitted to the Board of Penick Village on January 28, 2021. 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, 2020 and 2019
Attachment 2	Projected Financial Statements and Independent Accountants' Compilation Report for the Years Ending September 30, 2021 - 2025
Attachment 3	Independent Living Residency Agreement
Attachment 4	Reservation Agreement
Attachment 5	Future Residency Program Agreement
Attachment 6	Assisted Living Residency Agreement

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2020 AND 2019



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**PENICK VILLAGE, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
CONSOLIDATING BALANCE SHEET	30
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS	32



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Penick Village, Inc. and Affiliates (the Organization), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to consolidated the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

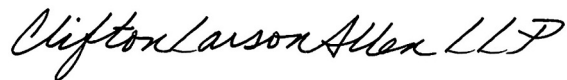
Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2020 and 2019, and the results of their operations and changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 30 to 33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Charlotte, North Carolina
January 26, 2021

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,291,682	\$ 3,531,782
Assets Limited as to Use, Current Portion	391,646	77,304
Investments	8,167,816	7,055,198
Receivables:		
Accounts and Notes, Net of Allowance	390,768	565,393
Unconditional Promises to Give	40,000	6,883
Other	256,031	114,688
Prepaid Assets	252,750	128,580
Total Current Assets	14,790,693	11,479,828
ASSETS LIMITED AS TO USE		
Investments – Operating Reserve Requirement	3,898,000	4,128,954
Held by Trustee Under Bond Agreements	4,906,613	-
Total Assets Limited as to Use, Net of Current Portion	8,804,613	4,128,954
PROPERTY AND EQUIPMENT, NET	49,228,090	43,461,913
OTHER ASSETS		
Deposits	28,970	915
Interest Rate Cap Agreement	653	757
Beneficial Interest in Annuities	189,810	184,786
Intangible Asset	79,662	131,446
Total Other Assets	299,095	317,904
Total Assets	\$ 73,122,491	\$ 59,388,599

See accompanying Notes to Consolidated Financial Statements.

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 320,431	\$ 5,243,462
Current Maturity of Lease Liability	11,428	10,076
Payable from Assets Limited as to Use	46,433	56,196
Accounts Payable	711,658	1,421,804
Accrued Liabilities	727,704	706,786
Application and Prepaid Admission Deposits	546,860	2,159,696
Refund Liability, Current Portion	549,918	1,260,348
Refundable Advance - Payroll Protection Program	1,720,100	-
Deferred Revenue - Provider Relief Funds	274,763	-
Total Current Liabilities	4,909,295	10,858,368
REFUND LIABILITY, LESS CURRENT PORTION	4,761,656	4,872,569
DEFERRED REVENUE	16,923,740	15,525,910
LONG-TERM DEBT, LESS CURRENT MATURITIES	36,308,362	18,247,858
LEASE LIABILITY, LESS CURRENT MATURITY	17,612	25,806
Total Liabilities	62,920,665	49,530,511
NET ASSETS		
Without Donor Restrictions	9,164,504	8,917,004
With Donor Restrictions:		
Purpose Restricted	707,915	611,677
Perpetually Restricted	329,407	329,407
Total Net Assets	10,201,826	9,858,088
Total Liabilities and Net Assets	\$ 73,122,491	\$ 59,388,599

See accompanying Notes to Consolidated Financial Statements.

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
REVENUES, GAINS, AND OTHER SUPPORT		
Independent Living	\$ 6,627,329	\$ 6,172,242
Health Care Revenue	7,562,308	8,055,777
Less: Contractual Adjustments	<u>(803,900)</u>	<u>(1,001,192)</u>
Net Resident Service Revenue	13,385,737	13,226,827
Earned Entrance Fees	2,585,826	3,049,673
Other Operating Revenue	1,230,494	1,091,197
Contributions	710,879	918,243
Net Assets Released from Restriction	<u>2,000</u>	<u>2,000</u>
Total Revenues, Gains, and Other Support	17,914,936	18,287,940
 OPERATING EXPENSES		
Program Services:		
Dining Services	2,820,234	2,944,643
Housekeeping	657,976	687,472
Nursing	3,449,177	3,442,831
Residential Assisted Living	595,311	623,563
Resident Services	178,571	225,856
Facility Services	1,943,302	1,942,001
Life Enrichment	321,346	326,231
Home Care	958,976	641,676
Garden Cottage	475,556	439,102
Transportation	<u>98,460</u>	<u>-</u>
Total Program Services	11,498,909	11,273,375
 Support Services:		
General and Administrative	2,250,695	2,393,312
Human Resources	403,847	375,563
Information Technology	492,856	462,734
Marketing and Development	332,158	446,690
Depreciation	2,176,137	2,055,975
Interest and Amortization	<u>1,351,167</u>	<u>1,007,932</u>
Total Supporting Services	7,006,860	6,742,206
 Total Operating Expenses	<u>18,505,769</u>	<u>18,015,581</u>
 OPERATING INCOME (LOSS)	 (590,833)	 272,359

See accompanying Notes to Consolidated Financial Statements.

**PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
NONOPERATING INCOME (LOSS)		
Interest and Dividends	\$ 291,146	\$ 323,076
Realized Losses on Sale of Investments, Net of Expenses	(40,228)	(78,242)
Net Unrealized Gains on Investments	748,957	115,156
Unrealized Loss on Fair Value of Interest Rate Cap Agreement	(104)	(4,663)
Loss on Refunding of Long-Term Debt	(161,438)	-
Total Nonoperating Income (Loss)	838,333	355,327
 EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES	 247,500	 627,686
Net Assets Released from Restriction for Capital Improvements	-	18,972
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	247,500	646,658
 PURPOSE RESTRICTED NET ASSETS		
Change in Fair Value of Split-Interest Agreement	10,221	(3,134)
Contributions	43,893	25,034
Interest and Dividends	15,292	15,684
Realized Losses on Sale of Investments, Net of Expenses	(4,273)	(4,132)
Net Unrealized Gains on Investments	33,105	5,180
Net Assets Released from Restriction	(2,000)	(20,972)
Increase in Purpose Restricted Net Assets	96,238	17,660
 INCREASE IN NET ASSETS	 343,738	 664,318
Net Assets - Beginning of Year	9,858,088	9,193,770
 NET ASSETS - END OF YEAR	 \$ 10,201,826	 \$ 9,858,088

See accompanying Notes to Consolidated Financial Statements.

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 343,738	\$ 664,318
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,176,137	2,055,975
Bad Debt Expense	48,000	79,436
Amortization of Debt Issuance Costs	35,356	31,019
Amortization of Bond Premium	(63,502)	-
Loss on Refunding of Long-Term Debt	161,438	-
Amortization of Entrance Fees	(2,585,826)	(3,049,673)
Nonrefundable Entrance Fees Received	2,486,499	4,325,184
(Gain) Loss on Disposal of Property and Equipment	157,417	(1,700)
Investment Earnings	(306,438)	(338,760)
Realized Losses on Sale of Investments, Net of Expenses	44,501	82,374
Unrealized Gains on Investments	(782,062)	(120,336)
Unrealized (Gains) Losses on Beneficial Interest in Annuities	(5,024)	3,134
Unrealized Loss on Fair Value of Interest Rate Cap Agreement	104	4,663
Net Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	126,625	(36,661)
Unconditional Promises to Give	(33,117)	(6,883)
Other Receivables	(141,343)	(17,847)
Prepays	(124,170)	19,621
Deposits	(28,055)	-
Accounts Payable	(710,146)	942,990
Accrued Liabilities	20,918	9,471
Payables from Assets Limited as to Use	(9,763)	(25,510)
Application and Prepaid Admission Deposits	(1,612,836)	1,344,546
Unamortized Intangible Assets	95,672	(45,991)
Refundable Advance - Payroll Protection Program	1,720,100	-
Deferred Revenue - Provider Relief Funds	274,763	-
Net Cash Provided by Operating Activities	1,288,986	5,919,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Assets Limited as to Use	230,954	94,092
Purchase of Property and Equipment	(8,093,831)	(3,824,020)
Proceeds from Sale of Property and Equipment	-	1,700
Net (Purchases) Sales of Investments	(68,619)	421,637
Net Cash Used by Investing Activities	(7,931,496)	(3,306,591)

See accompanying Notes to Consolidated Financial Statements.

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	\$ 12,530,817	\$ 2,269,669
Bond Issue Premium on Long-Term Debt	2,424,620	-
Cash Paid for Financing Costs	(1,133,040)	-
Principal Payments on Long-Term Debt	(863,455)	(1,630,520)
Principal Payments on Lease Liability	(11,391)	(9,530)
Refundable and First Generation Entrance Fees Received	2,346,936	390,422
Refunds of Entrance Fees	(1,671,122)	(2,368,740)
Net Cash Provided (Used) by Financing Activities	13,623,365	(1,348,699)
 INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	 6,980,855	 1,264,080
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,609,086	2,345,006
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	 \$ 10,589,941	 \$ 3,609,086
 Cash and Cash Equivalents	\$ 5,291,682	\$ 3,531,782
Restricted Cash - Assets Limited as to Use	5,298,259	77,304
Total Cash, Cash Equivalents, and Restricted Cash	\$ 10,589,941	\$ 3,609,086
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest, Net of Amounts Capitalized	\$ 1,085,579	\$ 973,863
 SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY		
Purchase of Equipment through Lease Agreements	\$ 5,900	\$ -
 Proceeds from Long-Term Debt	\$ 32,973,551	\$ -
Less: Repayment of Long-Term Debt	(20,442,734)	-
Total	\$ 12,530,817	\$ -

See accompanying Notes to Consolidated Financial Statements.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Penick Village, Inc. (the Village), operates a life plan community. The Village is a nonprofit corporation under Internal Revenue Code (IRC) Section 501(c)(3) and is, therefore, exempt from federal and state income taxes.

The Penick Village Foundation, Inc. (the Foundation) was organized in September 2003 to raise funds for the Village's support. The Foundation is a nonprofit corporation under IRC 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 classified as a private foundation.

JA Greer Group, LLC (Greer) was organized in November 2016 to manage a multi-family property purchased by Greer in December 2016. Greer is a limited liability company formed and organized in the state of North Carolina.

Basis of Consolidation

These consolidated financial statements include the accounts of the Village and Affiliates (collectively referred to as the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

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 include reserves required by state statute, amounts required by bond agreements, limitations placed on assets by the board of directors, and funds held for the residents and other purposes. In accordance with North Carolina General Statute 58-64-33, if a facility maintains an as-defined occupancy level in excess of 90% as of its fiscal year-end date, a provider is required to maintain an operating reserve equal to 25% of the total operating costs, including debt service not accounted for in a separate reserve, forecasted for the following fiscal year, otherwise an operating reserve equal to 50% is required. Occupancy levels were in excess of 90% at September 30, 2020 and 2019. Management has designated unrestricted investments to meet the 25% operating reserve requirement. Total required reserve at September 30, 2020 and 2019 was approximately \$3,898,000 and \$4,129,000, respectively.

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 consolidated 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 (decrease) in net assets without donor restrictions unless the income or loss is restricted by donor or law.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Fair Value Measurements

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Assets and liabilities valued using Level 2 inputs include the interest rate cap agreement. Assets or liabilities valued using Level 3 inputs include the beneficial interest in funds held by others (split interest agreements).

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND 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-upon payment schedules. The carrying amount of accounts and notes receivable is reduced by an allowance that reflects management's estimate of the amounts that will not be collected. Management reviews each accounts 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 an allowance covering those amounts. At September 30, 2020 and 2019, the allowance was approximately \$118,000 and \$100,000, respectively.

Property, Equipment, and Depreciation

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

Buildings and Improvements	7 to 50 Years
Equipment and Furnishings	3 to 10 Years
Land Improvements	5 to 15 Years
Paving	5 to 10 Years
Motor Vehicles	3 to 5 Years

Application and Admission Deposits

Application and admission deposit payments are made by prospective residents for the purpose of establishing their name on the Village's waiting list or requesting a certain model of residence. These advance payments are applied to the resident's entrance fee once admitted or are refunded if not admitted.

Deferred Entrance Fees and Refund Liability

New residents enter the Village 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% refundable 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 48 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 estimated 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 Village'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.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Obligations to Provide Future Services

The Village enters into various life plan contracts with residents. A life plan contract is an agreement between a resident and the Village specifying the services and facilities to be provided over the resident's remaining life. Under the contracts, the Village has the ability to increase fees as deemed necessary. For the years ended September 30, 2020 and 2019, the Village engaged a specialist 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 consolidated balance sheets. No such liability was recorded as of September 30, 2020 and 2019 as the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from entrance fees.

Resident Service Revenue

Resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered.

Revenue that is reimbursable by Medicare and Medicaid is subject to audit and retroactive adjustment. Revenues from Medicare and Medicaid approximated 41.6% and 45.2% of gross health care revenue at September 30, 2020 and 2019, respectively. Estimated settlements are recorded in the period the related services are provided. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Village believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future review and interpretation. The results of such governmental review could include fines, penalties, and exclusion from participation in the Medicare and Medicaid programs.

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.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions

Contributions received are recorded as increases in net assets with donor restrictions and net assets without 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 restriction, either in purpose or in perpetuity, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), purpose restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Income Taxes

The Village and Foundation are exempt from federal and state income taxes under Section 501(c)(3) of the IRC; accordingly, the consolidated financial statements do not reflect a provision or liability for federal and state income taxes.

As a limited liability company, Greer's taxable income or loss is allocated to its members in accordance with the operating agreement and is included in their individual income tax returns; accordingly, the accompanying 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 benefits or obligations as of September 30, 2020 and 2019.

Net Assets

The Organization reports net assets using the following two classes; without donor restrictions and with donor restrictions 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 restrictions 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 restrictions are those net assets whose use has been limited by donors (a) to later periods of time or after specified dates, (b) to specified purposes, or (c) are not expendable.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Adoption of Accounting Standards

The Organization has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The Organization's consolidated financial statements reflect the application of ASU 2018-08 beginning October 1, 2019. The accounting standard was applied on a modified prospective basis.

The Organization has adopted ASU 2016-01, *Financial Instruments*, which requires unrealized gains and losses on instruments other than debt securities to be included within the performance indicator on the consolidated statements of operations and changes in net assets. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

The Organization has adopted ASU 2016-18, *Statement of Cash Flows*, which addresses the diversity in the classification and presentation of changes in restricted cash on the statement of cash flows. The Organization has implemented ASU 2016-18 and has adjusted the presentation in the consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented and has no effect on previously reported changes in net assets.

The Organization has adopted ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* (ASU 2020-05), which permits private companies and nonprofit organizations that have not yet applied the revenue recognition standard to elect to adopt for annual reporting periods beginning after December 15, 2019. The Organization has elected to adopt the revenue recognition standard for the year ending September 30, 2021.

Reclassification

Certain items in the 2019 financial statements were reclassified for comparison purposes with the 2020 financial statements. The reclassifications did not result in a change in net position as previously reported.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 26, 2021, the date the consolidated financial statements were available to be issued.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2 ASSETS LIMITED AS TO USE

Assets limited as to use consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Current:		
Residents' Checking and Trust	\$ 34,818	\$ 28,614
Held for Bond Funds	323,712	-
Held for Scholarships	21,501	21,108
Gift Shop and Thiede Fund	11,615	27,582
Total Current	<u>391,646</u>	<u>77,304</u>
Noncurrent:		
Operating Reserve Requirement	3,898,000	4,128,954
Held for Bond Funds	4,906,613	-
Total	<u>\$ 9,196,259</u>	<u>\$ 4,206,258</u>

NOTE 3 INVESTMENTS

Investments are composed of the following at September 30:

	<u>2020</u>	<u>2019</u>
Common Stock and Exchange-Traded Funds	\$ 5,982,982	\$ 5,099,527
Fixed Income Securities	1,154,846	1,041,762
Mutual Funds	4,927,988	5,042,863
Subtotal	<u>12,065,816</u>	<u>11,184,152</u>
Less: Investment Operating Reserve Requirement	<u>(3,898,000)</u>	<u>(4,128,954)</u>
Total Investments	<u>\$ 8,167,816</u>	<u>\$ 7,055,198</u>

Net investment income without restrictions is composed of the following for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 291,146	\$ 323,076
Realized Gains (Losses) on Sale of Investments	(36,277)	(40,492)
Investment Expenses	(3,951)	(37,750)
Unrealized Gains on Investments	748,957	115,156
Total	<u>\$ 999,875</u>	<u>\$ 359,990</u>

NOTE 4 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are presented at fair value as of the date of the gift. All unconditional promises to give are considered to be currently due and as such, are not discounted to the anticipated net present value of the future cash flows. Unconditional promises to give at September 30, 2020 and 2019 are \$40,000 and \$6,883, respectively.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation are summarized as follows at September 30:

	<u>2020</u>	<u>2019</u>
Land and Improvements	\$ 753,561	\$ 764,193
Buildings	64,148,047	55,575,143
Equipment and Furnishings	855,367	2,068,827
Paving	102,711	102,711
Motor Vehicles	256,302	250,587
Construction in Progress	373,239	3,334,940
Total Property and Equipment	<u>66,489,227</u>	<u>62,096,401</u>
Less: Accumulated Depreciation	<u>(17,261,137)</u>	<u>(18,634,488)</u>
Property and Equipment, Net	<u>\$ 49,228,090</u>	<u>\$ 43,461,913</u>

During the years ended September 30, 2020 and 2019, approximately \$385,000 and \$3,000 of interest was capitalized, respectively. At September 30, 2020, construction in progress consisted primarily of renovations of the North Health Care building. At September 30, 2019, construction in progress consisted primarily of construction of the Wharton apartments and renovations of the North Health Care building.

NOTE 6 LIQUIDITY AND AVAILABILITY

The Organization invests cash in excess of short-term requirements in short-term investments. In addition, the Organization has mutual funds, common stock, and exchange-traded funds which are liquid within one week. The Organization also has \$500,000 available on an open line of credit. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 5,291,682	\$ 3,531,782
Investments and Assets Limited as to Use:		
Common Stock and Exchange-Traded Funds	5,982,982	5,099,527
Fixed Income Securities	1,154,846	1,041,762
Mutual Funds	4,927,988	5,042,863
Receivables:		
Accounts and Notes, Net of Allowance	390,768	565,393
Other	256,031	114,688
Less: Restricted Cash and Investments	<u>(786,011)</u>	<u>(728,307)</u>
Total Financial Assets Available for Use	<u>\$ 17,218,286</u>	<u>\$ 14,667,708</u>

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7 LONG-TERM DEBT

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
2010B Series tax-exempt bonds payable to bank; issued January 2010; amended March 2015; maximum amount up to \$19,425,000; amended December 2018; interest at 4.1%; principal and interest due monthly; was to mature February 2025.	\$ -	\$ 14,383,691
2012A loan payable to bank; issued August 2012; amended March 2015; interest at 4.50%; principal and interest due monthly; was to mature March 2025.	-	842,170
Construction loan payable to bank; issued March 2015; amended December 2017; maximum amount up to \$4,700,000; interest at 4.00%; principal and interest due monthly; was to mature March 2022.	-	3,290,240
Business loan payable to bank, issued December 2016; maximum amount up to \$3,750,000; interest at 4.00% through November 2019; loan payable modified November 2019 on unpaid outstanding principal amount of \$3,000,000; modified interest at 4.5%; principal and interest due monthly with final payment due at maturity in November 2024	2,949,850	3,750,000
Bank loan entered into December 2018. Monthly payment of principal is due beginning June 2020. All unpaid principal and interest is due December 2023. Interest is payable monthly at a fixed rate of 5.85%.	-	637,657
Line of Credit entered into February 2019. Interest was payable monthly at a variable interest rate of Wall Street Journal Prime plus 0.50%. All unpaid principal and interest was due at February 28, 2020.	-	749,000
2019 Series tax-exempt bonds; issued November 2019; Annual payment of principal is due beginning September 2020; All unpaid principal and interest is due September 2054. Interest is payable bi-annually with an interest rate of 3.5% - 4.125%.	<u>32,421,282</u>	<u>-</u>
Total Long-Term Debt	35,371,132	23,652,758
Less: Current Maturities	320,431	5,243,462
Plus: Unamortized Bond Premium	2,361,118	-
Less: Unamortized Deferred Financing Costs	<u>1,103,457</u>	<u>161,438</u>
Long-Term Debt, Net	<u>\$ 36,308,362</u>	<u>\$ 18,247,858</u>

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7 LONG-TERM DEBT (CONTINUED)

In January 2010, the Village entered into a debt agreement with the North Carolina Medical Care Commission (the Commission) pursuant to the Commission's Health Care Facilities First Mortgage Revenue Bonds offering. The Commission issued \$10,575,000 of tax-exempt, variable rate bonds (2010A Series Bonds) and \$19,425,000 of tax-exempt, variable rate bonds (2010B Series Bonds) to construct a 69-unit independent living facility plus a campus commons facility on the Village's existing life plan community campus, to pay costs of issuance and to pay capitalized interest during the construction and stabilization phase of the project. The Village's 2010A Series Bonds were retired during the year ended September 30, 2013. The 2010B Series Bonds were held by First Bank under a Bank Terms and Conditions Agreement dated March 4, 2015. Previously, the 2010B Series Bonds were held by Branch Banking & Trust under a similar agreement, but were purchased by First Bank as permitted by Section 3.06 of the Master Trust Indenture. Since First Bank held the 2010B Series Bonds, they were not remarketed in bond markets and credit enhancement of the 2010B Series Bonds was not required. During December 2018, the 2010B Series Bonds were amended to convert the variable interest rate at 30-day LIBOR plus 2.10% to a 4.10% fixed rate. The proceeds from the Series 2019 Bonds were used to pay off the outstanding 2010B Series Bonds during fiscal year 2020.

In December 2014, the Village received and agreed to a commitment from a bank to modify its commercial real estate loan with a financial institution. Under the terms of the commitment, the loan would bear interest at a fixed rate of 4.50% per annum. Interest and principal were paid monthly with a 10-year balloon under a 23-year amortization. This loan was collateralized by a deed of trust on the property and included the assignment of all rents and was guaranteed by the Village. The proceeds from the Series 2019 Bonds were used to pay off the outstanding 2012A Series Bonds during fiscal year 2020.

In December 2016, the Village received and agreed to a commitment from a bank to modify its construction loan. Under the terms of the commitment, the loan would bear interest at a fixed rate of 4.00% per annum. Interest and principal were paid monthly under a 25-year amortization with final payment due after 64 months. The Village was required to apply 100% of all first generation entrance fees related to its Parkview apartment building to the retirement of this loan. This loan was collateralized by a deed of trust on all real and personal property of the Village and is guaranteed by the Foundation. The proceeds from the Series 2019 Bonds were used to pay off the outstanding construction loan during fiscal year 2020.

In December 2016, Greer received a business loan to fund the purchase of an existing multi-family property for \$3,750,000 through the establishment of a wholly owned subsidiary. The loan would bear interest at 4.00% per annum. Interest was paid monthly with all accrued interest and principal due in December 2019. This loan was collateralized by a deed of trust on the property and includes the assignment of all rents and is guaranteed by the Village. In November 2019, the business loan was modified. As part of the modification, a principal reduction of \$750,000 was required and paid, modifying the principal amount of the loan to \$3,000,000. The modified loan bears interest at 4.500% per annum. Principal and interest are paid monthly with all accrued interest and principal due November 2024.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7 LONG-TERM DEBT (CONTINUED)

In December 2018, the Village entered into a loan agreement with a financial institution to fund the construction of the Wharton apartments for \$7,300,000. The loan would bear interest at 5.85% per annum. Interest was paid monthly and principal payments begin June 2020. All unpaid interest and principal were due in December 2023. This loan was collateralized by a deed of trust on the property and includes the assignment of all rents and is guaranteed by the Village. The proceeds from the Series 2019 Bonds were used to pay off the outstanding bank loan during fiscal year 2020.

In November 2019, the Village 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 apartments 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 will be 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 Village incurred deferred financing costs in the amount of \$1,126,670 and \$344,619 for the years ended September 30, 2020 and 2019, respectively, in association with the issuance of bonds and loan agreements. The deferred financing costs have been capitalized and are being amortized using the straight-line method, which approximates the effective interest method, over the life of the underlying bonds or loans. Amortization expense of \$35,356 and \$31,019 was recognized during 2020 and 2019, respectively, and is included with interest expense on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$81,263 and \$137,451 for the years ended September 30, 2020 and 2019, respectively. The remaining unamortized amount is presented as a reduction of long-term debt liability on the consolidated balance sheets. With the issuance of the Series 2019 Bonds and the refunding of certain debt obligations, a loss on the refunding of long-term debt of \$161,438 was recognized on the consolidated statement of operations and changes in net assets in 2020 related to unamortized deferred financing costs associated with the refunded obligations.

The Village 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 \$63,502 was recognized during 2020, and is included with interest expense on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$63,502 for the year ended September 30, 2020. The remaining unamortized amount is presented as a reduction of long-term debt liability on the consolidated balance sheets.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7 LONG-TERM DEBT (CONTINUED)

Long-term debt is collateralized by a deed of trust on all real and personal property of the Village and includes the assignment of all rents and is guaranteed by the Foundation.

The Village recognizes interest cost when incurred rather than when paid. Interest costs for the years ended September 30, 2020 and 2019 totaled approximately \$1,317,000 and \$974,000, respectively.

The annual requirements to retire debt as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 320,431
2022	333,667
2023	527,051
2024	545,591
2025	3,117,277
Thereafter	<u>30,527,115</u>
Total	<u><u>\$ 35,371,132</u></u>

Under the terms of the bond and loan agreements, the Village is required to follow certain financial and nonfinancial covenants. Management believes these loan agreement provisions have been complied with as of September 30, 2020.

In accordance with the issuance of the 2010B Series Bonds, the Village entered into an interest rate cap agreement for a notional amount of \$10,000,000. At July 20, 2013, the effective date of the agreement, the interest rate on the 2010B Series Bonds was capped at 5.44% on the floating rate option of 68% of 1 month LIBOR through July 20, 2025. With the refinancing of the Series 2010B Bonds, the Village maintained the existing interest rate cap agreement.

The following outlines the terms and fair value of the interest rate cap on September 30:

Notional Amount	\$ 10,000,000
Trade Date	07/20/2013
Termination Date	07/20/2025
Fixed Rate	5.44%
Floating Rate (Percentage of LIBOR)	68%
Fair Value at September 30, 2018	\$ 5,420
Unrealized Losses	<u>(4,663)</u>
Fair Value at September 30, 2019	757
Unrealized Losses	<u>(104)</u>
Fair Value at September 30, 2020	<u><u>\$ 653</u></u>

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7 LONG-TERM DEBT (CONTINUED)

By using an interest rate cap to hedge exposure to interest rate changes, the Village exposes itself to credit and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate cap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

The Village had a \$750,000 secured line of credit with interest at the greater of prime rate or 3.75%. The line of credit was renewed in March 2019 with principal due March 2020. Interest accrued and was payable monthly. The outstanding balance on the line of credit at September 30, 2019 was \$749,000. The line of credit was closed November 2019.

In November 2019, the Village entered into a new \$500,000 secured line of credit with an interest rate of 5.00% and maturity date of November 2020. Interest accrues and is payable monthly. There is no outstanding balance on the line of credit at September 30, 2020.

NOTE 8 LEASE LIABILITY

During the year ended September 30, 2018, the Village entered into a capital lease for vehicles. This lease requires 60 monthly payments of \$985 and expires in January 2023. Capitalized costs, net of accumulated depreciation were approximately \$30,000 and \$35,000 at September 30, 2020 and 2019, respectively.

Future minimum annual lease payments under the lease liability are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 11,428
2022	13,261
2023	6,439
Total	<u>31,128</u>
Less: Amounts Representing Interest	(2,088)
Less: Current Maturity	<u>(11,428)</u>
Total	<u><u>\$ 17,612</u></u>

NOTE 9 NET ASSETS

The Organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

	<u>2020</u>	<u>2019</u>
Designated for Endowment Purposes	\$ 1,848,027	\$ 1,680,634
Undesignated	7,316,477	7,236,370
Net Assets Without Donor Restrictions	<u><u>\$ 9,164,504</u></u>	<u><u>\$ 8,917,004</u></u>

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9 NET ASSETS (CONTINUED)

Net assets with donor restrictions consist of the following at September 30:

	2020	2019
Contributions Receivable – Beneficial Interests in Annuities	\$ 189,810	\$ 184,786
Unconditional Promises to Give	40,000	6,883
North Health Care Renovations	237,107	227,336
Interest Earned on Perpetual Endowments	201,567	157,440
Other	39,431	35,232
Donor Restricted Net Assets	\$ 707,915	\$ 611,677

During the years ended September 30, 2020 and 2019, net assets were released from donor restrictions by purchasing property and equipment or incurring expenses satisfying the restricted purposes totaling \$2,000 and \$20,972, respectively.

Certain Village investments are included in perpetually restricted net assets, as the use of the funds was restricted by the donor in perpetuity. The income from the investment of a portion of these funds is to be used for benevolent assistance. Net assets with perpetual donor restrictions at September 30, 2020 and 2019 are \$329,407.

NOTE 10 SPLIT-INTEREST AGREEMENTS

The Village has entered into and/or been named the beneficiary of certain charitable remainder unitrusts and trusts. Under terms of the split-interest agreements, the donors or their designee receive income for their lifetime from an established trust. Upon their death, the Village will receive their proportion of the remaining value of the trust for its use based on the terms of the gift. The portion of the trust attributable to the present value of the future benefits to be received by the Village is recorded in the consolidated statements of operations and changes in net assets as a purpose restricted contribution, and in the consolidated balance sheets as beneficial interest in annuities. On an annual basis, the Village revalues the asset based on applicable mortality tables and discount rates which vary from 2.0% to 4.50%. The present value of the benefits as of September 30, 2020 and 2019 was approximately \$190,000 and \$185,000, respectively.

NOTE 11 RETIREMENT PLANS

Effective April 1, 2002, the Village instituted a 403(b) retirement plan that covers all employees who are at least 21 years old. For all eligible employees, the Village matches dollar-for-dollar participant contributions up to 2%. Employer contributions to the plan were \$112,635 and \$95,523 for the years ended September 30, 2020 and 2019, respectively.

The Village contributes to the Church Pension Group for the chaplain's pension. The annual assessment by the Church Pension Group is 18% of the chaplain's total compensation. The Village contributed \$11,430 and \$8,573 in 2020 and 2019, respectively.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 12 CARES ACT FUNDING

Provider Relief Funds

Under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the Department of Health and Human Services (DHHS) was allocated \$100 billion in relief funds to health care providers on the front lines of the COVID-19 response. These funds are also known as the Provider Relief Funds (PRF). Payments from PRF are being distributed by DHHS through various general distributions and targeted distributions. Providers who billed Medicare fee-for-service in calendar year 2019 are eligible to receive distributions. PRF payments may be used to cover lost revenue attributable to COVID-19 or health-related expenses, which include: supplies, equipment, workforce training, reporting COVID-19 test results to federal, state, or local government, building or constructing temporary structures for COVID-19 patient care or non-COVID-19 patients, acquiring additional resourcing, and developing and staffing emergency operations. As of September 30, 2020, the Village received approximately \$505,000 in PRF. At September 30, 2020, the Village recognized approximately \$230,000 as Other Revenue in the consolidated statements of operations and \$275,000 is recorded as Deferred Revenue in the consolidated balance sheets. Management believes the amounts have been recognized appropriately as of September 30, 2020.

Payroll Protection Program

On April 21, 2020 the Village received proceeds in the amount of \$1,720,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of September 30, 2020, the Village has not satisfied the performance barriers attributable to the PPP Loan proceeds, therefore this amount is presented on the consolidated balance sheet as a Refundable Advance. The SBA has not formally forgiven any portion of the Village's obligation under this PPP Loan. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Village fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, the Village would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of two years, with payments deferred for up to six months. Payments would be expected to commence in May 2020 and principal and interest payments will be required through the maturity date in October 2022.

NOTE 13 BENEVOLENT ASSISTANCE AND CHARITY CARE

The Village maintains records to identify and monitor the level of benevolent assistance it provides by measuring the amount of revenue and charges foregone for services and supplies furnished under its benevolent assistance policy. Costs incurred related to benevolent assistance provided was approximately \$888,000 and \$735,000 for the years ended September 30, 2020 and 2019, respectively. The estimated costs of providing benevolent assistance are based on management's calculation assuming a standard profit margin of the foregone resident service fees.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 13 BENEVOLENT ASSISTANCE AND CHARITY CARE (CONTINUED)

In addition to benevolent assistance provided, the estimated cost related to unreimbursed Medicaid services provided was approximately \$468,000 and \$610,000 for the years ended September 30, 2020 and 2019, respectively.

NOTE 14 CONTINGENCIES AND COMMITMENTS

Refundable Entrance Fees

The aggregate amount of entrance fees that are expected to be refunded is based on the Organization's 50% and 90% contracts, which total \$5,311,574 and \$6,132,917 at September 30, 2020 and 2019, respectively, as shown on the consolidated balance sheets as refundable liability – current and noncurrent portion. The total amount of contractual refund obligations under existing contracts (that is, in the event of move out, death or termination of all residents) at September 30, 2020 and 2019 are estimated not to exceed \$11,941,239 and \$12,050,184, respectively.

Commitments

The Village has entered into various construction contracts related to construction projects and the remodeling of existing residential units. As of September 30, 2020 and 2019, approximately \$88,376 and \$209,325 had been incurred on these contracts, respectively. There were no remaining commitments as of September 30, 2020 and 2019.

NOTE 15 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 Village 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 common stock, 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. At September 30, 2020 and 2019, approximately 31% and 32%, respectively, were outstanding under the Medicare and Medicaid programs. Accounts receivable are carried at estimated net realizable value.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 16 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following tables set forth by level within the fair value hierarchy the Organization’s financial assets and liabilities accounted for at fair value on a recurring basis as of September 30:

	2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Common Stock and Exchange-Traded Funds	\$ 5,982,982	\$ -	\$ -	\$ 5,982,982
Mutual Funds	1,154,846	-	-	1,154,846
Fixed Income Securities	4,927,988	-	-	4,927,988
Split Interest Agreements	-	-	189,810	189,810
Interest Rate Cap Agreement	-	653	-	653
Total Assets at Fair Value	<u>\$ 12,065,816</u>	<u>\$ 653</u>	<u>\$ 189,810</u>	<u>\$ 12,256,279</u>
2019				
	Level 1	Level 2	Level 3	Total
Assets:				
Common Stock and Exchange-Traded Funds	\$ 5,099,527	\$ -	\$ -	\$ 5,099,527
Mutual Funds	1,041,762	-	-	1,041,762
Fixed Income Securities	5,042,863	-	-	5,042,863
Split Interest Agreements	-	-	184,786	184,786
Interest Rate Cap Agreement	-	757	-	757
Total Assets at Fair Value	<u>\$ 11,184,152</u>	<u>\$ 757</u>	<u>\$ 184,786</u>	<u>\$ 11,369,695</u>

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Village and Affiliate’s Level 3 assets for the years ended September 30, 2020 and 2019:

Balance at September 30, 2018	\$ 187,920
Unrealized Gain (Loss)	(3,134)
Balance at September 30, 2019	184,786
Unrealized Gain (Loss)	5,024
Balance at September 30, 2020	<u>\$ 189,810</u>

NOTE 17 ENDOWMENT FUNDS

The Organization’s endowment consists of two individual funds established for the purposes of providing charitable care to residents. Endowments include both donor-restricted funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 17 ENDOWMENT FUNDS (CONTINUED)

Management has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with purpose donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Organization has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution although no annual distribution is required.

Spending Policy. The Organization can withdraw any amount of investment earnings generated by the donor-restricted endowment fund, as benevolent assistance typically exceeds the investment income and growth on an annual basis. As such, the Organization uses net assets without donor restrictions to absorb the excess cost of benevolent assistance. Therefore, investment income and gains and losses associated with the donor-restricted endowment fund, excluding investment income and gains and losses that the donor has restricted for a specific purpose, have been reflected on the below change in endowment net asset table as unrestricted activity. The current spending policy of the board-designated endowment fund authorizes the Organization to withdraw up to 4% of the trailing three calendar year end market balance. Should the amount represented by the 4% calculation not be necessary to meet current demand or current economic conditions render such action imprudent, there is no obligation to withdraw that amount. As these funds are perpetual endowments, they may be invested to provide for principal stability while growing the underlying corpus at a rate above the spending ratio and a suitable measure of inflation. Use of fixed income instruments as well as equities is in keeping with the long-term objectives of this fund.

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 17 ENDOWMENT FUNDS (CONTINUED)

Funds with Deficiencies. It is the Organization's policy to maintain the corpus amounts of donor-restricted endowment funds received. If the fair value of the assets associated with these funds were to fall below the corpus level, deficiencies of this nature would be reported in net assets without donor restrictions.

Endowment net asset composition by type of fund is as follows as of September 30:

	2020			
	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Donor-Restricted Endowment Funds	\$ 34,297	\$ 201,567	\$ 329,407	\$ 565,271
Board-Designated Endowment Funds	1,848,027	-	-	1,848,027
Total Funds	<u>\$ 1,882,324</u>	<u>\$ 201,567</u>	<u>\$ 329,407</u>	<u>\$ 2,413,298</u>
	2019			
	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Donor-Restricted Endowment Funds	\$ 26,791	\$ 157,440	\$ 329,407	\$ 513,638
Board-Designated Endowment Funds	1,680,634	-	-	1,680,634
Total Funds	<u>\$ 1,707,425</u>	<u>\$ 157,440</u>	<u>\$ 329,407</u>	<u>\$ 2,194,272</u>

Changes in endowment net assets are as follows as of September 30:

	2020			
	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Endowment Net Assets – Beginning of Year	\$ 1,707,425	\$ 157,440	\$ 329,407	\$ 2,194,272
Net Deposits	12,370	-	-	12,370
Net Investment Income	41,841	11,022	-	52,863
Net Appreciation	120,688	33,105	-	153,793
Endowment Net Assets – End of Year	<u>\$ 1,882,324</u>	<u>\$ 201,567</u>	<u>\$ 329,407</u>	<u>\$ 2,413,298</u>
	2019			
	Without Donor Restrictions	Purpose Restricted	Perpetually Restricted	Total
Endowment Net Assets – Beginning of Year	\$ 1,626,596	\$ 140,708	\$ 329,407	\$ 2,096,711
Net Deposits	29,000	-	-	29,000
Net Withdrawals	-	-	-	-
Net Investment Income	42,719	11,552	-	54,271
Net Appreciation	9,110	5,180	-	14,290
Endowment Net Assets – End of Year	<u>\$ 1,707,425</u>	<u>\$ 157,440</u>	<u>\$ 329,407</u>	<u>\$ 2,194,272</u>

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 18 FUNCTIONAL EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on a square footage basis include depreciation and interest expense. Program, management, and fundraising expenses for the year ended September 30, 2020 are summarized below.

	Program Services	Management and General	Fundraising	2020 Total
Salaries and Payroll Expenses	\$ 7,925,536	\$ 1,844,671	\$ 245,176	\$ 10,015,383
Service and Contract Fees	410,733	349,996	4,731	765,460
Advertising	7,385	57,155	70,223	134,763
Office Expense	594,425	321,604	2,087	918,116
Occupancy	750,172	93,408	-	843,580
Travel	13,508	11,888	542	25,938
Conferences	-	5,821	100	5,921
Interest	1,178,152	173,015	-	1,351,167
Depreciation	1,849,716	326,421	-	2,176,137
Insurance	4,952	16,617	-	21,569
Other	1,811,468	409,239	27,028	2,247,735
	<u>\$ 14,546,047</u>	<u>\$ 3,609,835</u>	<u>\$ 349,887</u>	<u>\$ 18,505,769</u>

Program, management, and fundraising expenses for the year ended September 30, 2019 are summarized below.

	Program Services	Management and General	Fundraising	2019 Total
Salaries and Payroll Expenses	\$ 7,291,578	\$ 1,727,410	\$ 338,690	\$ 9,357,678
Service and Contract Fees	633,496	666,006	8,037	1,307,539
Advertising	7,382	63,706	75,324	146,412
Office Expense	578,209	267,465	3,941	849,615
Occupancy	799,174	79,403	-	878,577
Travel	30,067	31,669	5,771	67,507
Conferences	-	6,640	401	7,041
Interest	730,641	277,291	-	1,007,932
Depreciation	308,396	1,747,579	-	2,055,975
Insurance	4,338	17,751	-	22,089
Other	1,929,131	371,559	14,526	2,315,216
	<u>\$ 12,312,412</u>	<u>\$ 5,256,479</u>	<u>\$ 446,690</u>	<u>\$ 18,015,581</u>

PENICK VILLAGE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 19 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared COVID-19 a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Organization's results are dependent on the breadth and duration of the pandemic and could be affected by other factors currently unable to be predicted. These impacts may include, but are not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Penick Village, Inc.</u>	<u>Penick Village Foundation, Inc.</u>	<u>JA Greer Group</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 5,149,855	\$ 139,652	\$ 2,175	\$ -	\$ 5,291,682
Assets Limited as to Use	370,145	21,501	-	-	391,646
Investments	6,327,252	1,840,564	-	-	8,167,816
Receivables:					
Accounts and Notes, Net of Allowance	390,768	-	-	-	390,768
Due from Affiliate	1,522,063	-	-	(1,522,063)	-
Unconditional Promises to Give	-	40,000	-	-	40,000
Other	216,550	2,810	36,671	-	256,031
Prepaid Assets	252,750	-	-	-	252,750
Total Current Assets	<u>14,229,383</u>	<u>2,044,527</u>	<u>38,846</u>	<u>(1,522,063)</u>	<u>14,790,693</u>
ASSETS LIMITED AS TO USE					
Investments – Operating Reserve Requirement	3,898,000	-	-	-	3,898,000
Held By Trustee Under Bond Agreements	4,906,613	-	-	-	4,906,613
Total Assets Limited as to Use, Net of Current Portion	<u>8,804,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,804,613</u>
PROPERTY AND EQUIPMENT, NET	45,392,387	-	3,835,703	-	49,228,090
OTHER ASSETS					
Deposits	28,970	-	-	-	28,970
Interest Rate Cap Agreement	653	-	-	-	653
Investment in Affiliate	1,000	-	-	(1,000)	-
Beneficial Interest in Annuities	189,810	-	-	-	189,810
Intangible Asset	79,662	-	-	-	79,662
Total Other Assets	<u>300,095</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>299,095</u>
Total Assets	<u>\$ 68,726,478</u>	<u>\$ 2,044,527</u>	<u>\$ 3,874,549</u>	<u>\$ (1,523,063)</u>	<u>\$ 73,122,491</u>

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Penick Village, Inc.</u>	<u>Penick Village Foundation, Inc.</u>	<u>JA Greer Group</u>	<u>Eliminating Entries</u>	<u>Total</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 250,000	\$ -	\$ 70,431	\$ -	\$ 320,431
Current Maturity of Lease Liability	11,428	-	-	-	11,428
Payable from Assets Limited as to Use	46,433	-	-	-	46,433
Accounts Payable	711,658	-	-	-	711,658
Accrued Liabilities	679,098	9,755	38,851	-	727,704
Due to Affiliate	-	257,700	1,264,363	(1,522,063)	-
Application and Prepaid Admission Deposits	513,900	-	32,960	-	546,860
Refund Liability, Current Portion	549,918	-	-	-	549,918
Refundable Advance	1,720,100	-	-	-	1,720,100
Deferred Revenue - CARES Act	274,763	-	-	-	274,763
Total Current Liabilities	<u>4,757,298</u>	<u>267,455</u>	<u>1,406,605</u>	<u>(1,522,063)</u>	<u>4,909,295</u>
REFUND LIABILITY, LESS CURRENT PORTION	4,761,656	-	-	-	4,761,656
DEFERRED REVENUE	16,923,740	-	-	-	16,923,740
LONG-TERM DEBT, LESS CURRENT MATURITIES	33,435,313	-	2,873,049	-	36,308,362
LEASE LIABILITY, LESS CURRENT MATURITY	<u>17,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,612</u>
Total Liabilities	59,895,619	267,455	4,279,654	(1,522,063)	62,920,665
NET ASSETS (DEFICIT)					
Without Donor Restrictions	7,882,653	1,687,956	(406,105)	-	9,164,504
Paid-In Capital	-	-	1,000	(1,000)	-
With Donor Restrictions:					
Purpose Restricted	618,799	89,116	-	-	707,915
Perpetually Restricted	329,407	-	-	-	329,407
Total Net Assets (Deficit)	<u>8,830,859</u>	<u>1,777,072</u>	<u>(405,105)</u>	<u>(1,000)</u>	<u>10,201,826</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 68,726,478</u>	<u>\$ 2,044,527</u>	<u>\$ 3,874,549</u>	<u>\$ (1,523,063)</u>	<u>\$ 73,122,491</u>

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Penick Village, Inc.	Penick Village Foundation, Inc.	JA Greer Group	Eliminating Entries	Total
REVENUES, GAINS, AND OTHER SUPPORT					
Independent Living	\$ 6,627,329	\$ -	\$ -	\$ -	\$ 6,627,329
Health Care Revenue	7,562,308	-	-	-	7,562,308
Less: Contractual Adjustments	(803,900)	-	-	-	(803,900)
Net Resident Service Revenue	13,385,737	-	-	-	13,385,737
Earned Entrance Fees	2,585,826	-	-	-	2,585,826
Other Operating Revenue	844,709	-	385,785	-	1,230,494
Contributions	294,121	416,758	-	-	710,879
Net Assets Released from Restriction for Operations	-	2,000	-	-	2,000
Total Revenues, Gains, and Other Support	17,110,393	418,758	385,785	-	17,914,936
OPERATING EXPENSES					
Program Services:					
Dining Services	2,820,234	-	-	-	2,820,234
Housekeeping	657,976	-	-	-	657,976
Nursing	3,449,177	-	-	-	3,449,177
Residential Assisted Living	595,311	-	-	-	595,311
Resident Services	178,571	-	-	-	178,571
Facility Services	1,943,302	-	-	-	1,943,302
Life Enrichment	321,346	-	-	-	321,346
Home Care	958,976	-	-	-	958,976
Garden Cottage	475,556	-	-	-	475,556
Transportation	98,460	-	-	-	98,460
Total Program Services	11,498,909	-	-	-	11,498,909
Support Services:					
General and Administrative	1,995,482	17,033	238,180	-	2,250,695
Human Resources	403,847	-	-	-	403,847
Information Technology	492,856	-	-	-	492,856
Marketing and Development	332,158	-	-	-	332,158
Depreciation	2,060,789	-	115,348	-	2,176,137
Interest and Amortization	1,208,929	-	142,238	-	1,351,167
Total Support Services	6,494,061	17,033	495,766	-	7,006,860
Total Operating Expenses	17,992,970	17,033	495,766	-	18,505,769
OPERATING INCOME (LOSS)	(882,577)	401,725	(109,981)	-	(590,833)

PENICK VILLAGE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Penick Village, Inc.	Penick Village Foundation, Inc.	JA Greer Group	Eliminating Entries	Total
NONOPERATING INCOME (LOSS)					
Interest and Dividends	\$ 252,962	\$ 38,184	\$ -	\$ -	\$ 291,146
Realized Loss on Sale of Investments, Net of Expenses	(21,468)	(18,760)	-	-	(40,228)
Net Unrealized Gains on Investments	624,178	124,779	-	-	748,957
Unrealized Loss on Fair Value of Interest Rate Cap Agreement	(104)	-	-	-	(104)
Loss on Refunding of Debt	(161,438)	-	-	-	(161,438)
Total Nonoperating Income	<u>694,130</u>	<u>144,203</u>	<u>-</u>	<u>-</u>	<u>838,333</u>
EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER (UNDER) EXPENSES	(188,447)	545,928	(109,981)	-	247,500
Transfers of Net Assets from Foundation to Penick Village	<u>330,180</u>	<u>(330,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	141,733	215,748	(109,981)	-	247,500
PURPOSE RESTRICTED NET ASSETS					
Change in Fair Value of Split-Interest Agreement	10,221	-	-	-	10,221
Contributions	-	43,893	-	-	43,893
Interest and Dividends	15,292	-	-	-	15,292
Realized Loss on Sales of Investments, Net of Expenses	(4,273)	-	-	-	(4,273)
Net Unrealized Gain on Investments	33,105	-	-	-	33,105
Transfers of Net Assets from Foundation to Penick Village	7,452	(7,452)	-	-	-
Net Assets Released from Restrictions	-	(2,000)	-	-	(2,000)
Decrease in Purpose Restricted Net Assets	<u>61,797</u>	<u>34,441</u>	<u>-</u>	<u>-</u>	<u>96,238</u>
INCREASE (DECREASE) IN NET ASSETS	203,530	250,189	(109,981)	-	343,738
Net Assets (Deficit) – Beginning of Year	<u>8,627,329</u>	<u>1,526,883</u>	<u>(295,124)</u>	<u>(1,000)</u>	<u>9,858,088</u>
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 8,830,859</u>	<u>\$ 1,777,072</u>	<u>\$ (405,105)</u>	<u>\$ (1,000)</u>	<u>\$ 10,201,826</u>

PENICK VILLAGE, INC.

**PROJECTED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

**FOR THE YEARS ENDING SEPTEMBER 30, 2021 THROUGH
SEPTEMBER 30, 2025**



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**PENICK VILLAGE, INC.
TABLE OF CONTENTS**

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
PROJECTED FINANCIAL STATEMENTS	
Projected Balance Sheets	2
Projected Statements of Operations and Changes in Net Assets	3
Projected Statements of Cash Flows	4
Summary of Significant Projection Assumptions and Accounting Policies	5



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, 2021 through 2025, 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) assuming the hypothetical assumptions (defined hereinafter). 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 pages 5 and 6 (the "Hypothetical Assumptions"), there will usually be differences between the projection 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 the 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.

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.

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 18, 2021

PENICK VILLAGE, INC.
PROJECTED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGES 5 AND 6
SEPTEMBER 30, 2021 THROUGH 2025
(IN THOUSANDS OF \$)

ASSETS	2021	2022	2023	2024	2025
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 4,399	\$ 4,222	\$ 4,339	\$ 4,458	\$ 4,582
Assets Limited as to Use, Current Portion	140	140	154	153	153
Investments	7,593	8,076	8,701	9,735	11,179
Receivables					
Accounts and Notes, Net of Allowance	385	401	417	433	451
Other	490	510	530	551	573
Prepays	196	188	193	199	204
Total Current Assets	<u>13,203</u>	<u>13,537</u>	<u>14,334</u>	<u>15,529</u>	<u>17,142</u>
ASSETS LIMITED AS TO USE					
Investments - Operating Reserve Requirement	3,826	3,671	3,773	3,877	3,985
Capitalized Interest Fund	-	-	-	-	-
Construction Fund	2,108	1,508	908	308	-
Debt Service Reserve Fund	2,017	2,017	2,017	2,017	2,017
Bond Funds	94	94	108	107	107
Restricted Funds	46	46	46	46	46
	<u>8,091</u>	<u>7,336</u>	<u>6,852</u>	<u>6,355</u>	<u>6,155</u>
Less: Current Portion	<u>(140)</u>	<u>(140)</u>	<u>(154)</u>	<u>(153)</u>	<u>(153)</u>
	<u>7,951</u>	<u>7,196</u>	<u>6,698</u>	<u>6,202</u>	<u>6,002</u>
PROPERTY AND EQUIPMENT, NET	45,063	44,992	44,489	43,816	42,637
OTHER ASSETS					
Deposits	29	29	29	29	29
Investment in Joint Venture, at Cost	1	1	1	1	1
Interest Rate Cap Agreement	1	1	1	1	1
Beneficial Interest in Annuities	190	190	190	190	190
Intangible Asset - Home Care License	77	74	71	68	65
Due From JA Greer Group, LLC	1,264	1,264	1,264	1,264	1,264
Total Other Assets	<u>1,562</u>	<u>1,559</u>	<u>1,556</u>	<u>1,553</u>	<u>1,550</u>
Total Assets	<u>\$ 67,779</u>	<u>\$ 67,284</u>	<u>\$ 67,077</u>	<u>\$ 67,100</u>	<u>\$ 67,331</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 260	\$ 450	\$ 465	\$ 490	\$ 505
Current Maturity of Lease Liability	13	5	-	-	-
Payable from Assets Limited as to Use	46	46	46	46	46
Accounts Payable	1,106	1,062	1,091	1,121	1,152
Accrued Liabilities	636	611	628	645	663
Accrued Interest	73	72	70	68	66
Application and Prepaid Admission Deposits	514	514	514	514	514
Refund Liability, Current	550	550	592	637	683
Total Current Liabilities	<u>3,198</u>	<u>3,310</u>	<u>3,406</u>	<u>3,521</u>	<u>3,629</u>
REFUND LIABILITY, NONCURRENT PORTION	4,422	4,107	3,819	3,514	3,195
DEFERRED REVENUE	17,197	17,142	17,090	16,992	16,835
LEASE PAYABLE- LONG-TERM	5	-	-	-	-
LONG-TERM DEBT, PLUS UNAMORTIZED PREMIUM, LESS UNAMORTIZED FINANCING COSTS AND CURRENT MATURITIES	33,138	32,651	32,149	31,622	31,080
Total Liabilities	<u>57,960</u>	<u>57,210</u>	<u>56,464</u>	<u>55,649</u>	<u>54,739</u>
NET ASSETS					
Net Assets Without Donor Restriction	8,871	9,126	9,665	10,503	11,644
Net Assets With Donor Restriction	948	948	948	948	948
Total Net Assets	<u>9,819</u>	<u>10,074</u>	<u>10,613</u>	<u>11,451</u>	<u>12,592</u>
Total Liabilities and Net Assets	<u>\$ 67,779</u>	<u>\$ 67,284</u>	<u>\$ 67,077</u>	<u>\$ 67,100</u>	<u>\$ 67,331</u>

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 PAGES 5 AND 6
YEARS ENDING SEPTEMBER 30, 2021 THROUGH 2025
(IN THOUSANDS OF \$)

	2021	2022	2023	2024	2025
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT					
Independent Living	\$ 6,703	\$ 7,111	\$ 7,428	\$ 7,760	\$ 8,111
Healthcare Revenue	7,828	8,007	8,287	8,577	8,878
Less: Contractual Adjustments	(779)	(805)	(833)	(862)	(892)
Net Resident Service Revenue	13,752	14,313	14,882	15,475	16,097
Earned Entrance Fees	2,737	2,906	3,081	3,278	3,496
Other Operating Revenue	399	413	428	443	458
Contributions	750	731	762	795	829
Contribution Revenue - Paycheck Protection Program	1,720	-	-	-	-
Contribution Revenue - Provider Relief Funds	302	-	-	-	-
Total Unrestricted Revenues, Gains and Other Support	19,660	18,363	19,153	19,991	20,880
OTHER EXPENSES					
Healthcare					
Nursing	3,317	3,170	3,251	3,334	3,419
Residential Assisted Living	598	565	578	591	605
Garden Cottage	430	412	423	434	445
Home Care	997	1,088	1,155	1,226	1,302
Total Healthcare	5,342	5,235	5,407	5,585	5,771
PROGRAM SERVICES					
Dining Services	3,076	2,999	3,091	3,186	3,284
Housekeeping	762	726	743	760	777
Resident Services	190	179	184	188	192
Facility Services	2,076	2,032	2,075	2,119	2,164
Life Enrichment	342	328	336	343	351
Total Program Services	6,446	6,264	6,429	6,596	6,768
SUPPORTING SERVICES					
General and Administrative	2,235	2,173	2,221	2,269	2,319
Human Resources	357	349	356	362	369
Information Technology	470	461	471	482	493
Marketing and Development	449	200	205	210	215
Depreciation and Amortization	2,192	2,276	2,403	2,573	2,787
Interest	1,539	1,529	1,518	1,500	1,481
Total Supporting Services	7,242	6,988	7,174	7,396	7,664
Total Operating Expenses	19,030	18,487	19,010	19,577	20,203
Operating (Loss) Income	630	(124)	143	414	677
NON-OPERATING INCOME					
Investment Earnings, Net	358	379	396	424	464
EXCESS OF REVENUES OVER EXPENSES AND CHANGES IN NET ASSETS	988	255	539	838	1,141
Net Assets, Beginning of Year	8,831	9,819	10,074	10,613	11,451
Net Assets, End of Year	\$ 9,819	\$ 10,074	\$ 10,613	\$ 11,451	\$ 12,592

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 PAGES 5 AND 6
YEARS ENDING SEPTEMBER 30, 2021 THROUGH 2025
(IN THOUSANDS OF \$)

	2021	2022	2023	2024	2025
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in Net Assets	\$ 988	\$ 255	\$ 539	\$ 838	\$ 1,141
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	2,192	2,276	2,403	2,573	2,787
Amortization of Intangible Asset	3	3	3	3	3
Amortization of Debt Issuance Costs	32	32	32	32	32
Amortization of Premium	(69)	(69)	(69)	(69)	(69)
Change in Refundable Advance - Payroll Protection Program	(1,720)	-	-	-	-
Change in Deferred Revenue - Provider Relief Funds	(275)	-	-	-	-
Amortization of Entrance Fees	(2,737)	(2,906)	(3,081)	(3,278)	(3,496)
Nonrefundable Entrance Fees Received	3,710	3,551	3,728	3,914	4,110
Net Change in Operating Assets and Liabilities					
Current Assets	48	(28)	(41)	(43)	(45)
Current Liabilities	424	(70)	86	90	93
Net Cash Provided by Operating Activities	2,596	3,044	3,600	4,060	4,556
CASH FLOWS FROM CAPITAL AND INVESTING ACTIVITIES					
Purchase of Property and Equipment	(1,863)	(2,205)	(1,900)	(1,900)	(1,608)
Change in Investments	(1,266)	(483)	(624)	(1,035)	(1,444)
Change in Assets Limited as to Use	71	155	(102)	(104)	(108)
Net Cash Used by Capital and Investing Activities	\$ (3,058)	\$ (2,533)	\$ (2,626)	\$ (3,039)	\$ (3,160)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(250)	(260)	(450)	(465)	(490)
Refundable Entrance Fees Received	505	530	557	584	614
Principal Payments on Lease Payable	(11)	(13)	(5)	-	-
Refunds of Entrance Fees	(1,545)	(1,545)	(1,545)	(1,622)	(1,704)
Net Cash Provided Used by Financing Activities	(1,301)	(1,288)	(1,443)	(1,503)	(1,580)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,763)	(777)	(469)	(482)	(184)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,427	8,664	7,887	7,418	6,936
CASH, CASH EQUIVALENTS, AND RESTRICTED - END OF YEAR	\$ 8,664	\$ 7,887	\$ 7,418	\$ 6,936	\$ 6,752
Cash and Cash Equivalents	\$ 4,399	\$ 4,222	\$ 4,339	\$ 4,458	\$ 4,582
Restricted Cash - Assets Limited as to Use	4,265	3,665	3,079	2,478	2,170
Total Cash, Cash Equivalents, and Restricted Cash	\$ 8,664	\$ 7,887	\$ 7,418	\$ 6,936	\$ 6,752

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 planning 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, 2021 through 2025 (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.

JA Greer Group, LLC was organized in November 2016 to own and manage a multi-family property purchased by the Group in December 2016. The Group is a 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:

- The World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results including, but not limited to, additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. The full impact of COVID-19 is unknown and cannot be reasonably estimated as of the date of this Projection. While COVID-19 did impact the Organization’s occupancies in fiscal year 2020, Management has projected occupancy recoveries, as presented in fiscal year 2021. In addition, Management has projected utilizing the remaining \$302,000 of provider relief funds in fiscal year 2021 on expenses related to preventing, preparing for, or responding to the COVID-19 pandemic.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 2 BASIS OF PRESENTATION (CONTINUED)

- Management has projected receiving forgiveness in the amount of \$1,720,000 related to funds received in fiscal year 2020 related to the Paycheck Protection Program from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Management is able to achieve the estimated reduction-in-force payroll savings plan, as projected, in the fiscal year ending September 30, 2022 as well as the projected operating revenue inflationary rate increases and operating expense inflationary increases as described hereinafter.

Accordingly, the financial projection reflects Management's assumptions as of February 18, 2021, 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 Management's assumptions at the time of the projection. Management recognizes that there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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 not-for-profit organizations, in the projected balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, and investment earnings) is reported as an increase (decrease) in net assets without donor restriction unless the income or loss is restricted by donor or law. Management has not projected any realized or unrealized gains or losses.

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. As of September 30, 2020, all of the Organization’s investments were in Level 1 and management anticipates this to remain the same throughout the projection period.

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 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 covering those amounts. As of September 30, 2020, the allowance was approximately \$118,000 and Management has projected maintaining a consistent allowance during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 2020, 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 \$1.065 million, \$1.033 million, \$1.001 million, \$969,000, and \$937,000 for the years ending September 30, 2021, 2022, 2023, 2024 and 2025, 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.

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 or are refunded if not admitted.

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, 36 months, or 48 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 estimated 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.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Obligations to Provide Future Services

The Organization enters into various continuing care contracts with residents. A life planning 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, 2020, 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, 2020 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 Care Revenue

Resident care revenue is reported at the estimated net realizable amounts from residents, third party payors, and others for services rendered.

Revenue that is reimbursable by Medicare and Medicaid is subject to audit and retroactive adjustment. Revenues from Medicare and Medicaid approximated 41.6% of gross resident service revenue for the year ended September 30, 2020. Estimated settlements are recorded in the period the related services are provided. Differences between the estimate amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Organization believes that it is in compliance with all applicable laws and regulation and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future review and interpretation. The results of such governmental review could include fines, penalties, and exclusion from participation in the Medicare and Medicaid programs. Management has not included any estimates in the projection related to noncompliance with Medicare and Medicare programs.

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.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020.

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.

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				
	2021	2022	2023	2024	2025
Entrance Fees Received	\$ 4,215	\$ 4,081	\$ 4,285	\$ 4,498	\$ 4,724
Entrance Fees Refunded	(1,545)	(1,545)	(1,545)	(1,622)	(1,704)
Net Entrance Fees Received	\$ 2,670	\$ 2,536	\$ 2,740	\$ 2,876	\$ 3,020

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

	2021	2022	2023	2024	2025
Independent Living	92.3%	92.0%	92.0%	92.0%	92.0%
Assisted Living	87.1%	87.1%	87.1%	87.1%	87.1%
Skilled Nursing	92.3%	92.3%	92.3%	92.3%	92.3%
Weighted Average Occupancy	91.4%	91.2%	91.2%	91.2%	91.2%

In the year ending September 30, 2020, the Organization opened a 20 unit independent living expansion project (the “Wharton Project”), of which 19 are for residential use and 1 unit is maintained as a guest suite. Management has projected two additional initial residents moving into the Organization in March and May, respectively of the fiscal year ending September 30, 2021, increasing the projected occupants to 17 and 18 total occupants, respectively. Management has projected 18 Wharton Project occupants for the remainder of the Projection Period and are included in the independent living occupancy percentages noted above.

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

	2021	2022	2023	2024	2025
Independent Living (monthly)	\$ 3,466	\$ 3,623	\$ 3,750	\$ 3,881	\$ 4,017
Assisted Living (monthly)	\$ 6,096	\$ 6,302	\$ 6,523	\$ 6,751	\$ 6,987
Skilled Nursing (daily)	\$ 324	\$ 334	\$ 345	\$ 357	\$ 370

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

	2021	2022	2023	2024	2025
Independent Living	(1)	3.5%	3.5%	3.5%	3.5%
Assisted Living	(1)	3.5%	3.5%	3.5%	3.5%
Skilled Nursing	(1)	3.5%	3.5%	3.5%	3.5%

Note:

(1) Based on Management’s 2021 budget.

5. Net investment earnings are based on Management’s budget for the year ending September 30, 2021. Management has projected an assumed rate of return of 3% on all investments, 1% on all funds held by Trustee under debt agreements, and 0.25% on cash and cash equivalents during the Projection Period.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 4 SUPPORT AND REVENUE ASSUMPTIONS (CONTINUED)

6. Contributions are based on Management's budget for the year ending September 30, 2021. Management has projected changes to contributions of -2.5%, 4.2%, 4.3%, and 4.3% for the fiscal years ending September 30, 2022, 2023, 2024, and 2025, respectively.
7. Other operating revenue is based on Management's budget for the year ending September 30, 2021, increased by 3.5% thereafter through 2025.
8. On April 21, 2020 the Organization received proceeds in the amount of \$1,720,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of September 30, 2020 the Organization has not satisfied the performance barriers attributable to the PPP Loan proceeds. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, the Organization would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of two years, with payments deferred for up to six months. Payments would be expected to commence in May 2021 for a two year period as previously described. Management has projected satisfying the performance barriers attributable to the PPP Loan proceeds during the year ending September 30, 2021 and as a result, has projected the forgiveness of the PPP Loan as shown in the contribution revenue – paycheck protection program on the projected statement of operations and changes in net assets.
9. Under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the Department of Health and Human Services (DHHS) was allocated \$100 billion in relief funds to health care providers on the front lines of the COVID-19 response. These funds are also known as the Provider Relief Funds (PRF). Payments from PRF are being distributed by DHHS through various general distributions and targeted distributions. Providers who billed Medicare fee-for-service in calendar year 2019 are eligible to receive distributions. PRF payments may be used to cover lost revenue attributable to COVID-19 or health-related expenses, which include: supplies, equipment, workforce training, reporting COVID-19 test results to federal, state, or local government, building or constructing temporary structures for COVID-19 patient care or non-COVID-19 patients, acquiring additional resourcing, and developing and staffing emergency operations. As of September 30, 2020, the Organization received approximately \$505,000 in PRF and had utilized \$230,000. During the year ending September 30, 2021, management has projected the receipt of an additional \$27,000 in PRF, and has projected that it will utilize \$302,000 as allowed under the CARES Act. Management has projected recognizing this into income as shown in the contribution revenue – provider relief funds on the projected statement of operations and changes in net assets.

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, 2021. 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, 2021 are based on Management's budget.

In the year ending September 30, 2022, Management has projected an 8 % reduction-in-force payroll savings across all service departments, except for Home Care companion services as described further below. For each of the years ending September 30 thereafter, Management projects a 2% wage increase during the rest of the Projection Period. Employer taxes and employee benefits have been projected at approximately 23 percent of salaries and wages during all years of the Projection Period.

In each year ending September 30, 2022 – 2025, Management has also projected the following:

- Raw food costs are projected to increase at 5% per annum.
- Nursing payor related expenses and therapy services were projected to remain at the same percent of net payor resident revenue or therapy revenue as in the Organization's budget for the year ending September 30, 2021.
- Salaries and Wages for home care companion services is projected based upon projected billable home care hours and an assumed hourly rate, inflated 2 % annually during the Projection Period.
- All other expenses included in the projection, with the exception of depreciation, amortization, and interest, are assumed to increase 2% annually 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 projected to approximate 105 days of cash on hand during the Projection Period.
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 are projected to approximate 10 days net resident service revenue.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

4. Management has projected assets limited as to use to consist of the following:
 - a. Operating Reserve Requirement (see further description contained hereinafter)
 - b. Capitalized Interest Fund –Management has projected the Capitalized Interest Fund to be fully drawn in fiscal year 2021.
 - c. Construction Fund – Represents Series 2019 Bond proceeds that are deposited into a construction account for the construction of Wharton Project, construction of a wellness center, and planning work associated with New South as defined hereinafter. The Wharton Project was placed into services during the fiscal year ending September 30, 2020.
 - d. Debt Service Reserve Fund – Represents the debt service reserve fund related to the Series 2019 Bonds.

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

	In Thousands of Dollars				
	2021	2022	2023	2024	2025
Routine Capital Expenditures	\$ 900	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300
Healthcare Renovation	363	305	-	-	-
Planning and Development Activities - New South	600	600	600	600	308
Total Routine and Other Capital Expenditures	\$ 1,863	\$ 2,205	\$ 1,900	\$ 1,900	\$ 1,608

- a. Management has projected it would incur \$668,000 associated with healthcare renovation costs for the Organization.
 - b. Management has projected that it would incur approximately \$2,708,000 related to planning for future independent living expansion (“New South”). Management is currently in the planning phases for the New South expansion, but has not conducted sufficient planning work to determine whether or not it will proceed with the New South expansion. The planning costs are being reflected as construction in process during the Projection Period.
6. Management has projected the balances of property and equipment, for the years ending September 30, as follows:

	In Thousands of Dollars				
	2021	2022	2023	2024	2025
Land	\$ 589	\$ 589	\$ 589	\$ 589	\$ 589
Landscaping	75	75	75	75	75
Buildings	61,231	62,814	64,095	65,377	66,659
Equipment and Furnishings	873	895	914	932	950
Paving	103	103	103	103	103
Motor Vehicles	256	256	256	256	256
Construction in Process - New South	973	1,573	2,173	2,773	3,081
Property and Equipment, Gross	64,100	66,305	68,205	70,105	71,713
Accumulated Depreciation	(19,037)	(21,313)	(23,716)	(26,289)	(29,076)
Property and Equipment, Net	\$ 45,063	\$ 44,992	\$ 44,489	\$ 43,816	\$ 42,637

7. Other receivables are projected to approximate 13 days net resident service revenue.

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 6 ASSET ASSUMPTIONS (CONTINUED)

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

	In Thousands of Dollars				
	2021	2022	2023	2024	2025
Total Operating Expenses	\$ 19,030	\$ 18,487	\$ 19,010	\$ 19,577	\$ 20,203
Less:					
Depreciation and Amortization	(2,192)	(2,276)	(2,403)	(2,573)	(2,787)
Amortization of Issuance Costs Included as a component of Interest Expense	(32)	(32)	(32)	(32)	(32)
Plus:					
Routine Principal Payments	250	260	450	465	490
Less:					
Amounts Set-Aside in Debt Service Reserve Fund	(1,754)	(1,754)	(1,933)	(1,930)	(1,936)
	\$ 15,302	\$ 14,685	\$ 15,092	\$ 15,507	\$ 15,938
Required Reserve Multiplier ⁽¹⁾	25%	25%	25%	25%	25%
Required Operating Reserve (In Thousands)	\$ 3,826	\$ 3,671	\$ 3,773	\$ 3,877	\$ 3,985

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 26 days operating expenses excluding depreciation, amortization, and interest during the Projection Period.
2. Accrued liabilities are projected to approximate 15 days of operating expenses excluding depreciation, amortization, and interest during the Projection Period.
3. At September 30, 2020, the Organization's outstanding long-term debt totaled \$32,421,282 which was comprised of the following:
 - \$32,421,282 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 Projection 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.

The Organization, along with JA Greer Group, LLC, have a \$650,000 secured line of credit, interest based on the PRIME + .50%, with a floor of 4.00%. The line of credit was entered into on February 4, 2021, with a maturity date of February 2, 2022, monthly interest only payments and principal payable upon demand. The line of credit requires certain financial covenants, that are measured at the end of each fiscal year. 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)	
2021	\$	250
2022		260
2023		450
2024		465
2025		490
Thereafter		30,506
Total	\$	32,421

4. In projecting the Refund Liability and Deferred Revenue, the Organization assumed that 90% of turnover independent living residents would select the traditional amortizing plan and 10 % of turnover independent living residents would select the 90% refundable plan. In addition, Management has projected an annual pricing inflation of 5% on entrance fees throughout the projected period, beginning in fiscal year 2022. Management has also assumed entrance fee amortization would increase in 2021 related to the fill of the Wharton Project in 2020 and then increase each year during the Projection Period based upon a higher level of turnover entrance fees with the additional 19 independent living units that opened 2020 fiscal year. Management has projected entrance fee refunds based upon historical experience.



**PENICK
VILLAGE**

RESIDENCY AGREEMENT

for

TABLE OF CONTENTS

	<u>PAGE</u>
NOTICE OF RIGHT TO RESCIND	1
TERMS OF OCCUPANCY	1
1. GENERAL SERVICES AND FACILITIES	1
2. RESIDENT'S OBLIGATIONS.....	7
3. TRANSFERS AND READMISSION.....	9
4. ENTRANCE FEE AND FEES	10
5. APPLICATION AND ACCEPTANCE FOR RESIDENCY.....	13
6. TERMINATION AND REFUNDS.....	14
7. MISCELLANEOUS.....	18
 ADDENDUM A – RIGHT OF RECISION	
ADDENDUM B – Part 1 – CONFIDENTIAL APPLICATION	
ADDENDUM B – Part 2 – CONFIDENTIAL FINANCIAL STATEMENT	
ADDENDUM C – CONFIDENTIAL MEDICAL REPORT	



**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

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 \$360.00 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, 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 “renter’s” 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) 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 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.

If you do not use your aforementioned 14 days, you may continue to “bank” a maximum “bank” of 28 days. You may not accumulate more than 28 days.

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 14 days or the maximum “bank” 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 14 days or maximum “bank” 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 agency or private companion that you have screened per Penick Village's policy and guidelines and you agree to report the agency's or person'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 aides, 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" is the date that you and Penick Village agree upon for your move in to the Residence or you take financial occupancy of the Residence. If the date you take occupancy is different from this Occupancy Date, it must be previously approved by Penick Village. "Occupancy" is defined as when the Residence is occupied by the resident or any of the resident's belongings and/or financial occupancy takes place. Financial occupancy is defined as the Entrance Fee is paid in full and the Monthly Service Fee begins even if you have not taken physical occupancy of the Residence. Financial occupancy is required in order to prevent your Residence from being marketed to another Resident if you don't take physical occupancy of the Residence.

The agreed upon occupancy date is _____.

_____ _____ _____
Initial Initial Initial

In the event you decide not to move into your Residence on the Occupancy Date, the obligation of Penick Village to provide care and services as provided hereunder shall not be effective until you

move into your Residence. Penick Village, in its sole discretion, may terminate the Residency Agreement and market your Residence to a new Resident, if you decide not to move into your Residence on the Occupancy Date. Penick Village may request for the Monthly Service Fee to begin if the Residence has been ready for occupancy for 30 days. Upon execution of this Agreement, you agree to take occupancy of the Residence within 60 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 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.
- 4.5 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.

4.6 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.

4.7 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.

48-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 48-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 6% the first day of the first month occupied, then 2% per month for any portion of each month the Resident(s) occupied the residence for the next 47 months. After the beginning of the 48th 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. For reasons not occasioned by changing health requirements, a resident may elect to move to another Independent Living Residence. This is subject to availability and may be limited due to refund obligations.

For moves from one Independent Living Residence to another Independent Living Residence where the new Residence is square feet-larger:

- On or before move-in, the Resident will be required to pay the difference between the new Residence's prevailing entrance fee and their existing Residence's entrance fee (excluding any "upgrade" fees/charges).
- In-advance, the Resident will be required to pay (i.) all requested upgrades (in accordance with then-current Penick Village practices regarding same) and any required renovations or refurbishments to the new Residence. All such charges are non-refundable.
- As of the effective move-in date, the new Residence's prevailing monthly service fee will be in-effect.

For moves from one Independent Living Residence to another Independent Living Residence where the new Residence is square feet-smaller or the same size:

- There will be no entrance fee refund in terms of comparing the new Residence's prevailing entrance fee and what the Resident paid for their existing Residence.
- As of the effective move-in date, the new Residence's prevailing monthly service fee will be in-effect.

All moves require the in-advance, non-refundable payment of a \$5,000 administrative fee. Penick Village will coordinate and pay for moving expenses but not any pre-move packing or similar expenses.

For any move from an existing Independent Living Residence into a new Independent Living residence under construction, you will be required to pay 100 percent (100%) of the entrance fee of the new Independent Living Residence. This is in addition of the initial Entrance Fee paid for your current residence.

For moves within the Penick Village continuum of care:

You are responsible for the cost of moving your belongings for any permanent moves from Independent Living residence room to Residential Assisted Living, the Blanche Robertson Garden Cottage, and Health Center. Penick Village, at its discretion, may issue a credit to your monthly service fee for a portion of the moving company expense. You will, also, be responsible for paying the prevailing daily rate for services in the particular level of care needed.

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.

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: _____



PENICK VILLAGE

CONFIDENTIAL APPLICATION

All information will be held confidential

NAME & CONTACT INFORMATION:

Title: _____ Last: _____ First: _____

Middle: _____ Preferred: _____ Suffix: _____ Gender: _____

Home: (____) _____ Cell: (____) _____ Work: (____) _____

Email: _____ Date of Birth: _____

Street Address: _____ City: _____

State: _____ Zip: _____ County: _____

Marital Status (circle): Single Divorced Widow Married-Anniversary: _____

2nd Person: _____ Are you bringing a vehicle? NO / YES, How many? _____

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.

Are you bringing a pet? **NO / YES**, How many? _____ Type & Weight: _____

Please be advised there is a one time non-refundable pet fee, based on Penick Village approval.

Are you capable of Independent Living without help from anyone else? Yes / No

If no, please describe the kinds of assistance you currently need: _____

PERSONAL INFORMATION

Education: _____ Occupation (*Current/Previous*): _____

Industry: _____ Hobbies, special interests, clubs and organizations: _____



MEDICAL INFORMATION

Primary Physician Name: _____ Phone: (____) _____

Address: _____

Have you been hospitalized or incapacitated during the last 5 years? **YES** **NO**

If yes please explain such details as are necessary: _____

Other Physician(s) you visit regularly:

Physician: _____ Specialty: _____

Last Seen: _____ Telephone: _____

Address: _____

Physician: _____ Specialty: _____

Last Seen: _____ Telephone: _____

Address: _____

List all current medications. Include strength and how often taken:

Medication	Strength	Directions

Pharmacy (Name & Location): _____





MEDICAL INFORMATION (Continued)



Are you free from contagious disease? **YES NO**

Have you ever been addicted to alcohol or illicit/prescription drugs? **YES NO**

Please list any medicinal allergies: _____

Please list any food and environmental allergies: _____

1.) Do you require assistance from any of the following? (circle all that apply) Cane Scooter Walker Wheelchair

2.) Do you use any of the following? (circle all that apply) Glasses Contacts Dentures* Hearing Aid(s)* Pacemaker

*Please specify _____

Please explain any major change in your general health in the past year and any chronic illness or disability: _____

CONTACT INFORMATION

PERSON(S) TO NOTIFY IN CASE OF EMERGENCY AND TO WHOM PENICK VILLAGE MAY RELEASE PERSONAL HEALTH INFORMATION

Primary:

Name(s): _____

Relationship: _____

Address: _____

Phone number(s):

Home: (____) _____

Work: (____) _____

Cell: (____) _____

Email _____

Primary:

Name(s): _____

Relationship: _____

Address: _____

Phone number(s):

Home: (____) _____

Work: (____) _____

Cell: (____) _____

Email _____

Primary:

Name(s): _____

Relationship: _____

Address: _____

Phone number(s):

Home: (____) _____

Work: (____) _____

Cell: (____) _____

Email _____





PHOTO PERMISSION



We love to feature actual community members in our advertising, will you join in?

The undersigned hereby authorize Penick Village and the Penick Village Foundation to make, reproduce, publish, display, disseminate through any media for an unlimited period of time and photographic reproduction or likeness of the undersigned in any commercial advertisement or promotion undertaken by said company or organization.

Signature: _____ Date: _____

ADDITIONAL DISCLOSURE

Have you ever been convicted of or plead no contest to a felony or other crime other than a traffic violation?

Circle one: **YES** **NO**

If yes, please provide an explanation. If more space is needed, please provide on a separate piece of paper.

Are you aware that we are a smoke, tobacco-product, and vape-free community? **YES** **NO**

Are you aware that we are a firearm free community? **YES** **NO**

We reserve the right to do criminal background, sexual offender, & credit checks.

Initial

Date

To the best of my knowledge, the above statements are complete and true. By signing this Confidential Application, I authorize Penick Village to contact physicians listed herein and for those physicians to disclose medical information to Penick Village.

Additionally, I understand that the Confidential Application is good for six months. I agree to provide any material changes and updates to Penick Village prior to Residency approval.

Prospective Resident - Print Name

Prospective Resident - Signature

Date



PENICK VILLAGE

CONFIDENTIAL FINANCIAL STATEMENT

(MUST BE COMPLETED BY EACH INDIVIDUAL; JOINT HOLDINGS MUST BE SO NOTED) All information will be held confidential.

Name(s) _____

Entrance Fee \$ _____ Monthly Service Fee - 1st Person \$ _____, 2nd Person \$ _____

ASSETS

	Is the asset security for a loan?			Is the asset security for a loan?		
	1st Person	Yes	No	2nd Person	Yes	No
Cash (<i>Savings & Checking</i>)	\$			\$		
CD's, Money Markets, etc.	\$			\$		
Stocks & Bonds	\$			\$		
IRA's, Annuities, etc.	\$			\$		
House	\$			\$		
Other Real Estate	\$			\$		
Trust Fund (<i>indicate % beneficial int.</i>)	\$			\$		
Cash Surrender Value of Life Insurance	\$			\$		
Other Assets (<i>Describe Below:</i>)	\$			\$		
TOTAL ASSETS						
	1st Person			2nd Person		
	\$			\$		
Combined	\$					

LIABILITIES

	1st Person	2nd Person
Mortgage on Residence	\$	\$
Mortgage(s) on Other Real Estate	\$	\$
Other Bank Loans	\$	\$
Loans Against Cash Surrender Value of Life Insurance	\$	\$
Credit Cards	\$	\$
Insurance Premiums (Car, Health, LTHCI)	\$	\$
Other Expenses (Home Care, Car Loan, etc)	\$	\$
TOTAL LIABILITIES	\$	\$
Combined	\$	



HAVE YOU GUARANTEED ANY DEBT OWED BY ANOTHER?

YES

NO

Guarantor(s)	Debtor	Relation	Amount of Debt Guaranteed

REGULAR MONTHLY INCOME

	1st Person	2nd Person
Social Security	\$	\$
Pension	\$	\$
Dividends	\$	\$
Interest	\$	\$
Mortgage/Rental Income	\$	\$
IRA Income	\$	\$
Trust Income	\$	\$
Other Monthly Income	\$	\$
TOTAL REGULAR MONTHLY INCOME	\$	\$
Combined	\$	

With regard to monthly income reflected, will the monthly payment continue in the same amount for the life of the other person listed (generally, the surviving spouse)? _____ Yes _____ No. If no, what will the monthly payment be after the death of the recipient listed? \$ _____/month.

Do you have Long Term Health Care Insurance (LTHCI)? If so, what is the duration of the policy? _____

The policy covers: _____ Assisted Living _____ Skilled Nursing _____ Home Care.

What is the daily rate? _____ The annual index? _____ The elimination period? _____

I hereby declare that all statements made herein are true according to my best knowledge and belief. I agree to provide any material changes and updates, along with current documentation for each category, prior to Residency approval. In witness whereof, I have hereunto set my hand to this application this _____ day of _____, _____.

Signature of 1st Person

Signature of 2nd Person



**PENICK
VILLAGE**

CONFIDENTIAL MEDICAL REPORT



This form is for the purpose of qualifying the named individual below as an independent resident at Penick Village. We value your input and recommendations as their physician. The medical information listed below will be reviewed by our assessment team.

Please attach copies of the following as part of the application:

- *Current Health & Physical Information provided by Primary Care Physician*
- *List of medications with dosage, frequency, and whether self-administered*
- *Surgical History*

Please return this report to Penick Village by mail or fax:

ATTN: Sales &Marketing, 500 E. Rhode Island Avenue, Southern Pines, NC, 28387

Fax # - (910) 692-0461

FILLED OUT BY APPLICANT

Full Name _____ Date of Birth _____

Address _____ Phone _____

Primary Care Physician's name _____ Phone _____

Address _____

By signing below, I authorize my Primary Care Physician to share all information in this form and the requested documents with Penick Village.

Signature _____ Date _____

FILLED OUT BY PHYSICIAN

How long has the individual been under your care? _____ Are you his/her regular physician? _____

Height _____ Weight _____ Pulse _____ O2 _____ BP _____

Current Diagnoses _____

Allergies (medicine and/or environmental) _____

IMMUNIZATION STATUS

Flu: _____ Pneumonia: _____ Prevnar: _____ Tetanus: _____
COVID-19: Brand _____ (1st Dose): _____ (2nd Dose): _____

ASSISTIVE DEVICES- CHECK ALL THAT APPLY

Glasses ___ Hearing Aids *Left* *Right* *Both* Dentures *Upper* *Lower* *Both* Pacemaker ___

AMBULATION ASSISTIVE DEVICES - CHECK ALL THAT APPLY

Cane _____ Walker _____ Rollator _____ Scooter _____

MENTAL STATUS

Is the person able to communicate effectively and efficiently? _____

Is the person receiving or has received care for psychological, behavioral or addiction issues? _____

If yes, please provide more information. _____

Is there a diagnosis of dementia or concerns of memory loss? _____ If yes, please provide more information.

Do you have concerns with wandering or exit seeking behaviors? _____ If yes, please explain.

DOES THE APPLICANT NEED ASSISTANCE WITH THE FOLLOWING?

___ Bathing ___ Driving ___ Preparing a meal
___ Dressing ___ Remembering appointments ___ Using the phone
___ Toileting ___ Handling business affairs ___ Shopping
___ Ambulation assistance ___ Medication management

Do you recommend the applicant for Independent Living? _____

If NO, why? _____

Physician's Signature: _____ Date: _____



**PENICK
VILLAGE**

**PENICK VILLAGE
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 located at 500 East Rhode Island Avenue, Southern Pines, North Carolina, and Penick Village presently accepts a **\$5,000.00** deposit to reserve an apartment, cottage or cottage home. 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

You wish to reserve residence style _____ located at _____.

A Reservation Deposit of **\$5,000.00** 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 fourteen (14) days before you take occupancy of the reserved Residence.

II. Deposits

The Reservation Deposit is fully refundable at any time by giving Penick Village written notice. No interest will be paid on the deposit. There is a non-refundable application fee of **\$250.00**.

III. 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 60 years of age at the time of residency.

IV. 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.

V. Residency Agreement

Upon a residency application approval, you agree to sign a Residency Agreement. An additional deposit equal to ten percent (10%) of the Entrance Fee set forth in Exhibit A, less the Reservation Deposit of \$5,000.00, and less the Future Residency Program fee of \$1,000.00 (*if applicable*), shall be paid upon execution of the Residency Agreement. The final balance of the Entrance Fee will be due and payable per Section 4 of the Residency Agreement.

VI. Modifications to Your Residence

Penick Village allows custom choices to personalize your residence. Any such choices must have prior written approval by Penick Village. You are responsible for the cost of any custom changes, and are required to use installers and contractors approved and 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 renovation/upgrade costs are to be paid in full prior to any work taking place.

VII. Termination and Refund

Prior to Signing a Residency Agreement

- a) You may terminate this 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 within thirty (30) days of receipt of your notification. The \$250.00 application fee is non-refundable.
- b) If your application for residency does not meet admission requirements, we will notify you in writing and refund your Reservation Deposit amount within thirty (30) days of our written notification to you. The \$250.00 application fee is non-refundable.

After Signing a Residency Agreement

After you execute a Residency Agreement, all Reservation Deposits shall thereafter be deemed “Entrance Fee Deposits” and shall be refundable as set forth in Section 6 of the Residency Agreement.

VIII. Miscellaneous

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.

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.

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

**EXHIBIT A
RESERVATION DEPOSIT AGREEMENT**

Residence Address _____

Floor Plan Style _____

Entrance Fee _____

FRP Deposit (if applicable) - _____

Reservation Deposit - _____

10% deposit payable at Execution of Residency Agreement, less prior payments - _____

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:

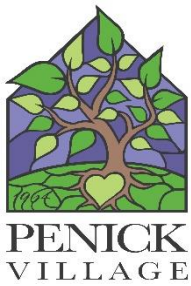
Your signature(s) indicate(s) that you understand and accept the terms stated in this Exhibit A.

Prospective Resident

Date

Prospective Resident

Date



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.

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 of the refundable One Thousand (\$1,000.00) deposit 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, and the Depositor's priority position and Future Residency Program membership will be immediately forfeited.

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, and, in such event, its liability to the Depositor(s) shall be limited to a refund of the refundable One Thousand (\$1,000.00) deposit within 30 days.

Upon the selection of a specific residence by a qualified Depositor(s), the Depositor(s) shall be required to execute a Residency Agreement for the selected residence and to make a deposit equal to ten percent (10%) of the Entrance Fee. The \$1,000.00 deposit will be credited to the Entrance Fee.



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 #





**PENICK
VILLAGE**

**ASSISTED LIVING
RESIDENCY AGREEMENT**

for

PENICK VILLAGE ASSISTED LIVING RESIDENCY AGREEMENT

TABLE OF CONTENTS

	<u>PAGE</u>
NOTICE OF RIGHT TO RESCIND	1
TERMS OF OCCUPANCY	1
1. GENERAL SERVICES AND FACILITIES	1
2. RESIDENT'S OBLIGATIONS	4
3. TRANSFERS AND READMISSION	5
4. ENTRANCE FEE AND FEES	6
5. APPLICATION AND ACCEPTANCE FOR RESIDENCY	8
6. TERMINATION AND REFUNDS	9
7. MISCELLANEOUS	11
 ADDENDUM A – RIGHT OF RECISION	
 ADDENDUM B1 – CONFIDENTIAL APPLICATION	
 ADDENDUM B2 – CONFIDENTIAL FINANCIAL STATEMENT	
 ADDENDUM C – CONFIDENTIAL MEDICAL REPORT	



PENICK VILLAGE ASSISTED LIVING 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", and "our" are used throughout this Agreement to denote Penick Village, Inc.

Penick Village seeks to provide quality assisted living services and housing for retirement age people, along with an array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you an Assisted Living Residence in Penick Village and provide you with general services and amenities described in this Agreement. The Residence is identified as follows:

RESIDENCE NUMBER: _____

RESIDENCE STYLE: _____

1. GENERAL SERVICES AND FACILITIES

1.1 Basic Agreement. In consideration of payment of an 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 floor coverings, blinds, emergency call system, telephone jack(s), internet/cable TV connections and as necessary other furniture per North Carolina Department of Health Service regulations.

1.3 Parking. Parking areas are provided for you and Penick Village guests as defined in the Resident Handbook.

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
- Dining rooms
- Library
- Barber/beauty salon
- Card/life enrichment room
- Multi-purpose/media room
- 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 on a daily basis. Specialized diets are available per Resident's Physician's orders. The Dining Service Leadership Team shall determine menus and service times.
- b. Housekeeping.** Residential Housekeeping, including vacuuming, dusting, bathroom cleaning, mopping, sweeping, etc. occurs on a weekly scheduled basis and as needed.
- c. Utilities.** The costs of sewer, water, waste disposal, internet service 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 long-distance telephone charges and premium cable television, (if available).

- d. **Security and Emergency Alert System.** Residences are equipped with smoke and/or heat detectors, sprinkler systems, and emergency alert systems.
- e. **Laundry.** We provide laundry services for the Resident’s personal laundry.
- f. **Maintenance.** We maintain all community spaces and grounds as well as repair, maintain and replace Penick Village provided equipment and furnishings, unless such repairs are required as a result of your negligence. Damages to the residence (including appliances and cleaning) will result in additional fees. Resident(s) are responsible for maintenance of personal property.
- g. **Transportation.** We provide scheduled group transportation to designated 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 variety of spiritual programs are available for those residents wishing to participate.
- i. **Social, Educational, Cultural and Recreational Programs.** The Life Enrichment Department coordinates a variety of group and individual social, recreational, educational, fitness, 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 and its Community Benefit requirements. 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 “renter’s” as well as, if you elect, flood and personal “excess” insurance policies.
- k. **Storage Area.** A storage area located in Penick Village is assigned and available for Resident use.

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

- Guest meals
- Catering for special occasions
- Barber and beauty services
- Additional transportation
- Additional housekeeping and linen services
- Computer/IT services
- Usage of guest suites and community space, if available
- Personal business services
- Additional maintenance

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, 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. If you choose to have an alteration to your Residence, your apartment will be considered occupied by you and your daily service will apply once work begins.
- 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 meals, services, and program costs.

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, B and D and any future program that may be offered by Medicare. 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, you must use a state licensed Home Health/Care 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 agency or private companion that you have screened per Penick Village's policy and guidelines and you agree to report the agency's or person'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 aides, 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. Any impairment of your ability to meet your financial obligation may disqualify you from eligibility for the financial assistance program.

3. TRANSFERS AND READMISSION

There may come a time when you must move from Assisted Living to a different level of care 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 Assisted Living residence 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.

If we determine, after consultation, that your health requires that you be transferred from the Assisted Living Residence covered by this (a) the Skilled Health Center or (b) to another 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 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.

- i. 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 but you continue to be financially responsible for the Daily Service Fee at all times.
- ii. 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.

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. You grant Penick Village the right to remove your personal property from the Residence thirty (30) days after a Permanent Transfer and to store it at your expense. 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.

4. ENTRANCE FEES AND OTHER FEES

4.1 Occupancy Date. The "Occupancy Date" is the date that you and Penick Village agree upon for your move in to the Residence or you take financial occupancy of the Residence. If the date you take occupancy is different from this Occupancy Date, it must be previously approved by Penick Village. "Occupancy" is defined as when the Residence is occupied by the resident or any of the resident's belongings and/or financial occupancy takes place. Financial occupancy is defined as the Entrance Fee is paid in full and the Daily Service Fee begins even if you have not taken physical occupancy of the Residence. Financial occupancy is required in order to prevent your Residence from being marketed to another Resident if you don't take physical occupancy of the Residence.

The agreed upon occupancy date is _____.

_____ _____ _____
Initial Initial Initial

In the event you decide not to move into your Residence on the Occupancy Date, the obligation of Penick Village to provide care and services as provided hereunder shall not be effective until you move into your Residence. Penick Village, in its sole discretion, may terminate the Residency Agreement and market your Residence to a new Resident, if you decide not to move into your Residence on the Occupancy Date.

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 one installment unless otherwise contractually agreed upon in an addendum letter as part of this contract. Your Entrance Fee, being \$_____ is due on the signing of this Residency Agreement, unless otherwise previously agreed in writing.

4.3 Daily Service Fees and Changes in Fees. Your Daily Service Fee will initially be \$_____ per month for one (1) person and initially an additional \$_____ per month for a second person. We may increase the Daily 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 Daily Service Fee only once per year. The Daily Service Fee and Optional Service Fees (if utilized) shall be billed in advance 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 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 Daily 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.
- 4.5 Liability for Charges.** Each person who is designated as Resident in this Agreement is jointly and severally liable for the payment of the Daily 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.
- 4.6 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 Daily 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 Daily 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.

5. **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 qualify for assisted 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 assisted 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 which includes a Confidential Financial Statement 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 or life 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. Age. To be accepted for residency at Penick Village, you must be at least sixty (60) years of age at or before the Occupancy Date.

5.2 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 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.

5.3 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 any medical information provided 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.

6. **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.

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 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 Daily 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) Per North Carolina state regulations you no longer qualify for Assisted Living;
 - (ii) You have developed a dangerous or contagious disease or mental illness;
 - (iii) 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,
 - (iv) 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.

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 Daily 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.

Six-Month Declining 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 Six-Month Declining Refundable Entrance Fee (without interest) that you paid for residency at Penick Village, less one-half (50%) the first day of occupying the Residence, then ten percent (10%) per month for any portion of each month the Residence is occupied for the next five (5) months. After the beginning of the sixth (6th) month of occupancy, the Entrance Fee paid by you is fully amortized and not refundable.

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

Entrance Fee Refunds

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.

6.5 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.

7. MISCELLANEOUS

7.1 Resident's Interest. Penick Village retains proprietary interest in its senior living community, assets, property, 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 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 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.
- 7.8 Leave of 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 the absent day credit in conformance with our absent day credit policy.
- 7.9 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.
- 7.10 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.

- 7.11 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.
- 7.12 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.
- 7.13 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.
- 7.14 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.
- 7.15 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 and mailed or delivered to your Residence or at such other address as you may designate to Penick Village in writing.
- 7.16 Choice of Law.** This Agreement will be interpreted according to the laws of the State of North Carolina.
- 7.17 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.
- 7.18 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.
- 7.19 Third Party Rights.** No other persons or entities other than Penick Village and the Resident have any rights or obligations under this Agreement.
- 7.20 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.
- 7.21 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.

7.22 Religious Affiliation. The Corporation and its retirement community are affiliated with the Episcopal Church to the extent that the Bishop of the Diocese of North Carolina shall serve as Honorary Chair of the Board of Directors. The Board of Directors is an independent body. The Diocese is NOT responsible for the financial and contractual obligations of Penick Village.

By signing below, you agree to comply with all sections of this residency agreement.

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 _____, 20_____.

RESIDENT(S):

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Date: _____

**PENICK VILLAGE, Inc. a North
Carolina not-for-profit Corporation:**

By: _____

Title: _____

Date: _____

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: _____





PENICK VILLAGE

CONFIDENTIAL APPLICATION

All information will be held confidential

NAME & CONTACT INFORMATION:

Title: _____ Last: _____ First: _____

Middle: _____ Preferred: _____ Suffix: _____ Gender: _____

Home: (____) _____ Cell: (____) _____ Work: (____) _____

Email: _____ Date of Birth: _____

Street Address: _____ City: _____

State: _____ Zip: _____ County: _____

Marital Status (circle): Single Divorced Widow Married-Anniversary: _____

2nd Person: _____ Are you bringing a vehicle? NO / YES, How many? _____

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.

Are you bringing a pet? **NO / YES**, How many? _____ Type & Weight: _____

Please be advised there is a one time non-refundable pet fee, based on Penick Village approval.

Are you capable of Independent Living without help from anyone else? Yes / No

If no, please describe the kinds of assistance you currently need: _____

PERSONAL INFORMATION

Education: _____ Occupation (*Current/Previous*): _____

Industry: _____ Hobbies, special interests, clubs and organizations: _____



MEDICAL INFORMATION

Primary Physician Name: _____ Phone: (____) _____

Address: _____

Have you been hospitalized or incapacitated during the last 5 years? **YES** **NO**

If yes please explain such details as are necessary: _____

Other Physician(s) you visit regularly:

Physician: _____ Specialty: _____

Last Seen: _____ Telephone: _____

Address: _____

Physician: _____ Specialty: _____

Last Seen: _____ Telephone: _____

Address: _____

List all current medications. Include strength and how often taken:

Medication	Strength	Directions

Pharmacy (Name & Location): _____





MEDICAL INFORMATION (Continued)



Are you free from contagious disease? **YES NO**

Have you ever been addicted to alcohol or illicit/prescription drugs? **YES NO**

Please list any medicinal allergies: _____

Please list any food and environmental allergies: _____

1.) Do you require assistance from any of the following? (circle all that apply) Cane Scooter Walker Wheelchair

2.) Do you use any of the following? (circle all that apply) Glasses Contacts Dentures* Hearing Aid(s)* Pacemaker

*Please specify _____

Please explain any major change in your general health in the past year and any chronic illness or disability: _____

CONTACT INFORMATION

PERSON(S) TO NOTIFY IN CASE OF EMERGENCY AND TO WHOM PENICK VILLAGE MAY RELEASE PERSONAL HEALTH INFORMATION

Primary:

Name(s): _____

Relationship: _____

Address: _____

Phone number(s):

Home: (____) _____

Work: (____) _____

Cell: (____) _____

Email _____

Primary:

Name(s): _____

Relationship: _____

Address: _____

Phone number(s):

Home: (____) _____

Work: (____) _____

Cell: (____) _____

Email _____

Primary:

Name(s): _____

Relationship: _____

Address: _____

Phone number(s):

Home: (____) _____

Work: (____) _____

Cell: (____) _____

Email _____





PHOTO PERMISSION



We love to feature actual community members in our advertising, will you join in?

The undersigned hereby authorize Penick Village and the Penick Village Foundation to make, reproduce, publish, display, disseminate through any media for an unlimited period of time and photographic reproduction or likeness of the undersigned in any commercial advertisement or promotion undertaken by said company or organization.

Signature: _____ Date: _____

ADDITIONAL DISCLOSURE

Have you ever been convicted of or plead no contest to a felony or other crime other than a traffic violation?

Circle one: **YES** **NO**

If yes, please provide an explanation. If more space is needed, please provide on a separate piece of paper.

Are you aware that we are a smoke, tobacco-product, and vape-free community? **YES** **NO**

Are you aware that we are a firearm free community? **YES** **NO**

We reserve the right to do criminal background, sexual offender, & credit checks.

Initial

Date

To the best of my knowledge, the above statements are complete and true. By signing this Confidential Application, I authorize Penick Village to contact physicians listed herein and for those physicians to disclose medical information to Penick Village.

Additionally, I understand that the Confidential Application is good for six months. I agree to provide any material changes and updates to Penick Village prior to Residency approval.

Prospective Resident - Print Name

Prospective Resident - Signature

Date





PENICK VILLAGE

CONFIDENTIAL FINANCIAL STATEMENT

(MUST BE COMPLETED BY EACH INDIVIDUAL; JOINT HOLDINGS MUST BE SO NOTED) All information will be held confidential.

Name(s) _____

Entrance Fee \$ _____ Monthly Service Fee - 1st Person \$ _____, 2nd Person \$ _____

ASSETS

	Is the asset security for a loan?			Is the asset security for a loan?		
	1st Person	Yes	No	2nd Person	Yes	No
Cash (<i>Savings & Checking</i>)	\$			\$		
CD's, Money Markets, etc.	\$			\$		
Stocks & Bonds	\$			\$		
IRA's, Annuities, etc.	\$			\$		
House	\$			\$		
Other Real Estate	\$			\$		
Trust Fund (<i>indicate % beneficial int.</i>)	\$			\$		
Cash Surrender Value of Life Insurance	\$			\$		
Other Assets (<i>Describe Below:</i>)	\$			\$		
TOTAL ASSETS						
	1st Person			2nd Person		
	\$			\$		
Combined	\$					

LIABILITIES

	1st Person	2nd Person
Mortgage on Residence	\$	\$
Mortgage(s) on Other Real Estate	\$	\$
Other Bank Loans	\$	\$
Loans Against Cash Surrender Value of Life Insurance	\$	\$
Credit Cards	\$	\$
Insurance Premiums (Car, Health, LTHCI)	\$	\$
Other Expenses (Home Care, Car Loan, etc)	\$	\$
TOTAL LIABILITIES	\$	\$
Combined	\$	



HAVE YOU GUARANTEED ANY DEBT OWED BY ANOTHER?

YES

NO

Guarantor(s)	Debtor	Relation	Amount of Debt Guaranteed

REGULAR MONTHLY INCOME

	1st Person	2nd Person
Social Security	\$	\$
Pension	\$	\$
Dividends	\$	\$
Interest	\$	\$
Mortgage/Rental Income	\$	\$
IRA Income	\$	\$
Trust Income	\$	\$
Other Monthly Income	\$	\$
TOTAL REGULAR MONTHLY INCOME	\$	\$
Combined	\$	

With regard to monthly income reflected, will the monthly payment continue in the same amount for the life of the other person listed (generally, the surviving spouse)? _____ Yes _____ No. If no, what will the monthly payment be after the death of the recipient listed? \$ _____/month.

Do you have Long Term Health Care Insurance (LTHCI)? If so, what is the duration of the policy? _____

The policy covers: _____ Assisted Living _____ Skilled Nursing _____ Home Care.

What is the daily rate? _____ The annual index? _____ The elimination period? _____

I hereby declare that all statements made herein are true according to my best knowledge and belief. I agree to provide any material changes and updates, along with current documentation for each category, prior to Residency approval. In witness whereof, I have hereunto set my hand to this application this _____ day of _____, _____.

Signature of 1st Person

Signature of 2nd Person



PENICK
VILLAGE

CONFIDENTIAL MEDICAL REPORT



This form is for the purpose of qualifying the named individual below as an independent resident at Penick Village. We value your input and recommendations as their physician. The medical information listed below will be reviewed by our assessment team.

Please attach copies of the following as part of the application:

- *Current Health & Physical Information provided by Primary Care Physician*
- *List of medications with dosage, frequency, and whether self-administered*
- *Surgical History*

Please return this report to Penick Village by mail or fax:

ATTN: Sales & Marketing, 500 E. Rhode Island Avenue, Southern Pines, NC, 28387

Fax # - (910) 692-0461

FILLED OUT BY APPLICANT

Full Name _____ Date of Birth _____

Address _____ Phone _____

Primary Care Physician's name _____ Phone _____

Address _____

By signing below, I authorize my Primary Care Physician to share all information in this form and the requested documents with Penick Village.

Signature _____ Date _____

FILLED OUT BY PHYSICIAN

How long has the individual been under your care? _____ Are you his/her regular physician? _____

Height _____ Weight _____ Pulse _____ O2 _____ BP _____

Current Diagnoses _____

Allergies (medicine and/or environmental) _____

IMMUNIZATION STATUS

Flu: _____ Pneumonia: _____ Prevnar: _____ Tetanus: _____
COVID-19: Brand _____ (1st Dose): _____ (2nd Dose): _____

ASSISTIVE DEVICES- CHECK ALL THAT APPLY

Glasses ___ Hearing Aids *Left* *Right* *Both* Dentures *Upper* *Lower* *Both* Pacemaker ___

AMBULATION ASSISTIVE DEVICES - CHECK ALL THAT APPLY

Cane _____ Walker _____ Rollator _____ Scooter _____

MENTAL STATUS

Is the person able to communicate effectively and efficiently? _____

Is the person receiving or has received care for psychological, behavioral or addiction issues? _____

If yes, please provide more information. _____

Is there a diagnosis of dementia or concerns of memory loss? _____ If yes, please provide more information.

Do you have concerns with wandering or exit seeking behaviors? _____ If yes, please explain.

DOES THE APPLICANT NEED ASSISTANCE WITH THE FOLLOWING?

___ Bathing ___ Driving ___ Preparing a meal
___ Dressing ___ Remembering appointments ___ Using the phone
___ Toileting ___ Handling business affairs ___ Shopping
___ Ambulation assistance ___ Medication management

Do you recommend the applicant for Independent Living? _____

If NO, why? _____

Physician's Signature: _____ Date: _____