



**PENICK  
VILLAGE**

**Disclosure Statement  
February 28, 2022**

**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](http://www.penickvillage.org)

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**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.

The Corporation has two affiliates:

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

2. 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 9 and no more than 17 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, 2022, 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-Copple                    | Honorary Co-Chair of the Board |
| Ray Pardue<br>Resident                                   | Class of 2022                  |
| Gary Hildebrand<br>Resident                              | Class of 2022                  |
| Sherry Price (Secretary)<br>Retired School Administrator | Class of 2022                  |
| Dr. Gary Krasicky (Past President)<br>Retired Physician  | Class of 2022                  |
| Micah Niebauer<br>Small Business Owner                   | Class of 2022                  |
| Mike Penick<br>VP Commercial HVAC                        | Class of 2022                  |
| Mary Reca Todd<br>Volunteer                              | Class of 2022                  |
| Wayne Robbins  | Class of 2023                  |

|   |               |
|---|---------------|
| Retired Lawyer                                      |               |
| Len Gillespie<br>Operations Management              | Class of 2023 |
| Rev. J. Carr Holland<br>Retired Minister            | Class of 2023 |
| Lynne Healy (VP)<br>Community Volunteer             | Class of 2023 |
| Darlene Vaughn<br>Tax Practice Owner                | Class of 2023 |
| Marsha Coles<br>Volunteer                           | Class of 2024 |
| W. Lance Craig (Treasurer)<br>CPA / Businessman     | Class of 2024 |
| John R. Frizzell, III (President)<br>Retired Banker | Class of 2024 |

**Officers:**

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

Chief 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 with the local law firm who the organization retains and 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: (a.) one multi-level Healthcare building (the North building) which includes 31 Assisted Living residences and 50 Skilled Nursing residences, (b.) three Independent Living apartment buildings -- Woodlands (73 residences), Wharton (19 residences) and Parkview (18 residences) – (c.) 40 cottage-type Independent Living residences, (d.) one Assisted Living 10-bed small-house (Garden Cottage) and (e.) 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 presently-estimated 84 additional Independent Living apartments and a Wellness Center.
- Continue to emphasize its Marketing program, including the major renovation of existing Independent Living apartments, 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/update the Healthcare (North) building to, among other improvements, enhance and augment our resident service capabilities and provide additional education and training space and opportunities.
- Develop a 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 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, 2021, the number of residents totaled:

- 189 Independent Living residents (includes 47 "2nd-persons")
- 28 Assisted Living/Garden Cottage residents and
- 32 Skilled Nursing residents for a total of
- 249 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 is host to 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 their Penick Village financial obligations.

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 paid an entrance fee in conjunction with becoming an Independent Living 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 and does not promise or guarantee in advance to that resident the continuing availability or extent of such assistance.

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

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

## **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) pays 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 and will complete the payment of the full Entrance Fee amount on or before taking financial responsibility for the residence.

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 is reduced and becomes 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.

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

Also see "Entrance Fee Refunds" below.

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

#### **50% Refundable Entrance Fee**

The 50% Refundable Entrance Fee is approximately 37% 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.

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

Also see "Entrance Fee Refunds" below.

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

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

### **90% Refundable Entrance Fee**

The 90% Refundable Entrance Fee is approximately 134% 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.

Also see "Entrance Fee Refunds" below.

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

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

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

### **Right of Offset**

Penick Village reserves the right to offset 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 Penick Village and will be released from liability to pay Penick Village any other amounts under their Residency Agreements under the following conditions:

- 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 a written termination of the Residency Agreement.
- The resident 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, 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 generally be paid within thirty (30) days after Penick Village's receipt of the entrance fee proceeds from the next resale of the residence and, generally, that payment will be made payable to the Resident's Estate.

### **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 with the exception of holiday and special occasion guest meals (see below).

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 Service's prices are exempt from Penick's 30-day pre-notification requirements.

Meal Allowances may not be used for raw, frozen or seared meat, bulk food orders. Guest meals on the following holidays are **not** allowed to be charged to Meal Allowance: Thanksgiving, Christmas, Valentine's Day or others as determined by Penick Village Dining Services.

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.

### **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 is 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 the Southern Pines/Pinehurst area, 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 (i.) appropriate comprehensive insurance typically referred to as renter's insurance as well as (ii.) flood and (iii.) 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 and may include an entrance fee.

### **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:

- Holiday 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.

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

### **Monthly Service and Daily Service Fees**

A listing of current Independent Living and Assisted Living / Garden Cottage Entrance Fees, Independent Living Monthly Service Fees, Assisted Living, Garden Cottage and Skilled Nursing Center daily fees are included in the below “Penick Village Fees” effective January 1, 2022 section.

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

Penick 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 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 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 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 payers such as Medicare.

### **Payment Due Date**

Penick will automatically draft payments from the resident's designated account the fifteenth (15<sup>th</sup>) day of each month, or on the business day prior if the 15<sup>th</sup> of the month falls on a weekend and holidays, for accumulated service fees and miscellaneous expenses.

### **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 Skilled Nursing Center, 14 days per calendar year for such services.

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

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

In the case of Double Occupancy, should one or both residents have a temporary need for Assisted Living or Nursing services while they are still occupying the Independent Living Residence, he/she will be required to pay the prevailing Monthly Service Fee plus the prevailing second person Monthly Service Fee for his/her Independent Living Residence.

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 in any one calendar year. Therefore, in any one calendar year, should a resident use the maximum 28 days, a spouse may not donate the aforementioned 7 days to extend that maximum beyond 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.

Independent Living rates are monthly; Skilled Nursing, Garden Cottage, and Assisted Living rates are daily.

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 Statue 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, 2021 was \$2,007,067.
- **Operating Reserve:** Section 58-64-33 of the North Carolina General Statutes requires Continuing Care Retirement Facilities that maintain an as-defined occupancy level in excess of 90% to establish an Operating Reserve equal to 25% of its following fiscal year's projected operating expenses as detailed in the compiled Five-Year Forecast, otherwise a 50% Operating Reserve is required.

At September 30, 2021 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 \$3.826 million.

Subsequent to completion of the fiscal 2021 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 2022 required Operating Reserve was calculated to be \$3.73 million. Penick Village will adjust its fiscal 2022-related internally-prepared Balance Sheet to reflect the \$3.73 million required Operating Reserve.

At December 31, 2021, the Operating Reserve Fund's market value was \$5.824 million. 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, 2022)**

|                                 | <b><u>Beginning on Page</u></b> |
|---------------------------------|---------------------------------|
| ➤ Independent Living            | 26                              |
| ➤ Healthcare:                   |                                 |
| ○ Residential Assisted Living   | 29                              |
| ○ Garden Cottage                | 29                              |
| ○ Skilled Nursing               | 29                              |
| ➤ Home Care                     | 30                              |
| ➤ Five Fiscal Years 2018 – 2022 | 31                              |



**RATE SCHEDULE**  
Pricing effective January 01, 2022

|  | Square Footage | Basic Entrance Fee | Monthly Service Fee<br><i>Single / With 2nd Person</i> |
|--|----------------|--------------------|--|
| Weymouth - Cottage<br><i>2 Bedroom</i> | 1,300-2,200    | \$241,020 and up   | \$3,717 / \$4,972                                      |
| Dogwood - Home<br><i>2 Bedroom</i>     | 1,900 - 2,070  | \$352,260 and up   | \$4,773 \$6,028  |
| Longleaf - Home<br><i>2 Bedroom</i>    | 2,100 - 2,200  | \$389,340 and up   | \$4,773 \$6,028  |
| Magnolia - Home<br><i>2 Bedroom</i>    | 2,100 - 2,400  | \$389,340 and up   | \$4,773 \$6,028  |

- Prices are subject to change, and may be higher due to upgrades and/or additional square footage.
- All square footage and pricing are approximate.
- 2nd person Monthly Service Fee is \$1,255
- See your Sales Counselor for residence-specific information.



## PARKVIEW & WHARTON APARTMENTS

### RATE SCHEDULE

Effective January 01, 2022

| Apartments                            | Square Footage | Basic Entrance Fee | Monthly Service Fee<br><i>Single / With 2nd Person</i> |
|---------------------------------------|----------------|--------------------|--|
| Topanga<br><i>1 Bedroom</i>           | 600            | \$108,150          | \$2,098 / \$3,353                                      |
| Acadia<br><i>1 Bedroom</i>            | 650            | \$117,163          | \$2,273 / \$3,528                                      |
| *Boyd<br><i>1 Bedroom</i>             | 800            | \$144,200          | \$2,520 / \$3,775                                      |
| Lincoln<br><i>1 Bedroom with den</i>  | 1,050          | \$200,078          | \$3,087 / \$4,342                                      |
| *Sierra<br><i>1 Bedroom with den</i>  | 1,095          | \$208,652          | \$3,219 / \$4,474                                      |
| *Umstead<br><i>1 Bedroom with den</i> | 1,130          | \$215,322          | \$3,322 / \$4,577                                      |
| Griffith<br><i>2 Bedroom</i>          | 1,300          | \$254,410          | \$3,413 / \$4,668                                      |
| Franklin<br><i>2 Bedroom</i>          | 1,500          | \$301,275          | \$3,938 / \$5,193                                      |
| Aurora<br><i>2 Bedroom with den</i>   | 1,500          | \$301,275          | \$3,938 / \$5,193                                      |
| Hyde<br><i>2 Bedroom with den</i>     | 1,600          | \$321,360          | \$4,200 / \$5,455                                      |

- Prices are subject to change, and may be higher due to upgrades.
- All square footage and pricing are approximate.
- Price includes one covered parking space per apartment
- 2nd person Monthly Service Fee is \$1,255

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



**PENICK  
VILLAGE**

# WOODLANDS APARTMENTS

## RATE SCHEDULE

Effective January 01, 2022



| Apartments                            | Square Footage | Basic Entrance Fee | Monthly Service Fee<br><i>Single / With 2nd Person</i> |
|---------------------------------------|----------------|--------------------|--|
| Crape Myrtle<br><i>1 Bedroom</i>      | 700            | \$104,545          | \$2,095 / \$3,350                                      |
| Linden<br><i>1 Bedroom</i>            | 850            | \$126,948          | \$2,544 / \$3,799                                      |
| Periwinkle<br><i>1 Bedroom</i>        | 1,000          | \$154,500          | \$2,940 / \$4,195                                      |
| Redbud<br><i>1 Bedroom with den</i>   | 1,000          | \$154,500          | \$2,940 / \$4,195                                      |
| Birch<br><i>2 Bedroom</i>             | 1,250          | \$199,563          | \$3,281 / \$4,536                                      |
| Pin Oak<br><i>2 Bedroom</i>           | 1,500          | \$239,475          | \$3,780 / \$5,035                                      |
| Poplar<br><i>2 Bedroom with den</i>   | 1,700          | \$271,405          | \$4,106 / \$5,361                                      |
| Chestnut<br><i>2 Bedroom with den</i> | 1,900          | \$303,335          | \$4,589 / \$5,844                                      |

- Prices are subject to change, and may be higher due to upgrades.
- All square footage and pricing are approximate.
- Covered parking available for purchase, based on availability
- 2nd person Monthly Service Fee is \$1,255

**Penick Village, Inc. - Healthcare - Fiscal 2022 ("F22") Fees / Rates**  
**Effective January 1, 2022**

| <u>Residential Assisted Living</u>        | Entrance Fee<br>Direct-Admit | Daily Rate -<br>Internal | Daily Rate -<br>Direct-Admit          | Qty.      |
|---|------------------------------|--------------------------|---------------------------------------|-----------|
| Studio                                    | \$ 2,060                     | \$ 179                   | \$184                                 | 8         |
| Large Studio                              | \$ 3,605                     | \$ 215                   | \$223                                 | 2         |
| Extended Studio                           | \$ 4,120                     | \$ 223                   | \$239                                 | 3         |
| 1 Bedroom                                 | \$ 5,150                     | \$ 256                   | \$279                                 | 17        |
| 2 Bedroom                                 | \$ 10,300                    | \$ 296                   | \$323                                 | 1         |
|   |                              |                          | <i>Closed residences</i> <sup>2</sup> | 12        |
|   |                              |                          | <i>Open residences</i> <sup>2</sup>   | 19        |
|   |                              |                          |                                       | <u>31</u> |
| 2nd Person Fee                            |                              | \$ 162                   | \$176                                 |           |
| <br><u>Garden Cottage</u>                 |                              |                          |                                       |           |
| Daily Rate                                |                              | \$ 246                   | \$ 256                                | <u>10</u> |
| Entrance Fee                              | \$ 10,300                    |                          |                                       |           |
| <br><u>Skilled Nursing</u> <sup>1</sup> : |                              |                          |                                       |           |
| Daily Rate                                | \$ -                         | \$ 344                   | \$ 344                                | <u>50</u> |
|   |                              |                          | <i>Open residences</i> <sup>2</sup>   | 33        |
|   |                              |                          | <i>Closed residences</i> <sup>2</sup> | 17        |
|   |                              |                          |                                       | <u>50</u> |

<sup>1</sup> All residences are Medicare-qualified and 18 are Medicaid-qualified.

<sup>2</sup> An "open" residence may be occupied by either a "direct-admit" or a "through the continuum" resident. A "closed" residence may be occupied only by a "through the continuum" resident.

**Penick Village, Inc.**  
**Effective January 1, 2022**  
**Home Care**

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

## Penick Village, Inc.

### 1st Person Monthly Service Fees - Five Fiscal Years Ended Sept. 30 2017 - 2021<sup>1</sup>

|   | <u>F2017</u>  | <u>F2018</u> | <u>F2019</u> | <u>F2020</u> | <u>F2021</u> |
|---|---------------|--------------|--------------|--------------|--------------|
| Weymouth Cottages (starting at)                           | \$ 3,278      | \$ 3,335     | \$ 3,436     | \$ 3,540     | \$ 3,646     |
| Woodland Homes - Dogwood , Longleaf and Magnolia          | 4,087         | 4,159        | 4,285        | 4,414        | 4,546        |
| Woodlands Apt. - Crape Myrtle                             | 2,096         | 2,133        | 2,197        | 2,263        | 2,331        |
| Woodlands Apt. - Linden                                   | 2,296         | 2,336        | 2,408        | 2,480        | 2,554        |
| Woodlands Apt. - Redbud, Periwinkle                       | 2,692         | 2,739        | 2,821        | 2,906        | 2,993        |
| Woodlands Apt. - Birch                                    | 2,885         | 2,935        | 3,023        | 3,114        | 3,207        |
| Woodlands Apt. - Pin Oak                                  | 3,278         | 3,335        | 3,436        | 3,540        | 3,646        |
| Woodlands Apt. - Poplar                                   | 3,538         | 3,600        | 3,708        | 3,820        | 3,935        |
| Woodlands Apt. - Chestnut                                 | 3,737         | 3,802        | 3,916        | 4,034        | 4,155        |
| Parkview Apt. - Topanga and Acadia                        | 1,957         | 1,991        | 2,051        | 2,113        | 2,176        |
| Parkview Apt. - Lincoln                                   | 2,678         | 2,725        | 2,807        | 2,892        | 2,979        |
| Parkview Apt. - Griffith                                  | 2,884         | 2,934        | 3,022        | 3,113        | 3,206        |
| Parkview Apt. - Aurora and Franklin                       | 3,193         | 3,249        | 3,346        | 3,447        | 3,550        |
| Parkview Apt. - Hyde                                      | 3,502         | 3,563        | 3,670        | 3,781        | 3,894        |
| Wharton Apt. - Topanga                                    |               |              |              | 2,113        | 2,176        |
| Wharton Apt. - Acadia                                     | -             | -            | -            | 2,113        | 2,176        |
| Wharton Apt. - Boyd                                       | -             | -            | -            | 2,440        | 2,513        |
| Wharton Apt. - Lincoln                                    | -             | -            | -            | 2,892        | 2,979        |
| Wharton Apt. - Sierra                                     | -             | -            | -            | 2,912        | 2,999        |
| Wharton Apt. - Umstead                                    | -             | -            | -            | 2,949        | 3,037        |
| Wharton Apt. - Griffith                                   | -             | -            | -            | 3,113        | 3,206        |
| Wharton Apt. - Aurora and Franklin                        | -             | -            | -            | 3,447        | 3,550        |
| Wharton Apt. - Hyde                                       | -             | -            | -            | 3,781        | 3,894        |
| Independent Living - Second Person Fee                    | 935           | 950          | 950          | 975          | 1,195        |
| Daily Rate - Assisted Living - Internal                   | \$152 - \$245 | \$155-\$232  | \$160-\$290  | \$170-\$299  | \$179-\$296  |
| Daily Rate - Assisted Living - Direct-Admit               |               |              |              |              | \$184-\$323  |
| Daily Rate - Ass't Living - Garden Cottage - Internal     | 210           | 214          | \$220-\$230  | \$227-\$237  | \$ 246       |
| Daily Rate - Ass't Living - Garden Cottage - Direct-Admit |               |              |              |              | \$ 256       |
| Daily Rate - Nursing Care                                 | 295           | 300          | 309          | 318          | 344          |
| Annual % Rate Increase (Effective Each January 1st)       | 3%            | 1.75%        | 3%           | 3%           | 3%           |
| Average IL Monthly 1st-Person Rate Increase <sup>2</sup>  | \$ 88         | \$ 53        | \$ 92        | \$ 95        | \$ 93        |

<sup>1</sup> Includes only residences available at January 1, 2022. Fiscal years 2017 - 2020 exclude The Wharton.

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

**Penick Village, Inc.**  
**Fiscal 2021 Actual Vs. Forecast**  
**Variance Analysis (Actual vs. Projection)**

|                                   | <b><u>Beginning on Page</u></b> |
|-----------------------------------|---------------------------------|
| ➤ Summary Balance Sheet           | 33                              |
| ➤ Summary Statement of Operations | 35                              |
| ➤ Summary Statement of Cash-Flow  | 37                              |
| ➤ Variance Analysis – Notes       | 38                              |



Penick Village, Inc.

Consolidated Summary Balance Sheet - September 30, 2021

Actual vs. Projection - \$000s Omitted

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

Key: MM = millions, K = thousands

|   | <u>Notes</u> | <u>F21 Audit Results</u> | <u>F21 Projection<sup>2</sup></u> | <u>Variance Amt.<sup>1</sup></u> | <u>Variance Percent<sup>1</sup></u> |
|---|--------------|--------------------------|-----------------------------------|----------------------------------|-------------------------------------|
| <b>ASSETS</b>                                     |              |                          |                                   |                                  |                                     |
| <b>Current Assets</b>                             |              |                          |                                   |                                  |                                     |
| Cash and Cash Equivalents                         | 1            | \$ 5,746                 | \$ 4,399                          | \$ 1,347                         | 30.6%                               |
| Assets Limited as to Use, Current                 |              | 515                      | 140                               | 375                              | 267.5%                              |
| Investments                                       | 2            | 9,916                    | 7,593                             | 2,323                            | 30.6%                               |
| Receivables                                       |              |                          |                                   | -                                |                                     |
| Accounts and Notes, Net of Allowance              |              | 359                      | 385                               | (26)                             | -6.7%                               |
| Unconditional Promise to Give                     |              | 40                       | -                                 | 40                               | 100.0%                              |
| Other   |              | 90                       | 490                               | (400)                            | -81.7%                              |
| Prepaid Assets                                    |              | 264                      | 196                               | 68                               | 34.5%                               |
| <b>Total Current Assets</b>                       |              | <b>16,930</b>            | <b>13,203</b>                     | <b>3,726</b>                     | <b>28.2%</b>                        |
| <b>ASSETS LIMITED AS TO USE</b>                   |              |                          |                                   |                                  |                                     |
| Investment - Operating Reserve Investment         |              | 3,826                    | 3,826                             | -                                | 0.0%                                |
| Held by Trustee Under Bond Agreements             |              | 4,298                    | 4,079                             | 219                              | 5.4%                                |
| <b>Total Assets Limited As To Use, Noncurrent</b> |              | <b>8,124</b>             | <b>7,905</b>                      | <b>219</b>                       | <b>2.8%</b>                         |
| <b>INVESTMENTS, NET OF CURRENT</b>                |              | <b>329</b>               | <b>46</b>                         | <b>283</b>                       | <b>616.1%</b>                       |
| <b>PROPERTY AND EQUIPMENT, NET</b>                |              | <b>47,362</b>            | <b>45,063</b>                     | <b>2,299</b>                     | <b>5.1%</b>                         |
| <b>OTHER ASSETS</b>                               |              |                          |                                   |                                  |                                     |
| Deposits  |              | 2                        | 29                                | (27)                             | -92.8%                              |
| Interest Rate Cap Agreement                       |              | 4                        | 1                                 | 3                                | 331.8%                              |
| Beneficial Interest in Annuities                  |              | 211                      | 190                               | 21                               | 11.1%                               |
| Intangible Asset                                  |              | 77                       | 77                                | -                                | 0.0%                                |
| Invest In and Due From JA Greer Group, LLC        | 3            | -                        | 1,265                             | (1,265)                          | -100.0%                             |
| <b>Total Other Assets</b>                         |              | <b>294</b>               | <b>1,562</b>                      | <b>(1,267)</b>                   | <b>-81.2%</b>                       |
| <b>Total Assets</b>                               |              | <b>\$ 73,039</b>         | <b>\$ 67,779</b>                  | <b>\$ 5,260</b>                  | <b>7.8%</b>                         |

Penick Village, Inc.

Consolidated Summary Balance Sheet - September 30, 2021

Actual vs. Projection - \$000s Omitted

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

Key: MM = millions, K = thousands

|   | <u>Notes</u> | <u>F21 Audit Results</u> | <u>F21 Projection<sup>2</sup></u> | <u>Variance Amt.<sup>1</sup></u> | <u>Variance Percent<sup>1</sup></u> |
|---|--------------|--------------------------|-----------------------------------|----------------------------------|-------------------------------------|
| <b>LIABILITIES AND NET ASSETS</b>               |              |                          |                                   |                                  |                                     |
| <b>Current Liabilities</b>                      |              |                          |                                   |                                  |                                     |
| Current Maturities of Long-Term Debt            |              | \$ 334                   | \$ 260                            | 74                               | 28.3%                               |
| Current Maturities of Lease Liability           |              | 22                       | 13                                | 9                                | 66.9%                               |
| Payable from Assets Limited as to Use           |              | 103                      | 46                                | 57                               | 123.9%                              |
| Accounts Payable                                | 4            | 367                      | 1,106                             | (739)                            | -66.9%                              |
| Accrued Interest & Liabilities                  |              | 467                      | 709                               | (242)                            | -34.1%                              |
| Application and Prepaid Admission Deposits      |              | 142                      | 514                               | (372)                            | -72.3%                              |
| Refund Liability, Current                       | 5            | -                        | 550                               | (550)                            | -100.0%                             |
| Refundable Advance - Payroll Protection Program |              | -                        | -                                 | -                                | 0.0%                                |
| Deferred Revenue - Provider Relief Funds        |              | 83                       | -                                 | 83                               | 100.0%                              |
| <b>Total Current Liabilities</b>                |              | <b>1,517</b>             | <b>3,198</b>                      | <b>(1,681)</b>                   | <b>-52.6%</b>                       |
| <b>Refund Liability, Less Current Portion</b>   |              | <b>4,639</b>             | <b>4,422</b>                      | <b>217</b>                       | <b>4.9%</b>                         |
| <b>Deferred Revenue</b>                         |              | <b>18,002</b>            | <b>17,197</b>                     | <b>805</b>                       | <b>4.7%</b>                         |
| <b>Long-Term Debt, Less Current</b>             | 6            | <b>35,940</b>            | <b>33,138</b>                     | <b>2,802</b>                     | <b>8.5%</b>                         |
| <b>Lease Liability, Less Current</b>            |              | <b>5</b>                 | <b>5</b>                          | <b>(0)</b>                       | <b>0.0%</b>                         |
| <b>Total Liabilities</b>                        |              | <b>60,102</b>            | <b>57,960</b>                     | <b>2,142</b>                     | <b>3.7%</b>                         |
| <b>Net Assets</b>                               |              |                          |                                   |                                  |                                     |
| Without Donor Restrictions                      | 7            | 11,790                   | 8,871                             | 2,919                            | 32.9%                               |
| With Donor Restrictions                         |              |                          |                                   |                                  |                                     |
| Purpose Restricted                              |              | 817                      | 619                               | 199                              | 32.1%                               |
| Perpetually Restricted                          |              | 329                      | 329                               | -                                | 0.0%                                |
| Total With Donor Restrictions                   |              | 1,147                    | 948                               | 199                              | 21.0%                               |
| <b>Total Net Assets</b>                         |              | <b>12,937</b>            | <b>9,819</b>                      | <b>3,118</b>                     | <b>31.8%</b>                        |
| <b>Total Liabilities and Net Assets</b>         |              | <b>\$ 73,039</b>         | <b>\$ 67,779</b>                  | <b>\$ 5,260</b>                  | <b>7.8%</b>                         |

<sup>1</sup> Audit results increase (decrease) vs. Forecast.

<sup>2</sup> Whereas the audit results include the two affiliates -- The Penick Village Foundation, Inc. and The JA Greer Group, LLC -- the Projection does not.

**Penick Village, Inc.**  
**Consolidated Summary Statement of Operations**  
**For The Fiscal Year Ended September 30, 2021 ("F21")**

**Actual vs. Projection - \$000s Omitted**

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

**Key: MM = millions, K = thousands**

|  | <u>Notes</u> | <u>F21 Audit Results</u> | <u>F21 Projection<sup>2</sup></u> | <u>Variance Amt.<sup>1</sup></u> | <u>Variance Percent<sup>1</sup></u> |
|--|--------------|--------------------------|-----------------------------------|----------------------------------|-------------------------------------|
| <b>REVENUES, GAINS AND OTHER SUPPORT</b>       |              |                          |                                   |                                  |                                     |
| Independent Living                             |              | \$ 6,725                 | \$ 6,703                          | \$ 22                            | 0.3%                                |
| Healthcare Revenue                             | <b>8</b>     | 6,694                    | 7,828                             | (1,134)                          | -14.5%                              |
| Less: Contractual Adjustments                  |              | (670)                    | (779)                             | 109                              | 14.0%                               |
| <i>Resident Service Revenue</i>                |              | <i>12,749</i>            | <i>13,752</i>                     | <i>(1,003)</i>                   | <i>-7.3%</i>                        |
| Earned Entrance Fees                           | <b>9</b>     | 3,397                    | 2,737                             | 660                              | 24.1%                               |
| Other Operating Income                         | <b>10</b>    | 1,143                    | 399                               | 744                              | 186.4%                              |
| Contributions - Payroll Protection Program     |              | 1,720                    | 1,720                             | 0                                | 0.0%                                |
| Contributions                                  |              | 690                      | 750                               | (60)                             | -8.0%                               |
| Provider Relief Funds                          |              | -                        | 302                               | (302)                            | -100.0%                             |
| Net Assets Released from Restriction           |              | 2                        | -                                 | 2                                | 100.0%                              |
| <b>Total Revenues, Gains and Other Support</b> |              | <b>19,701</b>            | <b>19,660</b>                     | <b>41</b>                        | <b>0.2%</b>                         |
| <b>OPERATING EXPENSES</b>                      |              |                          |                                   |                                  |                                     |
| <b>Program Services</b>                        |              |                          |                                   |                                  |                                     |
| Dining Services                                | <b>11</b>    | 2,595                    | 3,076                             | 481                              | 15.6%                               |
| Housekeeping                                   |              | 660                      | 762                               | 102                              | 13.4%                               |
| Nursing  |              | 2,984                    | 3,317                             | 333                              | 10.0%                               |
| Residential Assistant Living                   |              | 521                      | 598                               | 77                               | 12.9%                               |
| Residents Services and Transportation          |              | 261                      | 190                               | (71)                             | -37.5%                              |
| Facility Services and Utilities                |              | 1,968                    | 2,076                             | 108                              | 5.2%                                |
| Life Enrichment                                |              | 300                      | 342                               | 42                               | 12.4%                               |
| Home Care                                      |              | 1,022                    | 997                               | (25)                             | -2.5%                               |
| Garden Cottage                                 |              | 408                      | 430                               | 22                               | 5.2%                                |
| <b>Total Program Services</b>                  |              | <b>10,719</b>            | <b>11,788</b>                     | <b>1,069</b>                     | <b>9.1%</b>                         |
| <b>Support Services</b>                        |              |                          |                                   |                                  |                                     |
| General and Administrative                     |              | 2,291                    | 2,235                             | (56)                             | -2.5%                               |
| Human Resources                                |              | 434                      | 357                               | (77)                             | -21.6%                              |
| Information Technology                         |              | 515                      | 470                               | (45)                             | -9.6%                               |
| Marketing and Development                      |              | 426                      | 449                               | 23                               | 5.1%                                |
| Depreciation                                   |              | 2,165                    | 2,192                             | 27                               | 1.2%                                |
| Interest and Amortization                      |              | 1,601                    | 1,539                             | (62)                             | -4.0%                               |
| <b>Total Support Services</b>                  |              | <b>7,433</b>             | <b>7,242</b>                      | <b>(191)</b>                     | <b>-2.6%</b>                        |
| <b>Total Operating Expenses</b>                |              | <b>18,152</b>            | <b>19,030</b>                     | <b>878</b>                       | <b>4.6%</b>                         |
| <b>OPERATING INCOME (LOSS)</b>                 |              | <b>1,550</b>             | <b>630</b>                        | <b>920</b>                       | <b>146.0%</b>                       |

**Penick Village, Inc.**  
**Consolidated Summary Statement of Operations**  
**For The Fiscal Year Ended September 30, 2021 ("F21")**

**Actual vs. Projection - \$000s Omitted**

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

**Key: MM = millions, K = thousands**

|  | <u>Notes</u> | <u>F21 Audit Results</u> | <u>F21 Projection<sup>2</sup></u> | <u>Variance Amt.<sup>1</sup></u> | <u>Variance Percent<sup>1</sup></u> |
|--|--------------|--------------------------|-----------------------------------|----------------------------------|-------------------------------------|
| <b>NONOPERATING INCOME (LOSS)</b>  |              |                          |                                   |                                  |                                     |
| Interest and Dividends   |              | 272                      | 358                               | (86)                             | -24.1%                              |
| Realized Gains (Losses) on Sale of Investments,<br>Net of Expenses   | 12           | 489                      | -                                 | 489                              | 100.0%                              |
| Net Unrealized Gains on Investments  | 12           | 1,084                    | -                                 | 1,084                            | 100.0%                              |
| Unrealized Gain (Loss) on Fair Value of Interest<br>Rate Cap Agreement   |              | 4                        | -                                 | 4                                | 100.0%                              |
| Loss on Refunding of Long-Term Debt  |              | -                        | -                                 | -                                |                                     |
| Loss on Disposal of Assets   | 13           | (772)                    | -                                 | (772)                            | -100.0%                             |
| <b>Total Nonoperating Income</b>   |              | <b>1,076</b>             | <b>358</b>                        | <b>718</b>                       | <b>200.6%</b>                       |
| <b>EXCESS OF REVENUES, GAINS AND OTHER SUPPORT<br/>OVER EXPENSES AND INCREASE IN NET ASSETS<br/>WITHOUT DONOR RESTRICTIONS</b> |              |                          |                                   |                                  |                                     |
|  |              | <b>2,626</b>             | <b>988</b>                        | <b>1,638</b>                     | <b>165.8%</b>                       |
| <b>PURPOSE RESTRICTED NET ASSETS</b>   |              |                          |                                   |                                  |                                     |
| Change in Fair Value of Split-Interest Agreement   |              | 21                       | -                                 | 21                               | 100.0%                              |
| Contributions  |              | 2                        | -                                 | 2                                | 100.0%                              |
| Interest and Dividends   |              | 7                        | -                                 | 7                                | 100.0%                              |
| Realized Gains (Losses) on Sale Investments,<br>Net of Expenses  |              | 17                       | -                                 | 17                               | 100.0%                              |
| Net Unrealized Gains on Investments  |              | 64                       | -                                 | 64                               | 100.0%                              |
| Net Assets Released from Restriction   |              | (2)                      | -                                 | (2)                              | -100.0%                             |
| <b>Increase in Purpose Restricted Net Assets</b>   |              | <b>109</b>               | <b>-</b>                          | <b>109</b>                       | <b>100.0%</b>                       |
| <b>INCREASE IN NET ASSETS</b>  |              | <b>2,735</b>             | <b>988</b>                        | <b>1,747</b>                     | <b>176.8%</b>                       |
| Net Assets, Beginning of Year  |              | 10,202                   | 8,831                             | 1,371                            | 15.5%                               |
| <b>NET ASSETS, END OF YEAR</b>   |              | <b>\$ 12,937</b>         | <b>\$ 9,819</b>                   | <b>\$ 3,118</b>                  | <b>192.4%</b>                       |

<sup>1</sup> Audit results are favorable (unfavorable) vs. Forecast.

<sup>2</sup> Whereas the audit results include the two affiliates -- The Penick Village Foundation, Inc. and The JA Greer Group, LLC -- the Projection does not.

Penick Village, Inc.

Consolidated Summary Statement of Cash-Flow

For The Fiscal Year Ended September 30, 2021 ("F21")

Actual vs. Projection - \$000s Omitted

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

Key: MM = millions, K = thousands

|  | <u>Notes</u> | <u>F21 Audit Results</u> | <u>F21 Projection<sup>2</sup></u> | <u>Variance Amt.<sup>1</sup></u> | <u>Variance Percent<sup>1</sup></u> |
|--|--------------|--------------------------|-----------------------------------|----------------------------------|-------------------------------------|
| Net Cash Provided (Used) by Operating Activities                         | 14           | \$ 2,089                 | \$ 2,596                          | \$ (507)                         | -19.5%                              |
| Net Cash Provided (Used) by Operating Activities                         | 15           | (1,083)                  | (3,058)                           | 1,975                            | 64.6%                               |
| Net Cash Provided (Used) by Operating Activities                         |              | (1,038)                  | (1,301)                           | 263                              | 20.2%                               |
| <b>INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b> |              | <b>(32)</b>              | <b>(1,763)</b>                    | <b>1,731</b>                     | <b>98.2%</b>                        |
| Cash, Cash Equivalents and Retricted Cash - Beginning of Year            |              | 10,590                   | 10,427                            | 163                              | 1.6%                                |
| <b>Cash, Cash Equivalents and Retricted Cash - End of Year</b>           |              | <b>\$ 10,558</b>         | <b>\$ 8,664</b>                   | <b>\$ 1,894</b>                  | <b>21.9%</b>                        |
| Cash and Cash Equivalents  | 16           | \$ 5,746                 | \$ 4,399                          | \$ 1,347                         | 23.4%                               |
| Restricted Cash - Assets Limited as to Use                               | 17           | 4,812                    | 4,265                             | 547                              | 12.8%                               |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b>                  |              | <b>\$ 10,558</b>         | <b>\$ 8,664</b>                   | <b>\$ 1,894</b>                  | <b>21.9%</b>                        |

<sup>1</sup> Audit results are favorable (unfavorable) vs. Forecast.

<sup>2</sup> Whereas the audit results include the two affiliates -- The Penick Village Foundation, Inc. and The JA Greer Group, LLC -- the Projection does not.

**Notes (References to "PV" represent stand-alone Penick Village, exclusive of the affiliates):**

- 1** The variance primarily resulted from (a.) \$1.132MM increased actual PV net entrance fees, (b.) \$225K Foundation and JA Greer unrestricted cash (combined) and (c.) (\$10K) all other, net. [ $\$1.132 + \$225K - \$10K = \$1.347MM$ ]
- 2** The variance primarily resulted from the audit results including (a.) \$2.223MM Foundation investments and (b.) \$100K all other, net. [ $\$2.223MM + \$100K = \$2.323MM$ ]
- 3** The variance primarily resulted from the audit eliminating this balance in reporting consolidated results.
- 4** The variance primarily resulted from (a.) the aforementioned favorable net entrance fees cash-flow being partially applied to pay-down payables as well as (b.) PV's total operating expenses, excluding depreciation, being \$1.216MM less than Forecast
- 5** As cash was available, management elected to pay all then currently-due PV entrance fee refunds prior to fiscal year-end.
- 6** The variance was entirely due to the audit results including \$2.802MM of long-term debt owed by JA Greer, LLC.
- 7** The variance primarily resulted from (a.) \$1.595MM from The Foundation and JA Greer, LLC (combined), (b.) \$1.434MM increase in net assets from Penick Village, Inc. vs. Projection and (c.) (\$110K) all other, net. [ $\$1.595MM + \$1.434MM - \$110K = \$2.919MM$ ]
- 8** Exacerbated by the continuing effects of COVID, PV experienced the following unfavorable F21 Healthcare occupancy rates: Skilled Nursing: 92.3% Projection, 65.6% actual, Ass't Living / Garden Cottage: 87.1% Projection, 76% actual. In turn, these unfavorable occupancy rates were the primary drivers of Healthcare's unfavorable revenue performance.
- 9** This variance resulted from PV realizing favorably higher-than-Projected F21 (primarily) Independent Living move-ins and the corresponding favorable effect that had on F21 earned entrance fees.
- 10** \$402K of this variance relates to the audit results including \$402K of JA Greer, LLC income in this line. The remaining \$342K variance primarily relates to favorable-to-Projection income PV derived from upgrade fees associated with resident upgrading/remodeling their residences.
- 11** While a portion of this variance relates to lower raw food expenses (\$96K) owing to the aforementioned lower occupancy rates, the greater portion is primarily due to favorably lower payroll-related expenses including salaries/wages, employer payroll taxes and employee benefits.
- 12** As a matter of policy, PV does not Project market-related gains and losses. Accordingly, 100% of the audit results will always be a variance to the Projection.
- 13** Anticipating commencement of its latest expansion initiative on the same footprint acreage, in F21 PV decided to write-off the remaining, not-Projected, net book value of a former, now-empty residence building.

**Notes (References to "PV" represent stand-alone Penick Village, exclusive of the affiliates):**

- 14** Variance primarily consists of: (a.) a \$1.747MM favorable "increase in net assets" variance, offset by (b.) \$313K \$313K "increase in net assets" applicable to the two affiliates (combined) and (c.) \$1.958MM "mark to market" (i.e., not cash) net gains recorded in F21. [ $\$1.747\text{MM} - \$313\text{K} - \$1.958\text{MM} = \$(524\text{K})$ .]
- 15** Primarily consists of (a.) \$1.122MM reporting difference between the audit results and the Projection regarding net non-cash investment gains/losses and (b.) \$853K less spending by PV on "purchases of property and equipment" primarily its Healthcare renovation and campus expansion projects. Both projects are being reexamined during F22. [ $\$1.122\text{MM} + \$853\text{K} = \$1.975\text{MM}$ ]
- 16** This variance primarily results from (a.) a net \$411K, 8.7%, increase in PV's year-over-year "cash and cash equivalents" itself primarily a result of the amount of entrance fees received during Q4 F2021, (b.) \$368K included in the audit's amount but NOT the Projection re: cash in the Organization's fiscal year-end Investment Funds that, for audit reporting purposes, are classified as "cash and cash equivalents," (c.) \$225K not included in the Projection representing the combined Foundatrion and JA Greer amount included in the audit and (d.) \$343K representing the non-restricted component of the Organization's "Restricted" investment fund. [ $\$411\text{K} + \$368\text{K} + \$225\text{K} + \$343\text{K} = \$1.347\text{MM}$ ]
- 17** PV did not expend what it F21 Budgeted for two major property and equipment iniitaives the primary funding for which would have come from one of the "restricted cash - assets limited as to use" accounts. Accordingly, the corresponding account had a higher-than-Projected fiscal year-end balance.

**Penick Village, Inc.**  
**Internally-Prepared, Unaudited Interim Financial Statements**  
**For the Three Months Ended December 31, 2021**  
**(Excludes Affiliates)**

|                                   | <b><u>Beginning on Page</u></b> |
|-----------------------------------|---------------------------------|
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| ➤ Summary Statement of Operations | 42                              |
| ➤ Statement of Cash-Flow          | 44                              |



Penick Village, Inc.  
Quarterly Report - Quarter-Ended December 31, 2021  
Summary Balance Sheet

**ASSETS:**

| <b><u>Current Assets</u></b>             | <b><u>12/31/21</u></b>      |
|--|-----------------------------|
| Cash - Unrestricted                      | \$ 4,589,642                |
| Cash - Assets Limited to Use             | 107,094                     |
| Investments - Unrestricted               | 8,706,480                   |
| Accounts, Notes & Other Receivables, Net | 508,876                     |
| Prepaid Expenses                         | 298,730                     |
| <i>Total Current Assets</i>              | <u>14,210,821</u>           |
| Cash & Investments - Restricted (2)      | 9,127,639                   |
| Property, Plant & Equipment, Net         | 43,560,833                  |
| <b><u>Other, Non-Current Assets</u></b>  |                             |
| Due From Affiliates                      | 1,672,004                   |
| All Other, Net                           | 294,613                     |
| <i>Total Other, Noncurrent Assets</i>    | <u>1,966,617</u>            |
| <b>TOTAL ASSETS</b>                      | <b><u>\$ 68,865,910</u></b> |

(1) Includes (i.) \$260K current portion of bonds payable, (ii.) \$69K current portion of unamortized bond premium and (iii.) \$608K in the Trustee's "clearing" account pending the next semi-annual payment.

(2) Includes: (i.) \$3.826MM required Operating Reserve, (ii.) \$4.972MM cash held by Trustee under bond agreements and (iii.) \$329K representing the restricted component of the "Restricted" Investment fund.

(3) Includes (i.) (\$1.057MM) unamortized cost of issuance, (ii.) \$2.205MM long-term portion of unamortized bond premium and (iii.) \$31.693MM long-term portion of bonds payable.

**LIABILITIES AND NET ASSETS**

| <b><u>Current Liabilities</u></b>   | <b><u>12/31/21</u></b>   |
|-------------------------------------|--------------------------|
| Bonds Payable - Current (1)         | \$ 937,310               |
| Accounts Payable - Trade            | 275,923                  |
| Accrued Payroll, Expenses           | 627,259                  |
| Refund Liability - Current Portion  | 442,395                  |
| Application/Prepaid Deposits        | 149,228                  |
| All Others                          | 211,286                  |
| <i>Total Current Liabilities</i>    | <u>2,643,401</u>         |
| <b><u>Long-Term Liabilities</u></b> |                          |
| Bonds Payable - Long-Term (3)       | 32,841,856               |
| Deferred Revenue                    | 17,240,075               |
| Refund Liability - Long-Term        | 4,189,431                |
| Lease Liability - Long-Term         | 1,626                    |
| <i>Total Long-Term Liabilities</i>  | <u>54,272,988</u>        |
| <b>TOTAL LIABILITIES</b>            | <b><u>56,916,389</u></b> |

**NET ASSETS**

|  |                   |
|--|-------------------|
| Without Donor Restrictions                 | 10,305,095        |
| Restricted Assets - Purpose Restricted     | 618,795           |
| Net Assets - Permanently Restricted        | 329,407           |
| Current Yr. Increase (Decrease) Net Assets | 696,223           |
| <i>Total Net Assets</i>                    | <u>11,949,521</u> |

**TOTAL LIABILITIES AND NET ASSETS** **\$ 68,865,910**

**Penick Village, Inc.**  
**Quarterly Report - Quarter-Ended December 31, 2021**  
**Summary Statement of Operations**

|  | <b>Q1 F22</b>           |
|--|-------------------------|
|  | <b><u>Actual</u></b>    |
| <b><u>Revenue - Resident Services:</u></b>           |                         |
| Independent Living Revenue                           | \$ 1,549,109            |
| Healthcare Revenue                                   | 1,498,248               |
| Home Care Revenue                                    | 293,823                 |
| Ancillary Charges Revenue                            | 174,084                 |
| <i>Gross Rev. - Resident Srvcs.</i>                  | <u>3,515,264</u>        |
| Contra-Revenues                                      | (248,200)               |
| <i>Net Resident Service Revenue</i>                  | <u>3,267,064</u>        |
| <b><u>Other Operating Revenue:</u></b>               |                         |
| Other Operating Revenue (1)                          | 72,545                  |
| Earned Entrance Fees                                 | 849,231                 |
| Contribution Income                                  | 384,758                 |
| <b>Total - Net Revenue</b>                           | <b><u>4,573,598</u></b> |
| <b><u>Operating Expenses - Program Services:</u></b> |                         |
| Dining Services                                      | 674,536                 |
| Facility Maintenance                                 | 329,314                 |
| Utilities  | 184,411                 |
| Housekeeping   | 192,359                 |
| Healthcare   | 976,526                 |
| Home Care  | 292,752                 |
| All Others   | 140,650                 |
| <i>Total - Program Services</i>                      | <u>2,790,548</u>        |

**Penick Village, Inc.**  
**Quarterly Report - Quarter-Ended December 31, 2021**  
**Summary Statement of Operations**

|  | <b>Q1 F22</b>            |
|--|--------------------------|
|  | <b><u>Actual</u></b>     |
| <b><u>Operating Expenses - Support Services:</u></b> |                          |
| General & Administrative                             | 417,894                  |
| Human Resources                                      | 106,024                  |
| Information Technology                               | 117,825                  |
| Insurance  | 138,481                  |
| All Others   | 86,464                   |
| Depreciation & Amortization Expense                  | 494,928                  |
| Interest Expense, Net of Amort. of Bond Premium      | 382,050                  |
| <i>Total - Support Services</i>                      | <u>1,743,667</u>         |
| <i>Total Operating Expenses</i>                      | <u>4,534,215</u>         |
| <b>Operating Income (Loss)</b>                       | <b>39,383</b>            |
| <b><u>Other (Income) Expense, Net:</u></b>           |                          |
| Investment (Income)                                  | (66,348)                 |
| Realized/Unrealized (G)/L on Investments             | (587,010)                |
| (G)/L on Disposition of Assets                       | -                        |
| All Others, Net (Income) Expense                     | (3,482)                  |
| <i>Total - Other (Income) Expense, Net</i>           | <u>(656,840)</u>         |
| <b>Increase (Decrease) In Net Assets</b>             | <b><u>\$ 696,223</u></b> |

**Penick Village, Inc.**  
**Quarterly Report - Quarter-Ended December 31, 2021**  
**Statement of Cash-Flow**


|  | <b>Q1 F22</b>              |
|--|----------------------------|
|  | <b><u>Actual</u></b>       |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>  |                            |
| Inc. (dec.) in net assets  | \$ 696,223                 |
| <i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i> |                            |
| Depreciation / amortization expense  | 494,204                    |
| Bad debt expense   | 12,000                     |
| Amortization - debt issuance costs   | 8,068                      |
| Amortization - bond premium  | (17,319)                   |
| Amortization - intangible assets   | 724                        |
| (Amortization) entrance fees   | (849,231)                  |
| Nonrefundable entrance fees received   | 412,800                    |
| Investment earnings  | (65,194)                   |
| Realized (gains) losses on sale of investments, net of exp.  | (85,965)                   |
| Unrealized (gains) losses on investments/other   | (485,965)                  |
| <i><u>Net changes in operating assets and liabilities:</u></i>                                       |                            |
| (Inc.) dec. in net accounts/notes receivable   | (113,460)                  |
| (Inc.) dec. in prepaids  | (34,044)                   |
| (Inc.) dec. in deposits  | -                          |
| (Inc.) dec. in due from affiliates   | (4,153)                    |
| Inc. (dec.) in accounts payable  | (90,620)                   |
| Inc. (dec.) in accrued expenses/liabilities/payroll  | 165,941                    |
| Inc. (dec.) in payables from assets limited to use   | 459,996                    |
| Inc. (dec.) in application & prepaid deposits  | 39,748                     |
| <b>Net Cash Provided by Operating Activities</b>   | <b><u>543,755</u></b>      |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>  |                            |
| (Inc.) dec. in assets limited to use   | (288,204)                  |
| Purchase PP&E  | (409,334)                  |
| <b>Net Cash Used by Investing Activities</b>   | <b><u>(697,539)</u></b>    |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>  |                            |
| Principal (payments) - long-term debt  | (65,000)                   |
| Inc. (dec.) in leases payable  | (2,954)                    |
| Refunds of entrance fees   | (332,580)                  |
|  | <b><u>(400,534)</u></b>    |
| <b>Net inc. (dec.) unrestricted cash</b>   | <b><u>(554,318)</u></b>    |
| Add: Beginning balance   | 5,143,959                  |
| <b>Ending bal. - unrestricted cash</b>   | <b><u>\$ 4,589,642</u></b> |

## Summary of Actuarial Analysis for Penick Village

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

**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, 2021, 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, 2021, dated November 29, 2021**

| Actuarial Criteria and Opinions                        | 9.30.2021 | 9.30.2020 | AVP Median  | ASOP#3 Minimum |
|--|-----------|-----------|---|----------------|
| 1. Funded Status                                       | 123.5%    | 119.6%    | 106.2%  | 100.0%         |
| 2. New Entrant Pricing                                 |           |           |   |                |
| 48 Month Declining Refund                              | 10.0%     | 2.5%      |   |                |
| 50% Refundable   | 9.3%      | 2.2%      |   |                |
| 90% Refundable   | 2.3%      | (1.3%)    |   |                |
| Weighted Average                                       | 10.0%     | 2.5%      | 11.3%   | 0.0%           |
| 3. 10-Year Reserve Increase Factor                     | 1.92      | 1.66      | 2.20  | >\$0 balance   |
| Unified Funded Status<br>(Combines Criteria #1 and #2) | 137.7%    | 122.8%    | 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, 2021, to 148 units as of September 30, 2022, and level thereafter maintaining an average occupancy of 97.4%. During the prior three years, average ILU occupancy was 90.5%, 93.4%, and 90.1%.
2. Average annual assisted living/memory care occupancy decreased from 85.4% to 78.0% and average annual nursing care occupancy decreased from 72% to 64.0%.
3. In prior fiscal year (2021), average occupancy for ILU was 90.5%; 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 2022 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 (3.5%) throughout the projection period. Monthly fees are assumed to increase by 3.5% annually and per diem rates by 3.5% annually. Budgeted operating expenses excluding interest and depreciation for fiscal year 2022 were (0.4%) under audited operating expenses for fiscal year 2021 and are assumed to increase by 3.5% annually.
6. Residents are assumed to be able to pay projected monthly fees, and assessment of this capability was beyond the scope of the actuarial study engagement. Management believes this assumption is valid or that other funds not accounted for in the actuarial study will be sufficient to cover any shortfall.
7. The difference between interest earnings/discount rate and expense inflation (“real rate-of-return”) is 1.5%.
8. Projected capital expenditures are adequate to maintain the market position of the community and total \$15.2 million during the next 10 years.
9. Projected accumulated cash balances are all available for the exclusive benefit of contractholders and all cash outflows have been reflected in the report to 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 lower operating expenses, lower health care utilization, or higher average occupancy may occur such that their impact will mitigate any adverse variation in previously listed baseline assumptions.

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

This summary is prepared for use as statutory disclosure of the actuarial study conducted on Penick Village as of September 30, 2021, and submitted to the Board of Penick Village on November 29, 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, 2021 and 2020                       |
| Attachment 2 | Projected Financial Statements and Independent Accountants' Compilation Report for the Years Ending September 30, 2022 - 2026 |
| Attachment 3 | Independent Living Residency Agreement  |
| Attachment 4 | Healthcare Residence and Services Agreement   |
| Attachment 5 | Future Residency Program Agreement  |
| Attachment 6 | Short-Term Healthcare Residence and Services Agreement  |



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

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**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**



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**PENICK VILLAGE, INC. AND AFFILIATES  
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## 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, 2021 and 2020, 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 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, 2021 and 2020, 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.

**Emphasis-of-Matter Regarding Changes in Accounting Principles**

As discussed in Note 1 to the financial statements, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.

**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 34 to 37 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, 2022

**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2021 AND 2020**

| <b>ASSETS</b>  | 2021          | 2020          |
|--|---------------|---------------|
| <b>CURRENT ASSETS</b>                                  |               |               |
| Cash and Cash Equivalents                              | \$ 5,745,837  | \$ 5,291,682  |
| Assets Limited as to Use, Current Portion              | 514,555       | 391,646       |
| Investments  | 9,915,976     | 7,838,409     |
| Receivables:   |               |               |
| Accounts and Notes, Net of Allowance                   | 359,337       | 390,768       |
| Unconditional Promise to Give                          | 40,000        | 40,000        |
| Other  | 89,794        | 256,031       |
| Prepaid Assets   | 264,686       | 252,750       |
| Total Current Assets                                   | 16,930,185    | 14,461,286    |
| <br><b>ASSETS LIMITED AS TO USE</b>                    |               |               |
| Investments – Operating Reserve Requirement            | 3,826,000     | 3,898,000     |
| Held by Trustee Under Bond Agreements                  | 4,297,696     | 4,906,613     |
| Total Assets Limited as to Use, Net of Current Portion | 8,123,696     | 8,804,613     |
| <br><b>INVESTMENTS, NET OF CURRENT</b>                 |               |               |
|  | 329,407       | 329,407       |
| <br><b>PROPERTY AND EQUIPMENT, NET</b>                 |               |               |
|  | 47,361,742    | 49,228,090    |
| <br><b>OTHER ASSETS</b>                                |               |               |
| Deposits   | 2,075         | 28,970        |
| Interest Rate Cap Agreement                            | 4,318         | 653           |
| Beneficial Interest in Annuities                       | 211,180       | 189,810       |
| Intangible Asset                                       | 76,765        | 79,662        |
| Total Other Assets                                     | 294,338       | 299,095       |
| Total Assets   | \$ 73,039,368 | \$ 73,122,491 |

See accompanying Notes to Consolidated Financial Statements.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

|   | 2021          | 2020          |
|---|---------------|---------------|
| <b>LIABILITIES AND NET ASSETS</b>               |               |               |
| <b>CURRENT LIABILITIES</b>                      |               |               |
| Current Maturities of Long-Term Debt            | \$ 333,667    | \$ 320,431    |
| Current Maturity of Lease Liability             | 21,692        | 11,428        |
| Payable from Assets Limited as to Use           | 102,978       | 46,433        |
| Accounts Payable                                | 366,543       | 711,658       |
| Accrued Liabilities                             | 467,000       | 727,704       |
| Application and Prepaid Admission Deposits      | 142,440       | 546,860       |
| Refund Liability, Current Portion               | -             | 549,918       |
| Refundable Advance - Payroll Protection Program | -             | 1,720,100     |
| Deferred Revenue - Provider Relief Funds        | 82,500        | 274,763       |
| Total Current Liabilities                       | 1,516,820     | 4,909,295     |
| <b>REFUND LIABILITY, LESS CURRENT PORTION</b>   | 4,639,326     | 4,761,656     |
| <b>DEFERRED REVENUE</b>                         | 18,001,586    | 16,923,740    |
| <b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>  | 35,939,980    | 36,308,362    |
| <b>LEASE LIABILITY, LESS CURRENT MATURITY</b>   | 4,580         | 17,612        |
| Total Liabilities                               | 60,102,292    | 62,920,665    |
| <b>NET ASSETS</b>                               |               |               |
| Without Donor Restrictions                      | 11,790,313    | 9,164,504     |
| With Donor Restrictions:                        |               |               |
| Purpose Restricted                              | 817,356       | 707,915       |
| Perpetually Restricted                          | 329,407       | 329,407       |
| Total With Donor Restrictions                   | 1,146,763     | 1,037,322     |
| Total Net Assets                                | 12,937,076    | 10,201,826    |
| Total Liabilities and Net Assets                | \$ 73,039,368 | \$ 73,122,491 |

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, 2021 AND 2020**

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b>  |                      |                      |
| Independent Living                         | \$ 6,725,425         | \$ 6,627,329         |
| Health Care Revenue                        | 6,693,783            | 7,562,308            |
| Less: Contractual Adjustments              | <u>(670,053)</u>     | <u>(851,900)</u>     |
| Resident Service Revenue                   | 12,749,155           | 13,337,737           |
| Earned Entrance Fees                       | 3,396,926            | 2,585,826            |
| Other Operating Revenue                    | 1,142,772            | 1,230,494            |
| Contributions - Payroll Protection Program | 1,720,100            | -                    |
| Contributions                              | 690,280              | 710,879              |
| Net Assets Released from Restriction       | <u>2,214</u>         | <u>2,000</u>         |
| Total Revenues, Gains, and Other Support   | <u>19,701,447</u>    | <u>17,866,936</u>    |
| <br><b>OPERATING EXPENSES</b>              |                      |                      |
| Program Services:                          |                      |                      |
| Dining Services                            | 2,595,362            | 2,820,234            |
| Housekeeping                               | 660,270              | 657,976              |
| Nursing                                    | 2,983,849            | 3,449,177            |
| Residential Assisted Living                | 520,993              | 595,311              |
| Resident Services                          | 178,608              | 178,571              |
| Facility Services                          | 1,967,929            | 1,943,302            |
| Life Enrichment                            | 299,544              | 321,346              |
| Home Care                                  | 1,022,289            | 958,976              |
| Garden Cottage                             | 407,521              | 475,556              |
| Transportation                             | <u>82,655</u>        | <u>98,460</u>        |
| Total Program Services                     | <u>10,719,020</u>    | <u>11,498,909</u>    |
| Support Services:                          |                      |                      |
| General and Administrative                 | 2,291,336            | 2,045,278            |
| Human Resources                            | 434,029              | 403,847              |
| Information Technology                     | 514,974              | 492,856              |
| Marketing and Development                  | 426,323              | 332,158              |
| Depreciation                               | 2,165,010            | 2,176,137            |
| Interest and Amortization                  | <u>1,601,194</u>     | <u>1,351,167</u>     |
| Total Supporting Services                  | <u>7,432,866</u>     | <u>6,801,443</u>     |
| Total Operating Expenses                   | <u>18,151,886</u>    | <u>18,300,352</u>    |
| <br><b>OPERATING INCOME (LOSS)</b>         | <br><b>1,549,561</b> | <br><b>(433,416)</b> |

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, 2021 AND 2020**

|   | 2021          | 2020          |
|---|---------------|---------------|
| <b>NONOPERATING INCOME (LOSS)</b>   |               |               |
| Interest and Dividends  | \$ 271,629    | \$ 291,146    |
| Realized Gains (Losses) on Sale of Investments, Net of Expenses   | 489,089       | (40,228)      |
| Net Unrealized Gains on Investments   | 1,084,080     | 748,957       |
| Unrealized Gain (Loss) on Fair Value of Interest Rate Cap Agreement   | 3,665         | (104)         |
| Loss on Refunding of Long-Term Debt   | -             | (161,438)     |
| Loss on Disposal of Assets  | (772,215)     | (157,417)     |
| Total Nonoperating Income   | 1,076,248     | 680,916       |
| <br><b>EXCESS OF REVENUES, GAINS, AND OTHER<br/> SUPPORT OVER EXPENSES AND INCREASE IN<br/> NET ASSETS WITHOUT DONOR RESTRICTIONS</b> | 2,625,809     | 247,500       |
| <br><b>PURPOSE RESTRICTED NET ASSETS</b>  |               |               |
| Change in Fair Value of Split-Interest Agreement  | 21,370        | 10,221        |
| Contributions   | 1,842         | 43,893        |
| Interest and Dividends  | 7,149         | 15,292        |
| Realized Gains (Losses) on Sale of Investments, Net of Expenses   | 16,896        | (4,273)       |
| Net Unrealized Gains on Investments   | 64,398        | 33,105        |
| Net Assets Released from Restriction  | (2,214)       | (2,000)       |
| Increase in Purpose Restricted Net Assets   | 109,441       | 96,238        |
| <br><b>INCREASE IN NET ASSETS</b>   | 2,735,250     | 343,738       |
| <br>Net Assets - Beginning of Year  | 10,201,826    | 9,858,088     |
| <br><b>NET ASSETS - END OF YEAR</b>   | \$ 12,937,076 | \$ 10,201,826 |

See accompanying Notes to Consolidated Financial Statements.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

|  | 2021         | 2020        |
|--|--------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |             |
| Increase in Net Assets   | \$ 2,735,250 | \$ 343,738  |
| Adjustments to Reconcile Increase in Net Assets to<br>Net Cash Provided by Operating Activities: |              |             |
| Depreciation   | 2,165,010    | 2,176,137   |
| Amortization of Debt Issuance Costs  | 33,797       | 35,356      |
| Amortization of Bond Premium   | (69,275)     | (63,502)    |
| Loss on Refunding of Long-Term Debt  | -            | 161,438     |
| Amortization of Entrance Fees  | (3,396,926)  | (2,585,826) |
| Nonrefundable Entrance Fees Received   | 4,503,402    | 2,486,499   |
| Loss on Disposal of Property and Equipment   | 772,215      | 157,417     |
| Investment Earnings  | (278,778)    | (306,438)   |
| Realized (Gains) Losses on Sale of Investments, Net of Expenses                                  | (505,985)    | 44,501      |
| Unrealized Gains on Investments  | (1,148,478)  | (782,062)   |
| Unrealized Gains on Beneficial Interest in Annuities   | (21,370)     | (5,024)     |
| Unrealized (Gain) Loss on Fair Value of Interest Rate Cap Agreement                              | (3,665)      | 104         |
| Net Changes in Operating Assets and Liabilities:   |              |             |
| Accounts and Notes Receivable  | 31,431       | 174,625     |
| Unconditional Promises to Give   | -            | (33,117)    |
| Other Receivables  | 166,237      | (141,343)   |
| Prepays  | (11,936)     | (124,170)   |
| Deposits   | 26,895       | (28,055)    |
| Accounts Payable   | (392,494)    | (710,146)   |
| Accrued Liabilities  | (260,704)    | 20,918      |
| Payables from Assets Limited as to Use   | 56,545       | (9,763)     |
| Application and Prepaid Admission Deposits   | (404,420)    | (1,612,836) |
| Unamortized Intangible Assets  | 4,270        | 95,672      |
| Refundable Advance - Payroll Protection Program  | (1,720,100)  | 1,720,100   |
| Deferred Revenue - Provider Relief Funds   | (192,263)    | 274,763     |
| Net Cash Provided by Operating Activities  | 2,088,658    | 1,288,986   |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |             |
| Net Change in Assets Limited as to Use   | 72,000       | 230,954     |
| Purchase of Property and Equipment   | (1,010,248)  | (8,093,831) |
| Net Purchases of Investments   | (144,326)    | (68,619)    |
| Net Cash Used by Investing Activities  | (1,082,574)  | (7,931,496) |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |              |             |
| Proceeds from Long-Term Debt   | -            | 12,530,817  |
| Bond Issue Premium on Long-Term Debt   | -            | 2,424,620   |
| Cash Paid for Financing Costs  | -            | (1,133,040) |
| Principal Payments on Long-Term Debt   | (320,431)    | (863,455)   |
| Principal Payments on Lease Liability  | (16,628)     | (11,391)    |
| Refundable and First Generation Entrance Fees Received   | 954,912      | 2,346,936   |
| Refunds of Entrance Fees   | (1,655,790)  | (1,671,122) |
| Net Cash Provided (Used) by Financing Activities   | (1,037,937)  | 13,623,365  |

See accompanying Notes to Consolidated Financial Statements.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS,<br/>AND RESTRICTED CASH</b> | \$ (31,853)          | \$ 6,980,855         |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year               | 10,589,941           | 3,609,086            |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH -<br/>END OF YEAR</b>          | <b>\$ 10,558,088</b> | <b>\$ 10,589,941</b> |
| Cash and Cash Equivalents   | \$ 5,745,837         | \$ 5,291,682         |
| Restricted Cash - Assets Limited as to Use                                    | 4,812,251            | 5,298,259            |
| Total Cash, Cash Equivalents, and Restricted Cash                             | <b>\$ 10,558,088</b> | <b>\$ 10,589,941</b> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                       |                      |                      |
| Cash Paid During the Year for Interest, Net of Amounts Capitalized            | <b>\$ 1,641,943</b>  | <b>\$ 1,085,579</b>  |
| <b>SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITY</b>                           |                      |                      |
| Purchase of Equipment in Accounts Payable                                     | <b>\$ 47,379</b>     | <b>\$ -</b>          |
| Purchase of Equipment through Lease Agreements                                | <b>\$ 13,250</b>     | <b>\$ 5,900</b>      |
| Proceeds from Long-Term Debt  | \$ -                 | \$ 32,973,551        |
| Less: Repayment of Long-Term Debt   | -                    | (20,442,734)         |
| Total   | <b>\$ -</b>          | <b>\$ 12,530,817</b> |

See accompanying Notes to Consolidated Financial Statements.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**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 and amounts required by bond agreements. 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, 2021 and 2020. Management has designated investments without restrictions to meet the 25% operating reserve requirement. Total required reserve at September 30, 2021 and 2020 was approximately \$3,826,000 and \$3,898,000, 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 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, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021 and 2020, the allowance was approximately \$100,000 and \$118,000, respectively.

The opening and closing contract balances were as follows:

|                                  | <u>Accounts<br/>Receivable</u> | <u>Deferred<br/>Revenue</u> |
|----------------------------------|--------------------------------|-----------------------------|
| Balance as of October 1, 2019    | \$ 565,393                     | \$ 15,525,910               |
| Balance as of September 30, 2020 | 390,768                        | 16,923,740                  |
| Balance as of September 30, 2021 | 359,337                        | 18,001,586                  |

**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.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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

**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.

**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, 2021 and 2020, the Village engaged an actuary 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, 2021 and 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.

**Resident Service Revenue**

The Organization has agreements with third-party payors that provide for payments at amounts different from its established rates. Resident service revenue is reported at the estimated realizable amounts from residents, third-party payors, and others for services rendered.

**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, 2021 AND 2020**

**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, 2021 and 2020.

**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 generally accepted accounting principles (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, 2021 AND 2020**

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

**Adoption of Accounting Standards**

During the year ended September 30, 2021, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-09 requires the Organization to exercise more judgment and recognize revenue using a five-step process. The Organization adopted ASU 2014-09 using the full retrospective method for all contracts effective October 1, 2019 and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collection trends. Full retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets at the date of initial application. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

The Organization evaluated the nature, amount, timing, and uncertainty of revenue and cash flows using the five-step process provided within ASU 2014-09.

**Reclassifications**

Certain amounts in the 2020 consolidated financial statements were reclassified for comparison purposes with the 2021 consolidated financial statements. The reclassifications did not result in a change in net income 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, 2022, the date the consolidated financial statements were available to be issued.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 ASSETS LIMITED AS TO USE**

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

|                               | <u>2021</u>         | <u>2020</u>         |
|-------------------------------|---------------------|---------------------|
| Current:                      |                     |                     |
| Residents' Checking and Trust | \$ 52,939           | \$ 34,818           |
| Held for Bond Funds           | 390,448             | 323,712             |
| Held for Scholarships         | 21,129              | 21,501              |
| Gift Shop and Thiede Fund     | 50,039              | 11,615              |
| Total Current                 | <u>514,555</u>      | <u>391,646</u>      |
| Noncurrent:                   |                     |                     |
| Operating Reserve Requirement | 3,826,000           | 3,898,000           |
| Held for Bond Funds           | 4,297,696           | 4,906,613           |
| Total                         | <u>\$ 8,638,251</u> | <u>\$ 9,196,259</u> |

**NOTE 3 INVESTMENTS**

Investments are composed of the following at September 30:

|  | <u>2021</u>          | <u>2020</u>         |
|--|----------------------|---------------------|
| Common Stock and Exchange-Traded Funds         | \$ 7,096,510         | \$ 5,982,982        |
| Fixed Income Securities                        | 1,345,229            | 1,154,846           |
| Mutual Funds                                   | 5,629,644            | 4,927,988           |
| Subtotal                                       | <u>14,071,383</u>    | <u>12,065,816</u>   |
| Less: Investment Operating Reserve Requirement | <u>(3,826,000)</u>   | <u>(3,898,000)</u>  |
| Total Investments                              | <u>\$ 10,245,383</u> | <u>\$ 8,167,816</u> |

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

|  | <u>2021</u>         | <u>2020</u>       |
|--|---------------------|-------------------|
| Interest and Dividends                         | \$ 271,629          | \$ 291,146        |
| Realized Gains (Losses) on Sale of Investments | 526,645             | (36,277)          |
| Investment Expenses                            | (37,556)            | (3,951)           |
| Unrealized Gains on Investments                | 1,084,080           | 748,957           |
| Total  | <u>\$ 1,844,798</u> | <u>\$ 999,875</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, 2021 and 2020 are \$40,000.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 5 PROPERTY AND EQUIPMENT**

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

|                                | <u>2021</u>          | <u>2020</u>          |
|--------------------------------|----------------------|----------------------|
| Land and Improvements          | \$ 759,211           | \$ 753,561           |
| Buildings                      | 61,179,221           | 64,148,047           |
| Equipment and Furnishings      | 988,032              | 855,367              |
| Paving                         | 102,711              | 102,711              |
| Motor Vehicles                 | 269,552              | 256,302              |
| Construction in Progress       | 567,925              | 373,239              |
| Total Property and Equipment   | <u>63,866,652</u>    | <u>66,489,227</u>    |
| Less: Accumulated Depreciation | <u>(16,504,910)</u>  | <u>(17,261,137)</u>  |
| Property and Equipment, Net    | <u>\$ 47,361,742</u> | <u>\$ 49,228,090</u> |

During the year ended September 30, 2021, no interest was capitalized. During the year ended September 30, 2020, approximately \$385,000 of interest was capitalized. At September 30, 2021 and 2020, construction in progress consisted primarily of 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 \$650,000 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>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| Cash and Cash Equivalents                 | \$ 5,745,837         | \$ 5,291,682         |
| Investments and Assets Limited as to Use: |                      |                      |
| Common Stock and Exchange-Traded Funds    | 7,096,510            | 5,982,982            |
| Fixed Income Securities                   | 1,345,229            | 1,154,846            |
| Mutual Funds                              | 5,629,644            | 4,927,988            |
| Receivables:                              |                      |                      |
| Accounts and Notes, Net of Allowance      | 359,337              | 390,768              |
| Other                                     | 89,794               | 256,031              |
| Less: Restricted Cash and Investments     | <u>(874,454)</u>     | <u>(786,404)</u>     |
| Total Financial Assets Available for Use  | <u>\$ 19,391,897</u> | <u>\$ 17,217,893</u> |

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 7 LONG-TERM DEBT**

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

| <u>Description</u>  | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| 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. | \$ 2,880,956         | \$ 2,949,850         |
| 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>32,170,508</u>    | <u>32,421,282</u>    |
| Total Long-Term Debt  | 35,051,464           | 35,371,132           |
| Less: Current Maturities  | 333,667              | 320,431              |
| Plus: Unamortized Bond Premium  | 2,291,843            | 2,361,118            |
| Less: Unamortized Deferred Financing Costs  | <u>1,069,660</u>     | <u>1,103,457</u>     |
| Long-Term Debt, Net   | <u>\$ 35,939,980</u> | <u>\$ 36,308,362</u> |

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.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

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.

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.

**PENICK VILLAGE, INC. AND AFFILIATES**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

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 are payable each March 1 and September 1, beginning 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 for the year ended September 30, 2020, 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 \$33,797 and \$35,356 was recognized during 2021 and 2020, respectively, and is included with interest expense on the consolidated statements of operations and changes in net assets. Accumulated amortization was approximately \$63,000 and \$30,000 for the years ended September 30, 2021 and 2020, 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 \$69,275 and \$63,502 was recognized during 2021 and 2020, respectively, and is included with interest expense on the consolidated statements of operations and changes in net assets. Accumulated amortization was approximately \$133,000 and \$64,000 for the years ended September 30, 2021 and 2020, respectively. The remaining unamortized amount is presented as a reduction of long-term debt liability on the consolidated balance sheets.

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, 2021 and 2020 totaled approximately \$1,567,000 and \$,477,000, respectively.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

The annual requirements to retire debt as of September 30, 2021 are as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u>               |
|----------------------------------|-----------------------------|
| 2022                             | \$ 333,667                  |
| 2023                             | 527,051                     |
| 2024                             | 545,591                     |
| 2025                             | 3,138,109                   |
| 2026                             | 505,000                     |
| Thereafter                       | <u>30,002,046</u>           |
| Total                            | <u><u>\$ 35,051,464</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, 2021.

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 London Interbank Offered Rate (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, 2019    | \$ 757                 |
| Unrealized Losses                   | <u>(104)</u>           |
| Fair Value at September 30, 2020    | 653                    |
| Unrealized Gains                    | <u>3,665</u>           |
| Fair Value at September 30, 2021    | <u><u>\$ 4,318</u></u> |

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.



**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

In November 2019, the Village entered into a \$500,000 secured line of credit with an interest rate of 5.00%. The line of credit expired in November 2020. Interest accrued and was payable monthly. There is no outstanding balance on the line of credit at September 30, 2021 and 2020.

In February 2021, the Village entered into a new \$650,000 secured line of credit with an interest rate of 4.00%. The line of credit is set to expire in February 2022. Interest accrues and is payable monthly. There is no outstanding balance on the line of credit at September 30, 2021.

**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 \$20,000 and \$30,000 at September 30, 2021 and 2020, respectively.

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

| <u>Year Ending September 30,</u>    | <u>Amount</u>          |
|-------------------------------------|------------------------|
| 2022                                | \$ 21,692              |
| 2023                                | 6,610                  |
| Total                               | <u>28,302</u>          |
| Less: Amounts Representing Interest | (2,030)                |
| Less: Current Maturity              | <u>(21,692)</u>        |
| Total                               | <u><u>\$ 4,580</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>2021</u>                 | <u>2020</u>                |
|---------------------------------------|-----------------------------|----------------------------|
| Designated for Endowment Purposes     | \$ 2,257,460                | \$ 1,848,027               |
| Undesignated                          | <u>9,532,853</u>            | <u>7,316,477</u>           |
| Net Assets Without Donor Restrictions | <u><u>\$ 11,790,313</u></u> | <u><u>\$ 9,164,504</u></u> |

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 9 NET ASSETS (CONTINUED)**

Net assets with donor restrictions as to their purpose consist of the following at September 30:

|   | 2021       | 2020       |
|---|------------|------------|
| Contributions Receivable – Beneficial Interests<br>in Annuities | \$ 211,180 | \$ 189,810 |
| Unconditional Promises to Give                                  | 40,000     | 40,000     |
| North Health Care Renovations                                   | 237,107    | 237,107    |
| Interest Earned on Perpetual Endowments                         | 290,010    | 201,567    |
| Other   | 39,059     | 39,431     |
| Donor Restricted Net Assets                                     | \$ 817,356 | \$ 707,915 |

During the years ended September 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes totaling \$2,214 and \$2,000, 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, 2021 and 2020 are \$329,407.

**NOTE 10 RESIDENT SERVICE REVENUE**

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

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)**

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

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

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

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

Medicare

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities are paid under the Patient Driven Payment Model (PDPM) which became effective October 1, 2019. Under PDPM, therapy minutes were removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduced variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)**

Medicare (Continued)

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

Medicaid

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

Other

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2021 or 2020.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 RESIDENT SERVICE REVENUE (CONTINUED)**

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

The composition of resident service revenue by primary payor for the years ended September 30 is as follows:

|                               | 2021                 | 2020                 |
|-------------------------------|----------------------|----------------------|
| Private Pay                   | \$ 10,621,296        | \$ 10,993,514        |
| Medicare                      | 1,417,965            | 1,735,691            |
| Medicaid                      | 709,894              | 608,532              |
| Amortization of Entrance Fees | 3,396,926            | 2,585,826            |
| Total                         | <u>\$ 16,146,081</u> | <u>\$ 15,923,563</u> |

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of resident service revenue based on the Organization's lines of business, method of reimbursement, and timing of revenue recognition for the years ended September 30 are as follows:

| <b>Service Lines:</b> | 2021                 | 2020                 |
|-----------------------|----------------------|----------------------|
| Independent Living    | \$ 10,085,491        | \$ 9,160,547         |
| Assisted Living       | 2,008,130            | 2,213,639            |
| Healthcare            | 4,052,460            | 4,549,377            |
| Total                 | <u>\$ 16,146,081</u> | <u>\$ 15,923,563</u> |

| <b>Method of Reimbursement:</b> | 2021                 | 2020                 |
|---------------------------------|----------------------|----------------------|
| Monthly Service Fees            | \$ 11,827,693        | \$ 12,396,796        |
| Fee For Service                 | 921,462              | 940,941              |
| Amortization of Entrance Fees   | 3,396,926            | 2,585,826            |
| Total                           | <u>\$ 16,146,081</u> | <u>\$ 15,923,563</u> |

**Financing Component**

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

**Contract Costs**

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

**PENICK VILLAGE, INC. AND AFFILIATES**  
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**NOTE 11 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, 2021 and 2020 was approximately \$211,000 and \$190,000, respectively.

**NOTE 12 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 \$109,624 and \$112,635 for the years ended September 30, 2021 and 2020, 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 \$12,383 and \$11,430 in 2021 and 2020, respectively.

**NOTE 13 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 expenses associated with preparing for, preventing, or responding to COVID-19. During the years ended September 30, 2021 and 2020, the Village received approximately \$147,000 and \$505,000 in PRF, respectively. As of September 30, 2021 and 2020, the Village recognized approximately \$340,000 and \$230,000 as Other Revenue in the consolidated statements of operations, respectively. As of September 30, 2021 and 2020, the Village recorded approximately \$83,000 and \$275,000 as Deferred Revenue in the consolidated balance sheets. Management believes the amounts have been recognized appropriately as of September 30, 2021 and 2020.

**PENICK VILLAGE, INC. AND AFFILIATES**  
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**NOTE 13 CARES ACT FUNDING (CONTINUED)**

**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 April 21, 2021, the SBA has forgiven the full \$1,720,100 of the PPP Loan held by the Village and at that time the Village recognized the amount forgiven as Contributions – Payroll Protection Program in the consolidated statements of operations. With the forgiveness of the loan, the Village was not liable to make any principal or interest payments. The SBA may review funding eligibility and the usage of funds in compliance with the program based on the dollar threshold and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Village's financial position.

**NOTE 14 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 \$681,000 and \$888,000 for the years ended September 30, 2021 and 2020, 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.

In addition to benevolent assistance provided, the estimated cost related to unreimbursed Medicaid services provided was approximately \$293,000 and \$468,000 for the years ended September 30, 2021 and 2020, respectively.

**NOTE 15 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 \$4,639,326 and \$5,311,574 at September 30, 2021 and 2020, 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, 2021 and 2020 are estimated not to exceed \$12,847,417 and \$11,941,239, respectively.

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 15 CONTINGENCIES AND COMMITMENTS (CONTINUED)**

**Commitments**

The Village has entered into various construction contracts related to construction projects and the remodeling of existing residential units. As of September 30, 2021 and 2020, approximately \$294,000 and \$88,000 had been incurred on these contracts, respectively. The remaining commitments as of September 30, 2021 and 2020 is \$355,000 and \$336,000, respectively.

**NOTE 16 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, 2021 and 2020, approximately 28% and 31%, respectively, were outstanding under the Medicare and Medicaid programs. Accounts receivable are carried at estimated net realizable value.

**NOTE 17 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.



**PENICK VILLAGE, INC. AND AFFILIATES**  
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**NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)**

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:

|  | 2021          |          |            |               |
|--|---------------|----------|------------|---------------|
|  | Level 1       | Level 2  | Level 3    | Total         |
| Assets:                                |               |          |            |               |
| Common Stock and Exchange-Traded Funds | \$ 7,096,510  | \$ -     | \$ -       | \$ 7,096,510  |
| Mutual Funds                           | 1,345,229     | -        | -          | 1,345,229     |
| Fixed Income Securities                | 5,629,644     | -        | -          | 5,629,644     |
| Split Interest Agreements              | -             | -        | 211,180    | 211,180       |
| Interest Rate Cap Agreement            | -             | 4,318    | -          | 4,318         |
| Total Assets at Fair Value             | \$ 14,071,383 | \$ 4,318 | \$ 211,180 | \$ 14,286,881 |
|  |               |          |            |               |
|  | 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             | \$ 12,065,816 | \$ 653   | \$ 189,810 | \$ 12,256,279 |

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, 2021 and 2020:

|                               |            |
|-------------------------------|------------|
| Balance at September 30, 2019 | \$ 184,786 |
| Unrealized Gain               | 5,024      |
| Balance at September 30, 2020 | 189,810    |
| Unrealized Gain               | 21,370     |
| Balance at September 30, 2021 | \$ 211,180 |

**NOTE 18 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.

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**NOTE 18 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, 2021 AND 2020**

**NOTE 18 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:

|                                  | 2021                          |                       |                           |                     |
|----------------------------------|-------------------------------|-----------------------|---------------------------|---------------------|
|                                  | Without Donor<br>Restrictions | Purpose<br>Restricted | Perpetually<br>Restricted | Total               |
| Donor-Restricted Endowment Funds | \$ 49,351                     | \$ 290,010            | \$ 329,407                | \$ 668,768          |
| Board-Designated Endowment Funds | 2,257,460                     | -                     | -                         | 2,257,460           |
| Total Funds                      | <u>\$ 2,306,811</u>           | <u>\$ 290,010</u>     | <u>\$ 329,407</u>         | <u>\$ 2,926,228</u> |

|                                  | 2020                          |                       |                           |                     |
|----------------------------------|-------------------------------|-----------------------|---------------------------|---------------------|
|                                  | Without Donor<br>Restrictions | Purpose<br>Restricted | Perpetually<br>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> |

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

|  | 2021                          |                       |                           |                     |
|--|-------------------------------|-----------------------|---------------------------|---------------------|
|  | Without Donor<br>Restrictions | Purpose<br>Restricted | Perpetually<br>Restricted | Total               |
| Endowment Net Assets – Beginning of Year | \$ 1,882,324                  | \$ 201,567            | \$ 329,407                | \$ 2,413,298        |
| Net Deposits                             | 88,266                        | -                     | -                         | 88,266              |
| Net Investment Income                    | 43,522                        | 24,045                | -                         | 67,567              |
| Net Appreciation                         | 292,699                       | 64,398                | -                         | 357,097             |
| Endowment Net Assets – End of Year       | <u>\$ 2,306,811</u>           | <u>\$ 290,010</u>     | <u>\$ 329,407</u>         | <u>\$ 2,926,228</u> |

|  | 2020                          |                       |                           |                     |
|--|-------------------------------|-----------------------|---------------------------|---------------------|
|  | Without Donor<br>Restrictions | Purpose<br>Restricted | Perpetually<br>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> |

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 19 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, 2021 are summarized below.

|                               | Program<br>Services  | Management<br>and General | Fundraising       | 2021<br>Total        |
|-------------------------------|----------------------|---------------------------|-------------------|----------------------|
| Salaries and Payroll Expenses | \$ 7,237,540         | \$ 1,836,730              | \$ 337,902        | \$ 9,412,172         |
| Service and Contract Fees     | 417,626              | 622,137                   | 24,292            | 1,064,055            |
| Advertising                   | 2,980                | 15,507                    | 48,116            | 66,603               |
| Office Expense                | 666,340              | 237,219                   | 4,169             | 907,728              |
| Occupancy                     | 732,215              | 94,703                    | -                 | 826,918              |
| Travel                        | 10,451               | 5,657                     | 3,572             | 19,680               |
| Conferences                   | -                    | 17,987                    | 861               | 18,848               |
| Interest                      | 1,479,753            | 121,441                   | -                 | 1,601,194            |
| Depreciation                  | 1,840,259            | 324,751                   | -                 | 2,165,010            |
| Insurance                     | 5,630                | 39,682                    | -                 | 45,312               |
| Other                         | 1,699,027            | 305,548                   | 19,791            | 2,024,366            |
|                               | <u>\$ 14,091,821</u> | <u>\$ 3,621,362</u>       | <u>\$ 438,703</u> | <u>\$ 18,151,886</u> |

Program, management, and fundraising expenses for the year ended September 30, 2020 are summarized below.

|                               | Program<br>Services  | Management<br>and General | Fundraising       | 2020<br>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            | 203,822                   | 27,028            | 2,042,318            |
|                               | <u>\$ 14,546,047</u> | <u>\$ 3,404,418</u>       | <u>\$ 349,887</u> | <u>\$ 18,300,352</u> |

**PENICK VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 20 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, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

|  | <u>Penick<br/>Village, Inc.</u> | <u>Penick Village<br/>Foundation, Inc.</u> | <u>JA Greer Group</u>      | <u>Eliminating<br/>Entries</u> | <u>Total</u>                |
|--|---------------------------------|--|----------------------------|--------------------------------|-----------------------------|
| <b>ASSETS</b>  |                                 |  |                            |                                |                             |
| <b>CURRENT ASSETS</b>                                  |                                 |  |                            |                                |                             |
| Cash and Cash Equivalents                              | \$ 5,520,736                    | \$ 182,030                                 | \$ 43,071                  | \$ -                           | \$ 5,745,837                |
| Assets Limited as to Use                               | 493,426                         | 21,129                                     | -                          | -                              | 514,555                     |
| Investments  | 7,692,580                       | 2,223,396                                  | -                          | -                              | 9,915,976                   |
| Receivables:   |                                 |  |                            |                                |                             |
| Accounts and Notes, Net of Allowance                   | 359,337                         | -  | -                          | -                              | 359,337                     |
| Due from Affiliate                                     | 1,667,851                       | -  | -                          | (1,667,851)                    | -                           |
| Unconditional Promise to Give                          | -                               | 40,000                                     | -                          | -                              | 40,000                      |
| Other  | 48,078                          | 5,855                                      | 35,861                     | -                              | 89,794                      |
| Prepaid Assets   | 264,686                         | -  | -                          | -                              | 264,686                     |
| Total Current Assets                                   | <u>16,046,694</u>               | <u>2,472,410</u>                           | <u>78,932</u>              | <u>(1,667,851)</u>             | <u>16,930,185</u>           |
| <b>ASSETS LIMITED AS TO USE</b>                        |                                 |  |                            |                                |                             |
| Investments – Operating Reserve Requirement            | 3,826,000                       | -  | -                          | -                              | 3,826,000                   |
| Held By Trustee Under Bond Agreements                  | 4,297,696                       | -  | -                          | -                              | 4,297,696                   |
| Total Assets Limited as to Use, Net of Current Portion | <u>8,123,696</u>                | <u>-</u>                                   | <u>-</u>                   | <u>-</u>                       | <u>8,123,696</u>            |
| <b>INVESTMENTS, NET OF CURRENT</b>                     | 329,407                         | -  | -                          | -                              | 329,407                     |
| <b>PROPERTY AND EQUIPMENT, NET</b>                     | 43,645,703                      | -  | 3,716,039                  | -                              | 47,361,742                  |
| <b>OTHER ASSETS</b>                                    |                                 |  |                            |                                |                             |
| Deposits   | 2,075                           | -  | -                          | -                              | 2,075                       |
| Interest Rate Cap Agreement                            | 4,318                           | -  | -                          | -                              | 4,318                       |
| Investment in Affiliate                                | 1,000                           | -  | -                          | (1,000)                        | -                           |
| Beneficial Interest in Annuities                       | 211,180                         | -  | -                          | -                              | 211,180                     |
| Intangible Asset                                       | 76,765                          | -  | -                          | -                              | 76,765                      |
| Total Other Assets                                     | <u>295,338</u>                  | <u>-</u>                                   | <u>-</u>                   | <u>(1,000)</u>                 | <u>294,338</u>              |
| <b>Total Assets</b>                                    | <u><u>\$ 68,440,838</u></u>     | <u><u>\$ 2,472,410</u></u>                 | <u><u>\$ 3,794,971</u></u> | <u><u>\$ (1,668,851)</u></u>   | <u><u>\$ 73,039,368</u></u> |

**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**SEPTEMBER 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

| <b>LIABILITIES AND NET ASSETS</b>              | <u>Penick<br/>Village, Inc.</u> | <u>Penick Village<br/>Foundation, Inc.</u> | <u>JA Greer Group</u> | <u>Eliminating<br/>Entries</u> | <u>Total</u>         |
|--|---------------------------------|--|-----------------------|--------------------------------|----------------------|
| <b>CURRENT LIABILITIES</b>                     |                                 |  |                       |                                |                      |
| Current Maturities of Long-Term Debt           | \$ 260,000                      | \$ -                                       | \$ 73,667             | \$ -                           | \$ 333,667           |
| Current Maturity of Lease Liability            | 21,692                          | -  | -                     | -                              | 21,692               |
| Payable from Assets Limited as to Use          | 102,978                         | -  | -                     | -                              | 102,978              |
| Accounts Payable                               | 366,543                         | -  | -                     | -                              | 366,543              |
| Accrued Liabilities                            | 461,315                         | 2,955                                      | 2,730                 | -                              | 467,000              |
| Due to Affiliate                               | -                               | 307,999                                    | 1,359,852             | (1,667,851)                    | -                    |
| Application and Prepaid Admission Deposits     | 109,480                         | -  | 32,960                | -                              | 142,440              |
| Deferred Revenue - CARES Act                   | 82,500                          | -  | -                     | -                              | 82,500               |
| Total Current Liabilities                      | <u>1,404,508</u>                | <u>310,954</u>                             | <u>1,469,209</u>      | <u>(1,667,851)</u>             | <u>1,516,820</u>     |
| <b>REFUND LIABILITY, LESS CURRENT PORTION</b>  | 4,639,326                       | -  | -                     | -                              | 4,639,326            |
| <b>DEFERRED REVENUE</b>                        | 18,001,586                      | -  | -                     | -                              | 18,001,586           |
| <b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b> | 33,137,537                      | -  | 2,802,443             | -                              | 35,939,980           |
| <b>LEASE LIABILITY, LESS CURRENT MATURITY</b>  | <u>4,580</u>                    | <u>-</u>                                   | <u>-</u>              | <u>-</u>                       | <u>4,580</u>         |
| Total Liabilities                              | 57,187,537                      | 310,954                                    | 4,271,652             | (1,667,851)                    | 60,102,292           |
| <b>NET ASSETS (DEFICIT)</b>                    |                                 |  |                       |                                |                      |
| Without Donor Restrictions                     | 10,195,282                      | 2,072,712                                  | (477,681)             | -                              | 11,790,313           |
| Paid-In Capital                                | -                               | -  | 1,000                 | (1,000)                        | -                    |
| With Donor Restrictions:                       |                                 |  |                       |                                |                      |
| Purpose Restricted                             | 728,612                         | 88,744                                     | -                     | -                              | 817,356              |
| Perpetually Restricted                         | 329,407                         | -  | -                     | -                              | 329,407              |
| Total Net Assets (Deficit)                     | <u>11,253,301</u>               | <u>2,161,456</u>                           | <u>(476,681)</u>      | <u>(1,000)</u>                 | <u>12,937,076</u>    |
| Total Liabilities and Net Assets (Deficit)     | <u>\$ 68,440,838</u>            | <u>\$ 2,472,410</u>                        | <u>\$ 3,794,971</u>   | <u>\$ (1,668,851)</u>          | <u>\$ 73,039,368</u> |

**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Penick<br>Village, Inc. | Penick Village<br>Foundation, Inc. | JA Greer Group | Eliminating<br>Entries | Total             |
|---|-------------------------|------------------------------------|----------------|------------------------|-------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b>           |                         |                                    |                |                        |                   |
| Independent Living                                  | \$ 6,725,425            | \$ -                               | \$ -           | \$ -                   | \$ 6,725,425      |
| Health Care Revenue                                 | 6,693,783               | -                                  | -              | -                      | 6,693,783         |
| Less: Contractual Adjustments                       | <u>(670,053)</u>        | <u>-</u>                           | <u>-</u>       | <u>-</u>               | <u>(670,053)</u>  |
| Resident Service Revenue                            | 12,749,155              | -                                  | -              | -                      | 12,749,155        |
| Earned Entrance Fees                                | 3,396,926               | -                                  | -              | -                      | 3,396,926         |
| Other Operating Revenue                             | 740,840                 | -                                  | 401,932        | -                      | 1,142,772         |
| Contributions - Payroll Protection Program          | 1,720,100               | -                                  | -              | -                      | 1,720,100         |
| Contributions                                       | 294,418                 | 395,862                            | -              | -                      | 690,280           |
| Net Assets Released from Restriction for Operations | -                       | 2,214                              | -              | -                      | 2,214             |
| Total Revenues, Gains, and Other Support            | <u>18,901,439</u>       | <u>398,076</u>                     | <u>401,932</u> | <u>-</u>               | <u>19,701,447</u> |
| <b>OPERATING EXPENSES</b>                           |                         |                                    |                |                        |                   |
| Program Services:                                   |                         |                                    |                |                        |                   |
| Dining Services                                     | 2,595,362               | -                                  | -              | -                      | 2,595,362         |
| Housekeeping  | 660,270                 | -                                  | -              | -                      | 660,270           |
| Nursing   | 2,983,849               | -                                  | -              | -                      | 2,983,849         |
| Residential Assisted Living                         | 520,993                 | -                                  | -              | -                      | 520,993           |
| Resident Services                                   | 178,608                 | -                                  | -              | -                      | 178,608           |
| Facility Services                                   | 1,967,929               | -                                  | -              | -                      | 1,967,929         |
| Life Enrichment                                     | 299,544                 | -                                  | -              | -                      | 299,544           |
| Home Care   | 1,022,289               | -                                  | -              | -                      | 1,022,289         |
| Garden Cottage                                      | 407,521                 | -                                  | -              | -                      | 407,521           |
| Transportation                                      | 82,655                  | -                                  | -              | -                      | 82,655            |
| Total Program Services                              | <u>10,719,020</u>       | <u>-</u>                           | <u>-</u>       | <u>-</u>               | <u>10,719,020</u> |
| Support Services:                                   |                         |                                    |                |                        |                   |
| General and Administrative                          | 2,059,378               | 12,380                             | 219,578        | -                      | 2,291,336         |
| Human Resources                                     | 434,029                 | -                                  | -              | -                      | 434,029           |
| Information Technology                              | 514,974                 | -                                  | -              | -                      | 514,974           |
| Marketing and Development                           | 426,323                 | -                                  | -              | -                      | 426,323           |
| Depreciation  | 2,043,822               | -                                  | 121,188        | -                      | 2,165,010         |
| Interest and Amortization                           | 1,468,452               | -                                  | 132,742        | -                      | 1,601,194         |
| Total Support Services                              | <u>6,946,978</u>        | <u>12,380</u>                      | <u>473,508</u> | <u>-</u>               | <u>7,432,866</u>  |
| Total Operating Expenses                            | <u>17,665,998</u>       | <u>12,380</u>                      | <u>473,508</u> | <u>-</u>               | <u>18,151,886</u> |
| <b>OPERATING INCOME (LOSS)</b>                      | 1,235,441               | 385,696                            | (71,576)       | -                      | 1,549,561         |



**PENICK VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Penick<br>Village, Inc. | Penick Village<br>Foundation, Inc. | JA Greer Group      | Eliminating<br>Entries | Total                |
|---|-------------------------|------------------------------------|---------------------|------------------------|----------------------|
| <b>NONOPERATING INCOME (LOSS)</b>   |                         |                                    |                     |                        |                      |
| Interest and Dividends  | \$ 229,160              | \$ 42,469                          | \$ -                | \$ -                   | \$ 271,629           |
| Realized Gain on Sale of Investments, Net of Expenses                                   | 401,062                 | 88,027                             | -                   | -                      | 489,089              |
| Net Unrealized Gains on Investments   | 883,563                 | 200,517                            | -                   | -                      | 1,084,080            |
| Unrealized Gain on Fair Value of Interest Rate Cap Agreement                            | 3,665                   | -                                  | -                   | -                      | 3,665                |
| Loss on Disposal of Assets  | (772,215)               | -                                  | -                   | -                      | (772,215)            |
| Total Nonoperating Income   | <u>745,235</u>          | <u>331,013</u>                     | <u>-</u>            | <u>-</u>               | <u>1,076,248</u>     |
| <b>EXCESS (DEFICIT) OF REVENUES, GAINS, AND OTHER SUPPORT<br/>OVER (UNDER) EXPENSES</b> | 1,980,676               | 716,709                            | (71,576)            | -                      | 2,625,809            |
| Transfers of Net Assets from Foundation to Penick Village                               | <u>331,953</u>          | <u>(331,953)</u>                   | <u>-</u>            | <u>-</u>               | <u>-</u>             |
| <b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                     | 2,312,629               | 384,756                            | (71,576)            | -                      | 2,625,809            |
| <b>PURPOSE RESTRICTED NET ASSETS</b>  |                         |                                    |                     |                        |                      |
| Change in Fair Value of Split-Interest Agreement  | 21,370                  | -                                  | -                   | -                      | 21,370               |
| Contributions   | -                       | 1,842                              | -                   | -                      | 1,842                |
| Interest and Dividends  | 7,149                   | -                                  | -                   | -                      | 7,149                |
| Realized Gain on Sales of Investments, Net of Expenses                                  | 16,896                  | -                                  | -                   | -                      | 16,896               |
| Net Unrealized Gain on Investments  | 64,398                  | -                                  | -                   | -                      | 64,398               |
| Transfers of Net Assets from Foundation to Penick Village                               | -                       | -                                  | -                   | -                      | -                    |
| Net Assets Released from Restrictions   | -                       | (2,214)                            | -                   | -                      | (2,214)              |
| Increase (Decrease) in Purpose Restricted Net Assets                                    | <u>109,813</u>          | <u>(372)</u>                       | <u>-</u>            | <u>-</u>               | <u>109,441</u>       |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>  | 2,422,442               | 384,384                            | (71,576)            | -                      | 2,735,250            |
| Net Assets (Deficit) – Beginning 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>    |
| <b>NET ASSETS (DEFICIT) – END OF YEAR</b>   | <u>\$ 11,253,301</u>    | <u>\$ 2,161,456</u>                | <u>\$ (476,681)</u> | <u>\$ (1,000)</u>      | <u>\$ 12,937,076</u> |

**PENICK VILLAGE, INC.**

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

**FOR THE YEARS ENDING SEPTEMBER 30, 2022 THROUGH  
SEPTEMBER 30, 2026**



WEALTH ADVISORY | OUTSOURCING  
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**PENICK VILLAGE, INC.  
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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying projection of Penick Village, Inc. ("Penick" or "the Organization") which comprises the projected balance sheets as of September 30, 2022 through 2026, 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 2, 2022

**PENICK VILLAGE, INC.**  
**PROJECTED BALANCE SHEETS**  
**ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGES 5 AND 6**  
**SEPTEMBER 30, 2022 THROUGH 2026**  
**(IN THOUSANDS OF \$)**

| <b>ASSETS</b>  | 2022             | 2023             | 2024             | 2025             | 2026             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>CURRENT ASSETS</b>  |                  |                  |                  |                  |                  |
| Cash and Cash Equivalents  | \$ 4,787         | \$ 4,939         | \$ 5,096         | \$ 5,258         | \$ 5,425         |
| Assets Limited as to Use, Current Portion  | 125              | 141              | 142              | 144              | 145              |
| Investments  | 8,879            | 8,549            | 8,591            | 8,897            | 9,503            |
| Receivables  |                  |                  |                  |                  |                  |
| Accounts and Notes, Net of Allowance   | 370              | 400              | 420              | 438              | 457              |
| Other  | 454              | 490              | 514              | 537              | 560              |
| Prepays  | 220              | 227              | 234              | 242              | 249              |
| Total Current Assets   | <u>14,835</u>    | <u>14,746</u>    | <u>14,997</u>    | <u>15,516</u>    | <u>16,339</u>    |
| <b>ASSETS LIMITED AS TO USE</b>  |                  |                  |                  |                  |                  |
| Investments - Operating Reserve Requirement  | 3,730            | 3,848            | 3,970            | 4,095            | 4,225            |
| Debt Service Reserve Fund  | 2,007            | 2,007            | 2,007            | 2,007            | 2,007            |
| Bond Funds   | 22               | 38               | 39               | 41               | 42               |
| Restricted Funds   | 103              | 103              | 103              | 103              | 103              |
| Board Designated - Future Projects   | 2,039            | 2,039            | 2,039            | 2,039            | 2,039            |
|  | <u>7,901</u>     | <u>8,035</u>     | <u>8,158</u>     | <u>8,285</u>     | <u>8,416</u>     |
| Less: Current Portion  | (125)            | (141)            | (142)            | (144)            | (145)            |
|  | <u>7,776</u>     | <u>7,894</u>     | <u>8,016</u>     | <u>8,141</u>     | <u>8,271</u>     |
| <b>INVESTMENTS, NET OF CURRENT</b>   | 329              | 329              | 329              | 329              | 329              |
| <b>PROPERTY AND EQUIPMENT, NET</b>   | 43,018           | 41,826           | 40,594           | 39,321           | 38,004           |
| <b>OTHER ASSETS</b>  |                  |                  |                  |                  |                  |
| Deposits   | 2                | 2                | 2                | 2                | 2                |
| Investment in Joint Venture, at Cost   | 1                | 1                | 1                | 1                | 1                |
| Interest Rate Cap Agreement  | 4                | 4                | 4                | 4                | 4                |
| Beneficial Interest in Annuities   | 211              | 211              | 211              | 211              | 211              |
| Intangible Asset - Home Care License   | 74               | 71               | 68               | 65               | 62               |
| Due From JA Greer Group, LLC   | 1,360            | 1,360            | 1,360            | 1,360            | 1,360            |
| Total Other Assets   | <u>1,652</u>     | <u>1,649</u>     | <u>1,646</u>     | <u>1,643</u>     | <u>1,640</u>     |
| <b>Total Assets</b>  | <u>\$ 67,610</u> | <u>\$ 66,444</u> | <u>\$ 65,582</u> | <u>\$ 64,950</u> | <u>\$ 64,583</u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                  |                  |                  |                  |                  |
| <b>CURRENT LIABILITIES</b>   |                  |                  |                  |                  |                  |
| Current Maturities of Long-Term Debt   | \$ 450           | \$ 465           | \$ 490           | \$ 505           | \$ 525           |
| Current Maturity of Lease Liability  | 6                | -                | -                | -                | -                |
| Payable from Assets Limited as to Use  | 103              | 103              | 103              | 103              | 103              |
| Accounts Payable   | 1,223            | 1,262            | 1,302            | 1,343            | 1,386            |
| Accrued Liabilities  | 574              | 592              | 611              | 631              | 651              |
| Application and Prepaid Admission Deposits   | 109              | 109              | 109              | 109              | 109              |
| Refund Liability, Current  | 20               | 41               | 64               | 87               | 111              |
| Total Current Liabilities  | <u>2,485</u>     | <u>2,572</u>     | <u>2,679</u>     | <u>2,778</u>     | <u>2,885</u>     |
| <b>REFUND LIABILITY, NONCURRENT PORTION</b>  | 4,707            | 4,778            | 4,852            | 4,930            | 5,011            |
| <b>DEFERRED REVENUE</b>  | 16,414           | 15,076           | 13,895           | 12,862           | 11,967           |
| <b>LONG-TERM DEBT, PLUS UNAMORTIZED PREMIUM, LESS UNAMORTIZED FINANCING COSTS AND CURRENT MATURITIES</b> | 32,652           | 32,152           | 31,627           | 31,087           | 30,527           |
| Total Liabilities  | <u>56,258</u>    | <u>54,578</u>    | <u>53,053</u>    | <u>51,657</u>    | <u>50,390</u>    |
| <b>NET ASSETS</b>  |                  |                  |                  |                  |                  |
| Net Assets Without Donor Restriction   | 10,294           | 10,808           | 11,471           | 12,235           | 13,135           |
| Net Assets With Donor Restriction  | 1,058            | 1,058            | 1,058            | 1,058            | 1,058            |
| Total Net Assets   | <u>11,352</u>    | <u>11,866</u>    | <u>12,529</u>    | <u>13,293</u>    | <u>14,193</u>    |
| <b>Total Liabilities and Net Assets</b>  | <u>\$ 67,610</u> | <u>\$ 66,444</u> | <u>\$ 65,582</u> | <u>\$ 64,950</u> | <u>\$ 64,583</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, 2022 THROUGH 2026**  
**(IN THOUSANDS OF \$)**

|   | 2022      | 2023      | 2024      | 2025      | 2026      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT</b>             |           |           |           |           |           |
| Independent Living  | \$ 7,094  | \$ 7,712  | \$ 8,070  | \$ 8,452  | \$ 8,851  |
| Healthcare Revenue  | 7,219     | 7,691     | 8,060     | 8,352     | 8,657     |
| Less: Contractual Adjustments                                     | (712)     | (711)     | (722)     | (733)     | (744)     |
| Net Resident Service Revenue                                      | 13,601    | 14,692    | 15,408    | 16,071    | 16,764    |
| Earned Entrance Fees  | 3,528     | 3,460     | 3,409     | 3,373     | 3,352     |
| Other Operating Revenue   | 392       | 428       | 453       | 476       | 500       |
| Contributions   | 700       | 700       | 700       | 700       | 700       |
| Contribution Revenue - Provider Relief Funds                      | 83        | -         | -         | -         | -         |
| Total Unrestricted Revenues, Gains and Other Support              | 18,304    | 19,280    | 19,970    | 20,620    | 21,316    |
| <b>OTHER EXPENSES</b>   |           |           |           |           |           |
| Healthcare  |           |           |           |           |           |
| Nursing   | 3,085     | 3,178     | 3,273     | 3,371     | 3,472     |
| Residential Assisted Living                                       | 525       | 540       | 557       | 573       | 591       |
| Garden Cottage  | 394       | 407       | 420       | 433       | 447       |
| Home Care   | 1,197     | 1,233     | 1,270     | 1,308     | 1,347     |
| Total Healthcare  | 5,201     | 5,358     | 5,520     | 5,685     | 5,857     |
| <b>PROGRAM SERVICES</b>   |           |           |           |           |           |
| Dining Services   | 2,983     | 3,087     | 3,195     | 3,307     | 3,423     |
| Housekeeping  | 763       | 786       | 809       | 833       | 858       |
| Resident Services   | 319       | 329       | 339       | 349       | 359       |
| Facility Services   | 1,988     | 2,048     | 2,109     | 2,172     | 2,237     |
| Life Enrichment   | 310       | 320       | 329       | 339       | 349       |
| Total Program Services  | 6,363     | 6,570     | 6,781     | 7,000     | 7,226     |
| <b>SUPPORTING SERVICES</b>  |           |           |           |           |           |
| General and Administrative  | 2,005     | 2,075     | 2,147     | 2,222     | 2,300     |
| Human Resources   | 385       | 396       | 408       | 420       | 433       |
| Information Technology  | 522       | 537       | 553       | 570       | 587       |
| Marketing and Development   | 439       | 452       | 466       | 480       | 494       |
| Depreciation and Amortization                                     | 2,160     | 2,265     | 2,337     | 2,412     | 2,489     |
| Interest  | 1,566     | 1,555     | 1,537     | 1,518     | 1,499     |
| Interest - Amortization of Issuance Costs                         | 34        | 34        | 34        | 34        | 34        |
| Interest - Amortization of Bond Premium                           | (69)      | (69)      | (69)      | (69)      | (69)      |
| Total Supporting Services   | 7,042     | 7,245     | 7,413     | 7,587     | 7,767     |
| Total Operating Expenses  | 18,606    | 19,173    | 19,714    | 20,272    | 20,850    |
| Operating (Loss) Income   | (302)     | 107       | 256       | 348       | 466       |
| <b>NON-OPERATING INCOME</b>                                       |           |           |           |           |           |
| Investment Earnings, Net  | 401       | 407       | 407       | 416       | 434       |
| <b>EXCESS OF REVENUES OVER EXPENSES AND CHANGES IN NET ASSETS</b> | 99        | 514       | 663       | 764       | 900       |
| Net Assets, Beginning of Year                                     | 11,253    | 11,352    | 11,866    | 12,529    | 13,293    |
| Net Assets, End of Year   | \$ 11,352 | \$ 11,866 | \$ 12,529 | \$ 13,293 | \$ 14,193 |

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, 2022 THROUGH 2026**  
**(IN THOUSANDS OF \$)**

|   | 2022            | 2023            | 2024            | 2025            | 2026            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                 |                 |                 |                 |                 |
| Changes in Net Assets   | \$ 99           | \$ 514          | \$ 663          | \$ 764          | \$ 900          |
| Adjustments to Reconcile Changes in Net Assets to<br>Net Cash Provided by Operating Activities: |                 |                 |                 |                 |                 |
| Depreciation  | 2,157           | 2,262           | 2,334           | 2,409           | 2,486           |
| Amortization of Intangible Asset  | 3               | 3               | 3               | 3               | 3               |
| Amortization of Debt Issuance Costs   | 34              | 34              | 34              | 34              | 34              |
| Amortization of Premium   | (69)            | (69)            | (69)            | (69)            | (69)            |
| Change in Deferred Revenue - Provider Relief Funds  | (83)            | -               | -               | -               | -               |
| Amortization of Entrance Fees   | (3,528)         | (3,460)         | (3,409)         | (3,373)         | (3,352)         |
| Nonrefundable Entrance Fees Received  | 3,192           | 3,437           | 3,609           | 3,790           | 3,979           |
| Net Change in Operating Assets and Liabilities  |                 |                 |                 |                 |                 |
| Current Assets  | (63)            | (73)            | (51)            | (49)            | (49)            |
| Current Liabilities   | 989             | 78              | 82              | 84              | 87              |
| Net Cash Provided by Operating Activities   | 2,731           | 2,726           | 3,196           | 3,593           | 4,019           |
| <b>CASH FLOWS FROM CAPITAL AND INVESTING ACTIVITIES</b>   |                 |                 |                 |                 |                 |
| Purchase of Property and Equipment  | (1,529)         | (1,070)         | (1,102)         | (1,135)         | (1,169)         |
| Change in Investments   | (1,186)         | 330             | (41)            | (307)           | (605)           |
| Change in Assets Limited as to Use  | (1,943)         | (118)           | (122)           | (125)           | (130)           |
| Net Cash Used by Capital and Investing Activities   | \$ (4,658)      | \$ (858)        | \$ (1,266)      | \$ (1,567)      | \$ (1,905)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                 |                 |                 |                 |                 |
| Principal Payments on Long-Term Debt  | (260)           | (450)           | (465)           | (490)           | (505)           |
| Refundable Entrance Fees Received   | 471             | 495             | 519             | 545             | 572             |
| Principal Payments on Lease Payable   | (21)            | (6)             | -               | -               | -               |
| Refunds of Entrance Fees  | (1,656)         | (1,739)         | (1,826)         | (1,917)         | (2,013)         |
| Net Cash Used by Financing Activities   | (1,466)         | (1,700)         | (1,772)         | (1,862)         | (1,946)         |
| <b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>                                | (3,393)         | 168             | 158             | 164             | 168             |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year                                 | 10,312          | 6,919           | 7,087           | 7,245           | 7,409           |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED - END OF YEAR</b>                                     | <b>\$ 6,919</b> | <b>\$ 7,087</b> | <b>\$ 7,245</b> | <b>\$ 7,409</b> | <b>\$ 7,577</b> |
| Cash and Cash Equivalents   | \$ 4,787        | \$ 4,939        | \$ 5,096        | \$ 5,258        | \$ 5,425        |
| Restricted Cash - Assets Limited as to Use  | 2,132           | 2,148           | 2,149           | 2,151           | 2,152           |
| Total Cash, Cash Equivalents, and Restricted Cash   | <b>\$ 6,919</b> | <b>\$ 7,087</b> | <b>\$ 7,245</b> | <b>\$ 7,409</b> | <b>\$ 7,577</b> |

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, 2022 through 2026 (the “Projection Period”).

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

The Group was organized in November 2016 to own and manage a multi-family property purchased by the Group in December 2016. The Group is a 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 continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 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.



## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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### **NOTE 2 BASIS OF PRESENTATION (CONTINUED)**

- While COVID-19 did impact the Organization's occupancies in fiscal year 2020 and 2021, Management has projected occupancy recoveries in 2022 and 2023 within independent living and assisted living. In addition, Management has projected utilizing the remaining \$83,000 of provider relief funds in fiscal year 2022 on expenses related to preventing, preparing for, or responding to the COVID-19 pandemic.

Accordingly, the financial projection reflects Management's assumptions as of February 2, 2022, the date of this projection, of the expected conditions and its expected course of action assuming the Hypothetical Assumptions. The assumptions disclosed herein, while not all-inclusive, are the assumptions which Management believes are significant to the financial projection. Furthermore, even if the Hypothetical Assumptions were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the projection based on Managements' assumptions at the time of the projection. Management recognizes that there will usually be differences between the 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**

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## **NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Cash and Cash Equivalents**

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

### **Assets Limited as to Use**

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

### **Investments**

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

### **Fair Value Measurements**

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

# **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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## **NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Accounts and Notes Receivable**

Accounts receivable are uncollateralized resident obligations due under normal trade terms generally requiring payment within 30 days from the invoiced date. Notes receivable represent written promissory notes from residents to fulfill past due accounts based on agreed payment schedules. The carrying amount of accounts and notes receivable is reduced by an allowance 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, 2021, the allowance was approximately \$100,000 and Management has projected maintaining a consistent allowance during the Projection Period.

### **Property, Equipment and Depreciation**

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

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

### **Financing Costs**

Costs incurred in acquiring bond financing are capitalized and amortized over the repayment periods associated with the underlying debt obligation. As noted in Note 7, Liability Assumptions, during the 2020 fiscal year, the Organization issued new debt in the form of the Series 2019 Bonds. As part of the Series 2019 Bonds, the Organization paid \$1,130,000 of deferred financing costs. Management has projected unamortized financing costs of approximately \$1.031 million, \$997,000, \$963,000, \$929,000 and \$895,000 for the years ending September 30, 2022, 2023, 2024, 2025 and 2026, respectively, and have been reflected as a reduction in long-term debt. Annual amortization of financing costs of approximately \$34,000 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.

## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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### **NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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 actuarially calculated life expectancy of the resident. The nonrefundable portion of entrance fees is classified as deferred revenue. The refundable portion of entrance fees is carried as a liability as the Organization's residency contracts generally do not explicitly limit the refundable portion of the entrance fees to the proceeds of the same residence's re-occupancy.

#### **Obligations to Provide Future Services**

The Organization enters into various continuing care contracts with residents. A life 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, 2021, 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, 2021 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 service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving nursing services or housing residents receiving services in the facilities (e.g., therapy). The Organization considers daily services provided to residents of the nursing facilities, and monthly rental for housing services as a separate performance obligation and measures this

## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

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

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

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

### Medicare

The Organization's licensed nursing facilities participate in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facilities are paid under the Patient Driven Payment Model (PDPM) which became effective October 1, 2019. Under PDPM, therapy minutes were removed as the primary basis for payment and instead the underlying complexity and clinical needs of a patient is used as a basis for reimbursement. In addition, PDPM introduced variance adjustment factors that change reimbursement rates during the resident's length of stay. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

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

### Medicaid

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

## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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### Other

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

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

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

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

### **Financing Component**

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

### **Contract Costs**

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

Revenue that is reimbursable by Medicare and Medicaid is subject to audit and retroactive adjustment. Revenues from Medicare and Medicaid approximated 19.6% of gross resident service revenue for the year ended September 30, 2021. 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.

## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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### **NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Benevolent Assistance**

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

#### **Restricted and Unrestricted Revenue**

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

#### **Income Taxes**

The Organization is exempt from federal and state income taxes under Code Section 501(c)(3) of the Internal Revenue code; accordingly, the projected financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefit or obligations as of September 30, 2021.

#### **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.

## ***SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES***

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### **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 |          |          |          |          |
|----------------------------|-------------------------|----------|----------|----------|----------|
|                            | 2022                    | 2023     | 2024     | 2025     | 2026     |
| Entrance Fees Received     | \$ 3,663                | \$ 3,932 | \$ 4,128 | \$ 4,335 | \$ 4,551 |
| Entrance Fees Refunded     | (1,656)                 | (1,739)  | (1,826)  | (1,917)  | (2,013)  |
| Net Entrance Fees Received | \$ 2,007                | \$ 2,193 | \$ 2,302 | \$ 2,418 | \$ 2,538 |

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

|                            | 2022  | 2023  | 2024  | 2025  | 2026  |
|----------------------------|-------|-------|-------|-------|-------|
| Independent Living         | 95.1% | 97.2% | 97.2% | 97.2% | 97.2% |
| Assisted Living            | 69.3% | 75.5% | 77.9% | 77.9% | 77.9% |
| Skilled Nursing            | 64.0% | 64.0% | 64.0% | 64.0% | 64.0% |
| Weighted Average Occupancy | 81.3% | 83.3% | 83.3% | 83.3% | 83.3% |

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

|                              | 2022     | 2023     | 2024     | 2025     | 2026     |
|------------------------------|----------|----------|----------|----------|----------|
| Independent Living (monthly) | \$ 3,777 | \$ 3,966 | \$ 4,165 | \$ 4,373 | \$ 4,591 |
| Assisted Living (monthly)    | \$ 6,575 | \$ 6,915 | \$ 7,287 | \$ 7,651 | \$ 8,034 |
| Skilled Nursing (daily)      | \$ 347   | \$ 356   | \$ 367   | \$ 377   | \$ 388   |

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

|                                    | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------------|------|------|------|------|------|
| Independent Living                 | (1)  | 5.0% | 5.0% | 5.0% | 5.0% |
| Assisted Living                    | (1)  | 5.0% | 5.0% | 5.0% | 5.0% |
| Skilled Nursing - Private          | (1)  | 5.0% | 5.0% | 5.0% | 5.0% |
| Skilled Nursing - Medicare         | (1)  | 2.0% | 2.0% | 2.0% | 2.0% |
| Skilled Nursing - Managed Medicare | (1)  | 2.0% | 2.0% | 2.0% | 2.0% |
| Skilled Nursing - Medicaid         | (1)  | 1.0% | 1.0% | 1.0% | 1.0% |
| Skilled Nursing - Hospice          | (1)  | 1.0% | 1.0% | 1.0% | 1.0% |

Note:

(1) Based on Management's 2022 budget.

5. Net investment earnings are based on Management's budget for the year ending September 30, 2022. 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**

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### **NOTE 4 SUPPORT AND REVENUE ASSUMPTIONS (CONTINUED)**

6. Contributions are based on Management's budget for the year ending September 30, 2022. Management has projected contributions of approximately \$700,000 for all years in the Projection Period.
7. Other operating revenue is based on Management's budget for the year ending September 30, 2022, increased by 3.5% thereafter through 2026.
8. 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. During the years ended September 30, 2021, and 2020, the Organization received approximately \$147,000 and \$505,000 in PRF, respectively. As of September 30, 2021, the Organization had recorded a remaining \$83,000 as deferred revenue on the balance sheet. Management has projected that it will utilize \$83,000 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**

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### **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, 2022. 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, 2022 are based on Management's budget.

For each of the years ending September 30 thereafter, Management projects a 3% wage increase during the rest of the Projection Period. Employer taxes and employee benefits have been projected at approximately 19.6 percent of salaries and wages during all years of the Projection Period.

In each year ending September 30, 2022 – 2026, Management has also projected the following:

- Raw food costs are projected to increase at 5% per annum.
- All other expenses included in the projection, with the exception of depreciation, amortization, and interest, are assumed to increase 3% 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 117 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

### NOTE 6 ASSET ASSUMPTIONS (CONTINUED)

4. Management has projected assets limited as to use to consist of the following:
  - a. Operating Reserve Requirement (see further description contained hereinafter)
  - b. Debt Service Reserve Fund – Represents the debt service reserve fund related to the Series 2019 Bonds.
5. Management has projected the following capital expenditures for the years ending September 30:

|   | In Thousands of Dollars |                 |                 |                 |                 |
|---|-------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2022                    | 2023            | 2024            | 2025            | 2026            |
| Routine Capital Expenditures                        | \$ 1,039                | \$ 1,070        | \$ 1,102        | \$ 1,135        | \$ 1,169        |
| Planning and Development Activities - New South     | 490                     | -               | -               | -               | -               |
| <b>Total Routine and Other Capital Expenditures</b> | <b>\$ 1,529</b>         | <b>\$ 1,070</b> | <b>\$ 1,102</b> | <b>\$ 1,135</b> | <b>\$ 1,169</b> |

- a. Management has projected that it would incur approximately \$490,000 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 |                 |                 |                 |                 |
|-------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                               | 2022                    | 2023            | 2024            | 2025            | 2026            |
| Land                          | \$ 589                  | \$ 589          | \$ 589          | \$ 589          | \$ 589          |
| Landscaping                   | 81                      | 81              | 81              | 81              | 81              |
| Buildings                     | 58,037                  | 59,089          | 60,173          | 61,289          | 62,438          |
| Equipment and Furnishings     | 1,006                   | 1,024           | 1,043           | 1,062           | 1,082           |
| Paving                        | 103                     | 103             | 103             | 103             | 103             |
| Motor Vehicles                | 270                     | 270             | 270             | 270             | 270             |
| Construction in Process       | 1,058                   | 1,058           | 1,058           | 1,058           | 1,058           |
| Property and Equipment, Gross | 61,144                  | 62,214          | 63,316          | 64,452          | 65,621          |
| Accumulated Depreciation      | (18,126)                | (20,388)        | (22,722)        | (25,131)        | (27,617)        |
| Property and Equipment, Net   | <b>\$43,018</b>         | <b>\$41,826</b> | <b>\$40,594</b> | <b>\$39,321</b> | <b>\$38,004</b> |

7. Other receivables are projected to approximate 12 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:

| As of September 30,               | 2022  | 2023  | 2024  | 2025  | 2026  |
|-----------------------------------|-------|-------|-------|-------|-------|
| Independent Living Units Occupied | 148   | 146   | 146   | 146   | 146   |
| Assisted Living Units Occupied    | 30    | 32    | 32    | 32    | 32    |
| Total Occupied                    | 178   | 178   | 178   | 178   | 178   |
| Total Available Units             | 191   | 191   | 191   | 191   | 191   |
| Occupancy                         | 93.2% | 93.0% | 93.0% | 93.0% | 93.0% |

|  | In Thousands of Dollars |           |           |           |           |
|--|-------------------------|-----------|-----------|-----------|-----------|
|  | 2022                    | 2023      | 2024      | 2025      | 2026      |
| Total Operating Expenses   | \$ 18,606               | \$ 19,173 | \$ 19,714 | \$ 20,272 | \$ 20,850 |
| Less:  |                         |           |           |           |           |
| Depreciation and Amortization  | (2,160)                 | (2,265)   | (2,337)   | (2,412)   | (2,489)   |
| Amortization of Issuance Costs Included as a component of Interest Expense | (34)                    | (34)      | (34)      | (34)      | (34)      |
| Plus:  |                         |           |           |           |           |
| Routine Principal Payments   | 260                     | 450       | 465       | 490       | 505       |
| Less:  |                         |           |           |           |           |
| Amounts Set-Aside in Debt Service Reserve Fund                             | (1,754)                 | (1,933)   | (1,930)   | (1,936)   | (1,932)   |
|  | \$ 14,918               | \$ 15,391 | \$ 15,878 | \$ 16,380 | \$ 16,900 |
| Required Reserve Multiplier <sup>(1)</sup>                                 | 25%                     | 25%       | 25%       | 25%       | 25%       |
| Required Operating Reserve (In Thousands)                                  | \$ 3,730                | \$ 3,848  | \$ 3,970  | \$ 4,095  | \$ 4,225  |

#### Notes:

- (1) Due to the Organization having an assumed combined occupancy as of September 30<sup>th</sup> 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**

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### **NOTE 7 LIABILITY ASSUMPTIONS**

The following summarizes significant assumptions for projected liabilities.

1. Accounts payable is projected to approximate 21 days operating expenses excluding depreciation, amortization, and interest during the Projection Period.
2. Accrued liabilities are projected to approximate 14 days of operating expenses excluding depreciation, amortization, and interest during the Projection Period.
3. At September 30, 2021, the Organization's outstanding long-term debt totaled \$32,170,508 which was comprised of the following:
  - \$32,170,508 of Series 2019 tax-exempt bonds (the "Series 2019 Bonds"); issued November 2019; annual payment of principal is due beginning September 2020; all unpaid principal and interest is due September 2054. Interest on the Series 2019 Bonds is payable bi-annually with an interest rate of 3.5% - 4.125%.

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

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

In February 2021, the Organization entered into a \$650,000 secured line of credit with an interest rate of 4.00%. The line of credit is set to expire in February 2022. Interest accrues and is payable monthly. There is no outstanding balance on the line of credit at September 30, 2021. Management has projected no draw downs on the line of credit during the Projection Period.

## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

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### **NOTE 7 LIABILITY ASSUMPTIONS (CONTINUED)**

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

| <b>Years Ending September 30,</b> | <b>Series 2019 Bonds (In \$'000's)</b> |        |
|-----------------------------------|--|--------|
| 2022                              | \$                                     | 260    |
| 2023                              |  | 450    |
| 2024                              |  | 465    |
| 2025                              |  | 490    |
| 2026                              |  | 505    |
| Thereafter                        |  | 30,001 |
| Total                             | \$                                     | 32,171 |

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 2023. Management has projected entrance fee refunds based upon historical experience.



**PENICK  
VILLAGE**

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**RESIDENCY AGREEMENT**

**for**

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**PENICK VILLAGE  
RESIDENCY AGREEMENT**

**NOTICE OF RIGHT TO RESCIND**

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

**TERMS OF OCCUPANCY**

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

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

RESIDENCE STYLE: \_\_\_\_\_

RESIDENCE ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SECTION 1: GENERAL SERVICES AND FACILITIES**

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

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

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

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

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

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

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

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

**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.

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 in any one calendar year. Therefore, in any one calendar year, should a resident use the maximum 28 days, a spouse may not donate the aforementioned 7 days to extend that maximum beyond 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 Payment Due Date.** Penick will automatically draft payments from the resident’s designated account the fifteenth (15<sup>th</sup>) day of each month, or on the business day prior if the 15<sup>th</sup> of the month falls on a weekend and holidays, for accumulated service fees and miscellaneous expenses.
- 4.5 Late Fee.** We will assess you a late fee of eighteen percent (18%) annually (or the maximum amount allowed by applicable law, if less) of the amount due if the Monthly Service Fee or Optional Services Fees are not paid in full on or before the fifteenth day (15th) of the calendar month in which they are due.
- 4.6 Changes in Occupancy.** If your Residence is occupied by two (2) Residents and one (1) Resident surrenders possession of the Residence to the other, other than by death or by a transfer covered by Section 3, the obligations of the Resident remaining in the Residence under this Agreement remain in legal force and effect, except that the Monthly Service Fee will be adjusted to reflect the single occupancy rate then in effect for the Residence. The Resident not remaining in the Residence will receive no services or benefits under this Agreement but will continue to be jointly and severally liable for the obligations of the Resident remaining in the Residence. The remaining Resident may elect to relocate to a different Residence, if desired, as covered in Section 6. No refund of the Entrance

Fee, if applicable, will be made until the remaining Resident vacates the Residence and all conditions of Section 6.4 are met.

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

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

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

In the event you marry an individual while at Penick Village who does not meet the residency requirements, Penick Village, in its sole discretion, may allow such person to reside at Penick Village. However, this person would not have any rights, privileges or protection under this Agreement.

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

**4.8 Residents Who Become Unable to Pay.** It is Penick Village's current policy, which is subject to change at any time without notice in our sole and exclusive discretion, that this Agreement will not be terminated solely because of your financial inability to continue to pay the Monthly Service Fee or other charges payable under the terms of this Agreement by reason of circumstances beyond your control; provided, however, this policy shall not be construed to qualify or limit Penick Village's right to terminate this Agreement in accordance with its terms. If you present facts that, in the opinion of Penick Village, justify special financial consideration, Penick Village will give careful consideration to subsidizing in part or in whole the Monthly Service Fee and other charges payable by you under the terms of this Agreement, so long as such subsidy can be made without

impairing the ability of Penick Village to attain its objectives while operating on a sound financial basis. Any determination by Penick Village with regard to the granting of financial assistance shall be within the sole discretion of the ad-hoc Penick Village Benevolent Assistance Committee, and any decision to provide such financial assistance shall continue in effect only so long as Penick Village, in its sole discretion, determines that it can continue to operate for the benefit of all Residents on a sound basis.

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

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

## **SECTION FIVE: APPLICATION AND ACCEPTANCE FOR RESIDENCY**

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

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

**a. Confidential Application.** You shall complete and submit a Confidential Application provided by Penick Village prior to or concurrent with the execution of this Agreement. You hereby certify to Penick Village that all information reflected on such Confidential Application, which is hereby incorporated by reference and made a part of this Agreement, is complete and accurate. Penick Village reserves the right to conduct background checks, including but not limited to criminal background checks, sexual predator registry and credit checks. All financial information given must be complete and accurate. At a minimum, you will be required to submit your most recent tax return filed with the IRS, and any relevant documentation, including summary reports of investment returns, to verify personal financial data. Copies of medical insurance cards and any long term care insurance policies should be submitted prior to occupancy. All residents at Penick Village will be required to provide updated financial data at least bi-annually.

**b. Confidential Medical Report.** Prior to your acceptance to Penick Village, you will be required to submit a Confidential Medical Report. You also agree to have a home visit by a Penick Village representative as part of the Medical Assessment.

- b. **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:**

**Secondary:**

**Other:**

Name(s): \_\_\_\_\_

Name(s): \_\_\_\_\_

Name(s): \_\_\_\_\_

Relationship: \_\_\_\_\_

Relationship: \_\_\_\_\_

Relationship: \_\_\_\_\_

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

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

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

Phone number(s): \_\_\_\_\_

Phone number(s): \_\_\_\_\_

Phone number(s): \_\_\_\_\_

Home: (\_\_\_\_) \_\_\_\_\_

Home: (\_\_\_\_) \_\_\_\_\_

Home: (\_\_\_\_) \_\_\_\_\_

Work: (\_\_\_\_) \_\_\_\_\_

Work: (\_\_\_\_) \_\_\_\_\_

Work: (\_\_\_\_) \_\_\_\_\_

Cell: (\_\_\_\_) \_\_\_\_\_

Cell: (\_\_\_\_) \_\_\_\_\_

Cell: (\_\_\_\_) \_\_\_\_\_

Email \_\_\_\_\_

Email \_\_\_\_\_

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**

Applicant's Social Security #: \_\_\_\_\_

**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 \$ \_\_\_\_\_

Date of Birth: 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 &amp; 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> )          | \$                                |     |    | \$                                |     |    |
|  |                                   |     |    |                                   |     |    |
|  |                                   |     |    |                                   |     |    |
| <b>TOTAL ASSETS</b>                              | 1st Person                        |     |    | 2nd Person                        |     |    |
|  | \$                                |     |    | \$                                |     |    |
| <b>Combined</b>                                  | \$                                |     |    |                                   |     |    |

**Supporting documents, statements, and most recent tax return for all assets are required.\***

\*Not applicable to Future Residency Program applicants

### 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)            | \$         | \$         |
| <b>TOTAL LIABILITIES</b>                             | \$         | \$         |
| <b>Combined</b>                                      | \$         |            |



**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                | \$         | \$         |
| <b>TOTAL REGULAR MONTHLY INCOME</b> | \$         | \$         |
| <b>Combined</b>                     | \$         |            |

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 living 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.

**MEDICAL OFFICE: Please attach copies of the following as part of the application:**

- *Notes from last three visits, to include surgical history and current diagnoses*
- *List of medications with dosage, frequency, and whether self-administered*

Please return this report to PENICK VILLAGE by fax or mail:

Fax # - (910) 692-0461

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

**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
- \_\_\_ Dressing
- \_\_\_ Toileting
- \_\_\_ Ambulation assistance
- \_\_\_ Driving
- \_\_\_ Remembering appointments
- \_\_\_ Handling business affairs
- \_\_\_ Medication management
- \_\_\_ Preparing a meal
- \_\_\_ Using the phone
- \_\_\_ Shopping

Do you recommend the applicant for Independent Living? \_\_\_\_\_

If NO, why? \_\_\_\_\_

**Physician's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_





# PENICK VILLAGE

**Penick Village, Inc.**

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

**Resident:** \_\_\_\_\_

**Living Accommodation:** \_\_\_\_\_



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

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

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

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

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

### I. ACCOMMODATIONS AND SERVICES

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

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

Initials \_\_\_\_\_  
Corporation      Resident(s)

- C. **Utilities.** We will furnish ordinary electricity, heating, air conditioning, water, sewer, gas, basic cable television service, free wifi, a telephone, a clock, a television, and trash removal. You are responsible for any premium internet services.
- D. **Furnishings and Appliances.** The Corporation will provide furnishings and appliances in the Living Accommodation as described in the PV-published literature. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident and shall be maintained by you at your risk.

- E. Meals.** The Corporation will make available, to you, three (3) nutritionally well-balanced meals each day, the cost of which is included in your Monthly/Daily Fee.
- F. Housekeeping Services.** We agree to maintain the Living Accommodation by providing scheduled housekeeping for Healthcare residents. Housekeeping includes periodic vacuuming and dusting, daily cleaning of bath and changing of bed and bath linens and trash removal. Additional housekeeping services may be made available at your expense.
- G. Laundry.** Bed and bath linens as well as linen laundry service and personal laundry service (washing, drying and folding) will be provided for Healthcare residents. The costs of these services are included in the Monthly/Daily fee. You are responsible for arranging and paying for dry cleaning services. PV is not responsible for loss or damage to personal items laundered by PV.
- H. Maintenance and Repairs.** We will maintain and keep in repair the improvements, furnishings, appliances, and equipment owned by the Corporation. Maintenance and repair of your personal property is your responsibility. You will be responsible for the cost of repairing any damage to property of the Corporation caused by your negligence and/or that of any guest of yours, ordinary wear and tear excepted.
- I. Alterations to Living Accommodation.** Any structural or physical change or redecoration of any kind within the Living Accommodation will require the prior approval of the Corporation. The cost of any change, repairs or maintenance for that change and the subsequent cost to return the living unit to its original condition in the event of such change, or redecoration, will be paid by you. Any such improvement or change will be owned by the Corporation and will not be considered in determining the amount of any refund to you upon termination of this Agreement.
- J. Use of and Changes to Living Accommodation.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws, or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental laws or regulations.
- K. Groundskeeping.** We will furnish basic groundskeeping service for the grounds of PV, including lawn, tree and shrubbery care. Subject to approval by the Corporation, you may plant and maintain certain areas designated for such purpose by the Corporation. The cost of these plantings and maintenance of such plantings will be at your expense.
- L. Mail.** Mail will be delivered by the postal service to PV. PV staff delivers mail to central mail areas for Assisted Living Accommodations. PV staff deliver mail directly to each Skilled Nursing Living Accommodation.
- Package deliveries vary by carrier. If a carrier does not deliver packages directly to the resident's Living Accommodation, PV staff will deliver packages directly to Assisted Living and Skilled Nursing Resident.
- M. Common Facilities.** We will provide common facilities for the use and/or benefit of all Residents. Such common facilities currently include an exercise facility, central dining rooms, mail room, multi-purpose rooms, library, game/television area, lounges, and sitting areas.
- N. Transportation.** We will provide local medical transportation for scheduled medical appointments Monday through Friday between 8:00 a.m. and 4:00 p.m. except holidays. Forty-eight (48) hours'

notice is required. Additional charges will be incurred for appointments exceeding four (4) per month and those appointments outside of normal service hours noted above. Additional charges will be incurred for Residents who require staff accompaniment. Out-of-County transportation is not provided.

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

- O. Activities.** Wellness, social, recreational, spiritual, educational and cultural activities will be available to Residents. Additional charges may be incurred for some programs.
- P. Other Services Available.** Residents engaging third parties for services within PV may do so only with prior notification and PV authorization (i.e., companions, private agency nurses, maintenance workers, etc.). This is not an all- inclusive listing of services you may request or utilize. With respect to services not listed, consult the Resident Handbook’s Schedule of Charges.
- Q. Services.** The services and facilities that are provided through the Entrance and Monthly/Daily Fees (may also be described further herein) are summarized below:

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

- Dining plan
- Deposit services with First Bank when associated with a Resident Trust Account
- Limited parking
- Limited storage (based on Living Accommodation \*)
- Computer/internet access
- Complimentary Wi-Fi
- All utilities
- Basic Cable television service
- Housekeeping service
- Maintenance service
- Local medical transportation within 25 miles of campus
- Social, spiritual, and recreational programs
- Pastoral counseling
- On-site delivery of pharmaceuticals
- Routine nursing services
- Nutritional counseling
- Emergency nursing services
- 24-hour medical emergency call system, security and fire protection
- Limited Check Cashing (may be limited in terms of frequency and amount)
- Notary Public services

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

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

**Assisted Living**

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

**Skilled Nursing**

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

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

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

- 1. Skilled Nursing:** The Skilled Nursing Center will be provided for the benefit of the Residents. The Corporation is licensed by the North Carolina Department of Health and

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

- Twenty-four (24) hour nursing staff maintained throughout Healthcare.
  - The overall coordination of health care services by the Corporation provided through the joint efforts of a Medical Director (a licensed physician selected by the Corporation), the Corporation's licensed Nursing Home Administrator, the Corporation's Director of Nursing, and other nursing/clinical staff of the Corporation.
  - Charges for Healthcare accommodations and services are described in the Schedule of Fees and other literature published by the Corporation and distributed to Residents at least annually.
  - Residents may choose their own personal physician and are responsible for charges for services by such physicians and any consultants. Residents may choose to use the Corporation's Medical Director as their personal physician. Residents are responsible for applicable charges.
  - Other health care services may be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services, radiology services, dental and podiatry services, laboratory tests, physical therapy, occupational therapy, including therapeutic activities, rehabilitative treatments, wheelchairs, other medical equipment and supplies. The cost of such services shall not be covered by the Monthly/Daily Fees described herein.
  - Temporary care (up to 30 days) is also available in the Skilled Nursing and for treatment of short-term illnesses or injuries.
2. **On-Site Emergency Call Response.** Each Living Accommodation is equipped with an emergency call system. PV nursing staff will respond to emergency calls.
  3. **Emergency Medical Care.** We will notify your family when emergency medical care is necessary. If acute medical care is necessary or upon physician's or your request, you will be transferred to a local hospital Emergency Room.
  4. **Assisted Living Center.** Our Residential Assisted Living is licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation to operate 40 residences, 42 beds to provide support services for Residents who require assistance with activities of daily living. Private accommodations will be provided for Residents in the Assisted Living Center. The Assisted Living Center is licensed to provide services to individuals who require some assistance with activities of daily living, including but not limited to: bathing, dressing, medication administration, dining room assistance, monitoring of vital signs, and nursing assessments. The Garden Cottage serves the needs of individuals diagnosed with memory care-related issues.

**II. FINANCIAL ARRANGEMENTS**

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

| <b>Non-Standard Features Added:</b>         | <b>Cost</b> |
|---|-------------|
|   | \$          |
|   | \$          |
|   | \$          |
|   | \$          |
| <b>Total of Non-Standard Features Added</b> | <b>\$</b>   |

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

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

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

Initials \_\_\_\_\_  
Corporation      Resident(s)

- D. **Vacations and/or Time Away from Living Accommodation.** Monthly/Daily Fees not subject to change or credit if a Resident is away from the Living Accommodation for any period of time. (For example, vacations, hospital stays, etc.)
- E. **Adjustments in the Monthly/Daily Fee.** The Corporation usually sets fees annually but shall have the authority to adjust the Monthly/Daily Fee from time to time during the term of this



Agreement as it, in its discretion, deems necessary. Any such increase in the Monthly/Daily Fee or other charges may be made by the Corporation upon thirty (30) days written notice to the Resident.

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

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

- F. Schedule of Fees.** You have been given a current copy of the Schedule of Fees as authorized by the Chief Executive Officer of the Corporation. You understand that these fees may periodically change.
- G. Payment Due Date.** 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.
- H. Monthly Statements.** We will furnish the Resident with monthly statements showing the total amount of fees and other charges owed by the Resident, which shall be payable by the 15th of the month. Late payments are subject to an interest charge of one and one-half percent (1.5%) per month from the first of the month. PV offers and encourages an automatic bank draft for the Monthly/Daily Fees. PV may terminate this agreement if You have a past due amount in excess of thirty (30) days. Termination of this Agreement does not end the obligation of You or Your estate to pay all amounts due, no matter when incurred.

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

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

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

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

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

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

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

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

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

### III. ENTRY REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

#### IV. **TERMS OF RESIDENCY**

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

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

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

(13) To have privacy in visits by the patient's spouse, and if both are patients in the same facility, they shall be given the opportunity, where feasible, to share a room.

(14) To enjoy privacy in his/her room.

(15) To present grievances and recommend changes in policies and services personally, through other persons or in combination with others, without fear of reprisal, restraint, interference, coercion, or discrimination.

(16) To not be required to perform services for the facility without personal consent and the written approval of the attending physician.

(17) To retain, to secure storage for, and to use his personal clothing and possessions, where reasonable.

(18) To not be transferred or discharged from a facility except for medical, financial, or their own or other patient's welfare, nonpayment for the stay or when mandated by Medicare or Medicaid. Any such transfer shall require at least five days' notice, unless the attending physician orders immediate transfer, which shall be documented in the patient's medical record.

(19) To be notified within ten days after the facility's license is revoked or made provisional. The responsible party or guardian must be notified as well.

**C. Subordination.** You agree that all of your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Corporation, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such subordination as such lenders may reasonably require. You shall not be liable for any such indebtedness.

**D. Policies, Rules and Regulations.** You understand and agree that: (i) in order for PV to operate in the best interests of the entire community, it is essential that we have cooperation of and compliance with applicable policies, rules and regulations by you, your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of you or who may come on the premises of PV in any capacity or for any purpose in connection with or as a result of your residency at PV; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by PV that it is impracticable or impossible for PV to continue to accommodate you as a resident; and (iii) upon such determination by PV, we shall have the right to terminate this Agreement.

**E. Weapons.** No weapons of any type shall be brought on to the PV property by you or your guests without the express prior written permission of the Corporation.

**F. Resident Representation.** Residents have the right of self-organization through a Residents' council which may convene to review the interests of the resident population. You shall have resident representation on the PV Board of Directors as outlined in the Bylaws of PV.

**G. Guests and Visitors.** Guests and visitors are welcome at PV. Guests may use PV guest accommodations, subject to availability and additional charges. At all times, you shall be responsible for any injury to others or damage to the property of others or PV, caused by you or

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

**H. Relationships Between Residents and Employees (“Associates”).** PV is built on mutual respect and instructs its Associates to be cordial and helpful to Residents. The relationship is to remain professional. Associates must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to Associates or Associates’ families is not permitted. Residents will not employ PV Associates nor hire former PV Associates without the prior written consent of PV Management.

**I. Loss of Property.** The Corporation maintains insurance on all of its property and its operations to include general public liability insurance, property insurance including coverage for acts of God, vandalism and theft, professional liability insurance and worker’s compensation.

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

**J. Right of Entry.** PV recognizes your right to privacy, and shall limit entry to your Living Accommodation to legitimate emergencies and to scheduled work, including housekeeping, repairs, maintenance, and inspections. You hereby authorize Associates or agents of PV to enter your Living Accommodation, upon reasonable notice for all such purposes.

**K. Appliances.** PV is not obligated to determine your ability to safely utilize the appliances, if any, in your Living Accommodation. However, should we determine that you have demonstrated an inability to safely utilize appliances in your Living Accommodation; we will have the right to turn off the power servicing such appliance(s) and/or to remove any and all such appliances. In any such instance, you shall remain obligated to pay for the Full Month/Daily fee for your Living Accommodation, any extra meals and any fire alarm charges issued by the fire department.

**L. Changes in Living Accommodations.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws or regulations.

**M. Health Insurance.** You will maintain eligible Medicare coverage and one supplemental health insurance policy or equivalent insurance coverage, which adequately covers hospital, medical, prescription, and skilled nursing deductibles and co-payments required of your primary insurance plan. Both your primary and supplemental health insurance policies must recognize PV as a health care provider, or you will assume the financial responsibility for services provided that otherwise could be covered.

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

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

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

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



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

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

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

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

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

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

**A. Transfer within the Skilled Nursing Center or to Assisted Living Center.** You agree that the Corporation shall have authority to determine that you should be transferred from your Living Accommodation to the Assisted Living Center or a separate area within either center. Such determinations shall be based on the professional opinion of PV's Medical Director, Healthcare Administrator and Director of Nursing and shall be made only after consultation to the extent practical with the Resident, the Resident's physician, a representative of the Resident's family or the Resident's responsible party.

**B. Transfer to Hospital or Other Facility.** If it is determined that you need care beyond that which can be provided by PV, you may be transferred to a hospital, center or institution equipped to give such care, which care will be at your expense. Such transfer will be made only after consultation to the extent practical with the Resident, the Resident's physician, a representative of the Resident's family or the Resident's responsible party.

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

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

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

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

**VI. TERMINATION PROVISIONS**

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

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

In the event of such termination (including death or physical or mental conditions making you ineligible for admission to PV), you shall not receive a refund of any amounts paid for non-standard

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

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

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

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

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

You will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period and for each day of occupancy. Except in cases of emergency, you will receive a

notice of the termination by the Corporation at least thirty (30) days prior to the effective date of termination. You may be entitled to appeal the Corporation's decision to terminate this Agreement and, except in cases of emergency, the Corporation will not discharge you before the final decision resulting from the appeal has been rendered. Further, Healthcare has a policy that follows the Federal Regulations regarding involuntary discharge: (1) The discharge or transfer is necessary for the resident's welfare and the facility cannot meet the resident's needs. (2) The resident's health has improved sufficiently so that the resident no longer needs the care and/or services of the facility. (3) The resident's clinical or behavioral status (or condition) endangers the safety of individuals in the facility. (4) The resident's clinical or behavioral status (or condition) otherwise endangers the health of individuals in the facility. (5) The resident has failed, after reasonable and appropriate notice to pay, or have paid under Medicare or Medicaid, for his or her stay at the facility. (6) The facility ceases to operate. Corporation will not initiate a discharge should a Medicaid application be pending.

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

The Corporation reserves the right that should personal property remain in the vacated room longer than five (5) days, to remove the belongings from the Living Accommodation and any storage areas. You will pay a Monthly/Daily storage fee equal to 50% of the Monthly/Daily Fee for the previously occupied Living Accommodation or the actual cost of external storage, whichever is applicable. Your property will not be stored for longer than 30 days. Unclaimed property will become the property of PV after 30 days and will be disposed of at the sole discretion of the Corporation.

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

- C. Refund.** You or your estate, or a revocable trust designated by you may be entitled to a refund of any amounts related to the cost of health care services provided by PV or any third-party health care provider less any amounts payable to PV or any third-party health care provider through the date the refund is due hereunder. This refund shall not include the cost of non-standard features that were added to your Living Accommodation at your request. Any refund will be made no later than thirty (30) days from the date of your death.

If the Agreement is terminated by you or the Corporation in an emergency situation (i.e., because the Corporation is no longer able to meet your urgent health care needs, or termination is necessary to protect your health and safety or that of another person at PV), the refund will be made within thirty (30) days after you leave PV. If this Agreement is terminated for any other reason, the refund will be made no later than thirty (30) days after you leave PV.

**D. Release from Obligations Upon Termination.** Upon termination of this Agreement, PV is released from any further obligations to you except for the payment of any refund which may be due under this Agreement.

## **VIII. RIGHT OF RESCISSION**

Notwithstanding anything herein to the contrary, this Agreement may be rescinded by you giving written notice of such rescission to the Corporation within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of Section 58-64-1, et seq. of the North Carolina General Statutes. In the event of such rescission, you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. You will not be required to move into PV before the expiration of such thirty (30) day period. Notwithstanding anything to the contrary in this Agreement, any refund that may be due to you following rescission of this Agreement, shall be paid by the corporation within thirty (30) days following receipt of written notice of rescission pursuant to this paragraph.

## **IX. FINANCIAL ASSISTANCE**

**Subsidy.** In connection with its charitable mission, it is the desire of the Board of Directors of PV that no one leave PV because of lack of funds. Any disposition of Resident's assets in any way other than for care at PV or related living/medical expenses to the extent that Resident cannot adequately provide for Resident's expenses or care will nullify this desire on the part of PV and entitle PV to terminate Resident's right to reside in PV.

PV will make reasonable efforts to acquire the funds necessary to meet PV's fees for care. However, the resources of PV to provide care for Residents are not unlimited, and PV reserves the right to terminate the residency of any person, including Resident, who cannot pay the full cost of PV Monthly/Daily Fees and charges, and other PV costs in connection with such person's stay at PV.

In the event that a Resident presents facts which in the opinion of the corporation justify special financial consideration, the Corporation will give careful consideration to subsidizing in whole or in part the Monthly/Daily Fees and other PV charges payable by the Resident hereunder so long as such subsidy can be made without impairing the ability of the Corporation to attain its objectives while operating on a sound financial basis.

In the event that the Corporation may subsidize in whole or in part the Monthly/Daily Fees and other PV charges payable by the Resident hereunder, the Resident will be required to execute a separate Financial Assistance Agreement with the Corporation.

In the event that we continue to provide the services to you under the terms of this Agreement despite your financial inability to continue to pay the Monthly/Daily Fee or other PV charges payable under the terms of this Agreement, PV shall be entitled to require you to move to a smaller or less costly Living Accommodation.

Any determination by the Corporation with regard to the granting or continuation of financial assistance shall be within the sole discretion of the Corporation, under a separate agreement.

- A. **Recovery of Subsidies Provided by PV.** When a Resident dies or moves out of the community, if said Resident's fees have been subsidized wholly or partly by PV, the Resident or Resident's estate, if any, will be liable to PV for the full amount of the subsidy the Resident received for the entire time of residency. This paragraph will apply whether or not the Resident is in residence at PV at the time of death. This Agreement will operate as a lifetime assignment, transfer and conveyance to PV of so much of Resident's property as is necessary to cover such liability. Any amount due PV under this paragraph may be deducted from any refund payable to Resident or to the Resident's estate.
- B. **Financial Assistance Funds.** The Corporation has established funds which will be used to assist Residents who would otherwise not be able to live at PV. Such funds may be used for the purposes of providing financial assistance but no Resident shall have any claim to or expectation of receiving or continuing to receive any such assistance.

## X. **GENERAL**

- A. **Compliance with Applicable Laws.** Resident and PV will operate in full compliance with all laws, rules, regulations and ordinances promulgated by lawful governmental authorities.
- B. **Confidentiality.** PV has the responsibility to keep all of the personal, medical and financial information you have supplied to it confidential. You agree that PV can disclose such information in accordance with all applicable laws to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).
- C. **Assignment.** Your rights and privileges under this Agreement to the facilities, services and programs of the Corporation are personal to you and may not be transferred or assigned by you or otherwise.
- D. **Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or deny any person for residency. Residents do not have the right to determine admission or terms of admission of any other Resident. PV reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the community in its sole discretion.
- E. **Episcopalian Affiliation.** PV is affiliated with the Episcopalian Church. The Episcopalian Church is not responsible for the financial and contractual obligations of PV.
- F. **Indemnity.** You agree to indemnify, defend and hold us harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or those of your guests, including private duty nurses, companions, or other.
- G. **Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

- H. Resident Contracted Services.** If you wish to privately employ outside assistance, including PV-employed Associates, for whatever reason, all PV policies must be upheld, and prior written approval by PV management must be obtained. You agree to hold PV harmless in all situations related to the provisions of such outside services. The Corporation has the right to require termination of such a service at any time.
- I. Resident Handbook.** You will be given a current copy of the Resident's Handbook as adopted by the Corporation. You understand that these documents will change from time to time but that they are the procedural documents for those occupying Living Accommodations at PV. You will be provided with a copy of any revisions to the Resident Handbook in a timely manner, and will have an opportunity to inquire with Corporation's Administrator or designee should you request clarification.
- J. Entire Agreement.** This Agreement constitutes the entire contract between the Corporation and Resident. The Corporation shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations or promises are set forth in this Agreement or in an amendment to this Agreement signed by PV's CEO and by you. Electronic (e.g., pdf) versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.
- K. Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, responsible parties, powers of attorney, administrators and assigns of you.
- L. Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent or employee of ours shall have any personal liability hereunder to you under any circumstances.
- M. Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement.
- N. Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles.
- O. Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep the Agreement in compliance with applicable laws and regulations provided, that the changes we make do not substantially reduce your benefits under the Agreement. If any provision in this Agreement is invalidated, all other provisions will remain in force.
- P. Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege ("Right") under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

- Q. Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her stay at PV that remain unpaid as of such termination.
- R. Gender.** Throughout this Agreement, the use of the masculine gender shall include the feminine, and the use of singular shall include the plural.
- S. Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- T. Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively “notices”) will be in writing and addressed as follows:

**Penick Village, Inc.:**

Attn: Business Office  
500 E. Rhode Island Ave.  
Southern Pines, North Carolina 28387

**Resident:**

Your address for the purpose of giving notice prior to your move to PV is the address appearing after your signature below.

Your address for the purpose of giving notice after your move to PV will be the current Living Accommodation address at the applicable time of notice.

You are responsible for notifying us of any changes in address and/or telephone number.



**Penick Village, Inc. will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign this Agreement.**

**I (we) understand this matter involves a financial commitment and associated risk as well as a legally binding contract. I (we) was (were) encouraged to consult with an attorney and/or financial advisor who could advise me (us) concerning this Agreement.**

**IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, as of the day and year first above written, one duplicate copy of this Agreement being retained by each party.**

**Your signature below certifies that you have read, understand and accept this Agreement as of this (current date) \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.**

**PENICK VILLAGE, INC.**

**RESIDENT(S)  
(or Resident(s)'s Attorney in Fact) (\*)**

\_\_\_\_\_  
By (signature)

\_\_\_\_\_  
(signature) (SEAL)

\_\_\_\_\_  
Printed Officer Name

\_\_\_\_\_  
(signature) (SEAL)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Current Address: Street

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone

(\*) If Attorney-in-Fact signs on behalf of the Resident(s), a Filed Power of Attorney document must be attached to this Agreement.

**ACKNOWLEDGEMENT OF RECEIPT  
OF  
DISCLOSURE STATEMENT**

**Penick Village, Inc.  
500 E. Rhode Island Ave.  
Southern Pines, NC 28387**

As of the day and year above written in this Residence and Services Agreement, the undersigned Resident(s) acknowledges receipt of the Disclosure Statement of Penick Village, Inc. dated February 28, 2022. The Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to the facility, whichever occurred first.

As a prospective resident, the facility’s representatives have encouraged me to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand the facility, like all other continuing care facilities in the State of North Carolina is subject to an act concerning registration and disclosure by continuing care facilities (the “Act”). Registration under the Act does not constitute approval, recommendation, or endorsement of the facility by the Department of Insurance or the State of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the Disclosure Statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement and the Financial Statements prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who could review these documents with me, if any matters contained herein are not clear, including an understanding of solvency and deficit fund balance levels for this and other continuing care facilities.

**PENICK VILLAGE, INC.**

**RESIDENT(S)  
(or Resident(s)’s Attorney in Fact) (\*)**

\_\_\_\_\_  
By (signature)

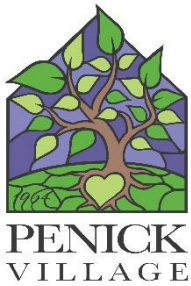
\_\_\_\_\_  
(signature) (SEAL)

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
(signature) (SEAL)

\_\_\_\_\_  
Title

(\*) If Attorney-in-Fact signs on behalf of the Resident(s), a Filed Power of Attorney document must be attached to this Agreement.



## PENICK VILLAGE FUTURE RESIDENCY PROGRAM AGREEMENT

This Future Residency Program Agreement ("Agreement") is entered into by:

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

Penick Village, Inc. presently owns and operates a Life Plan Community, also known as a Continuing Care Retirement Community, located at 500 East Rhode Island Avenue, Southern Pines, North Carolina, and Penick Village hereby acknowledges receipt of a deposit in the amount of **\$1,000.00** from the Depositor(s) identified above. The deposit entitles the Depositor(s) to a numbered priority position indicated below on the Future Residency Program Ready/Hold list for later application to secure a specific residence at Penick Village. The position assigned is personal to the Depositor(s) and is non-transferable.

The Future Residency Program Agreement is active for Ten (10) years from the signing of this agreement. If the Depositor does not move forward with Residency at Penick Village, the Depositor(s) shall be limited to an automatic refund of One Thousand (\$1,000.00) deposit, less a One Hundred (\$100) processing fee within 30 days.

For approval to join the Future Residency Program, You will submit a Confidential Application (Addendum B – Part 1) and Confidential Financial Information (Addendum B – Part 2) within fifteen (15) days of the signing of this agreement. Penick Village may require updated additional confidential information to ensure requirements continue to be met. Penick Village reserves the right to refuse a position on the Future Residency Program list, should requirements for potential residency at Penick Village not be met. Penick Village reserves the right to refuse any application, and, in such event, its liability to the Depositor(s) shall be limited to a refund One Thousand (\$1,000.00) deposit, less a One Hundred (\$100) processing fee within 30 days.

Depositor(s) may request and receive a refund of this deposit at any time by giving to Penick Village written notice of the Depositor's desire to withdraw from the Future Residency Program. No interest will be paid on the refunded deposit of One Thousand (\$1,000.00), less a One Hundred (\$100) processing fee within 30 days. The Depositor's priority position and Future Residency Program membership will be immediately forfeited.

Upon the selection of a specific residence by qualified Depositor(s), they shall be required to execute a Reservation Agreement for the selected residence and to make a deposit equal to Five Thousand (\$5,000.00), less the One Thousand (\$1,000.00) Future Residency Program deposit already paid.







# PENICK VILLAGE

## Short-Term Residence and Services Agreement

**Resident:** \_\_\_\_\_

**Living Accommodation:** \_\_\_\_\_



# SHORT TERM RESIDENCE AND SERVICES AGREEMENT

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## Short-Term Residence and Services Agreement

This Agreement (the "Agreement") is made this (*date of occupancy* \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between Penick Village, Inc., a North Carolina not-for-profit corporation (hereinafter the "Corporation," "Penick," "PV," "we," "us," or "our") and \_\_\_\_\_ (hereinafter "Resident," "you," "your" or when two persons "Resident," "you" or "your" shall apply to both persons, except where the context otherwise requires).

WHEREAS, the Corporation is a Life Plan Community located at 500 E. Rhode Island Ave., Southern Pines, NC 28387 and

WHEREAS, you desire to become a resident of Penick's Healthcare Skilled Nursing or Assisted Living on a short-term basis for the period of \_\_\_\_\_ (*date of occupancy*) through \_\_\_\_\_ and to use and enjoy the facilities, programs and services provided by the Corporation subject to the terms and conditions of this Agreement;

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

### I. ACCOMMODATIONS AND SERVICES

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

- A. **Living Accommodation.** Unit (*number or address*) \_\_\_\_\_, an accommodation (as described in materials presented to you and as shown to you during a physical tour), located in PV's Healthcare Building (hereinafter referred to as the "Living Accommodation"). You have the exclusive right to occupy and use the Living Accommodation subject to the terms and conditions set forth in this Agreement.
- B. **Long-Term Permanent Entry.** Should you desire permanent entry to PV's Healthcare Skilled Nursing or Residential Assisted Living, you need to complete PV's entry process of making separate application, approval of the application and execution of a separate Residence and Services Agreement.
- C. **Security.** We will use reasonable care in providing security on PV's premises. We will furnish an emergency call system that is monitored twenty-four (24) hours a day. Smoke detectors are provided in all Living Accommodations. We are not responsible for loss or damage to your personal property. You are responsible for securing your Living Accommodation.

Initials \_\_\_\_\_  
Corporation      Resident(s)

- D. Utilities.** We will furnish ordinary electricity, heating, air conditioning, water, sewer, basic cable television service, free wifi, a telephone, clock and television and trash removal. You are responsible for any telephone and internet installation charges and the cost of telephone and internet services.
- E. Furnishings and Appliances.** The Corporation will provide furnishings and appliances in the Living Accommodation as described in the literature published by the Corporation. All other furniture and furnishings for the Living Accommodation shall be provided by the Resident and shall be maintained by you at your risk.
- F. Meals.** The Corporation will make available to you three (3) nutritionally well-balanced meals daily, the cost of which is included in your Monthly/Daily Fee.
- G. Housekeeping Services.** We agree to maintain the Living Accommodation by providing periodic housekeeping services. Housekeeping includes vacuuming, dusting, cleaning of bath, changing of bed and bath linens and trash removal. Additional housekeeping services may be made available at your expense.
- H. Laundry.** Bed and bath linens as well as linen laundry service and personal laundry service (washing, drying and folding) will be provided for Residents in the Healthcare Building. The costs of these are included in the Monthly/Daily fee. You are responsible for arranging and paying for dry cleaning services. PV is not responsible for loss or damage to personal items laundered by PV.
- I. Maintenance and Repairs.** We will maintain and keep in-repair the improvements, furnishings, appliances and equipment owned by the Corporation. Maintenance and repair of your personal property is your responsibility. You will be responsible for the cost of repairing any damage to PV property caused by your negligence and/or that of any guest of yours, ordinary wear and tear excepted.
- J. Alterations to Living Accommodation.** Any structural or physical change or redecoration of any kind within the Living Accommodation requires PV's prior written approval. The cost of any change, repairs or maintenance for that change and the subsequent cost to return the living unit to its original condition in the event of such change or redecoration, will be paid by you. Any such improvement or change will be owned by PV and will not be considered in determining the amount of any refund to you upon termination of this Agreement.
- K. Use of and Changes to Living Accommodation.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws, or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental laws or regulations.
- L. Parking.** The Corporation will provide one (1) unassigned parking area for your personal vehicle and limited parking for guests.
- M. Mail.** Mail will be delivered by the postal service to PV. In turn, PV staff deliver mail to central mail areas in the Healthcare Building. As appropriate, PV staff may deliver mail directly to Healthcare Building residents.



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

- N. **Common Facilities.** We will provide common facilities for the use and/or benefit of all Residents. Such common facilities currently include an exercise facility, dining rooms, mailroom, multi-purpose rooms, library, game/television area, lounges, and sitting areas.
- O. **Transportation.** We will provide local medical transportation for scheduled medical appointments Monday through Friday between 8:00 a.m. and 4:30 p.m. except holidays. Forty-eight (48) hours' notice is required. Additional charges will be incurred for appointments outside of normal service hours noted above. Additional charges will be incurred for Residents who require staff accompaniment. Out-of-County transportation is not provided.

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

- P. **Activities.** Wellness, social, recreational, spiritual, educational and cultural activities will be available to Residents. Additional charges may be incurred for some programs.
- Q. **Other Services Available.** Residents engaging third parties for services within Penick may do so only with prior notification and written authorization by PV (e.g., companions, private duty nurses, maintenance workers, etc.). This is not an all-inclusive listing of services you may request or utilize. With respect to services not listed, consult the Resident Handbook, schedule of charges (both provided to residents) or the Healthcare Administrator.
- R. **Services.** The services and facilities that are provided through the Entrance and Monthly/Daily Fees (may also be described further herein) are summarized below:

These services are provided to all Residents, regardless of level of accommodation and are included in the monthly/daily fees. (Fees will not be reduced or unbundled for services that Residents decline such as dining.)

- Limited parking
- Limited storage (based on Living Accommodation)
- Computer/internet access (additional fees may apply)
- Complimentary Wi-Fi
- All utilities
- Basic cable television service
- Housekeeping service
- Maintenance service
- Limited local medical transportation (within 25 miles of campus)
- Social, spiritual, and recreational programs
- Pastoral counseling
- On-site delivery of pharmaceuticals and pharmaceutical consultations
- Routine nursing services
- Nutritional counseling

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

The following additional services are provided with the monthly/daily fee to Healthcare Building residents. (Fees will not be reduced or unbundled for services that Residents decline such as meals or laundry.)

- Three meals daily
- Meal service to room, if required
- Dining room assistance
- Assistance with activities of daily living
- Weekly housekeeping service
- Personal laundry service
- Medication delivery by a nurse or medication technician
- Monitoring of vital signs according to physician's order
- Multi-disciplinary care planning
- Skilled care by LPN and CNAs on duty 24 hours per day
- Access to Fitness Center
- Nursing assessment
- Whirlpool tub

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

1. **Healthcare Building.** The Healthcare Building will be provided for the benefit of the Residents. The Corporation is licensed by the North Carolina Department of Health and Human Services, Division of Health Service Regulation to operate 50 Skilled Nursing and 42 Assisted Living beds offering intermediate and skilled nursing care for Residents who are temporarily ill or who require long-term nursing care. Private accommodations will be provided for all Healthcare residents. Some of the beds in the Healthcare Building are certified for Medicare and/or Medicaid reimbursement.
  - The overall coordination of health care services by the Corporation provided through the combined overview and efforts of the Chief Executive Officer, the Corporation's licensed Healthcare Administrator, Director of Nursing, Medical Director (a licensed physician selected by the Corporation) and other nursing/clinical staff of the Corporation.
  - Charges for Healthcare Building accommodations and services are described in the Schedule of Fees and other literature published by the Corporation and distributed to Residents at least annually.
  - Residents may choose their own personal physician and are responsible for charges for services by such physicians and any consultants. Residents may choose to use the Corporation's Medical Director as their personal physician. Residents are responsible for applicable charges.
  - Other health care services may be made available to the Resident at the Resident's expense, including, but not limited to: pharmacy services, radiology services, dental and podiatry services; laboratory tests; physical therapy; occupational therapy, including therapeutic activities; rehabilitative treatments; and wheelchairs and other medical equipment and supplies. The cost of such services shall not be covered by the Monthly/Daily Fees described herein.
2. **On-Site Emergency Call Response.** Each Living Accommodation is equipped with an emergency call system. Penick nursing staff will respond to emergency calls.
3. **Emergency Medical Care.** We notify your physician when emergency medical care is necessary. If acute medical care is necessary or upon physician's or your request, you will be transferred to a local hospital Emergency Room.

## II. FINANCIAL ARRANGEMENTS

(There is no Entrance Fee for short-term direct entries into the Healthcare Building.)

- A. **Monthly/Daily Fee.** You agree to pay a Monthly/Daily Fee during the term of this agreement. This fee shall be due and payable upon entry (except for a Medicare qualified stay). Should additional/ancillary charges be incurred during the term of this agreement that have not been paid in advance, such charges will be due and payable by the 15<sup>th</sup> day of the subsequent month. As of

the date of this Agreement the Monthly/Daily Fee associated with the Living Accommodation will be \$ \_\_\_\_\_.

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

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

Initials \_\_\_\_\_  
Corporation      Resident

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

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

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

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

**D. Schedule of Fees.** You have been given a current copy of the Schedule of Fees as adopted by the Board of Trustees of the Corporation. You understand that these fees may change from time to time.

**E. Payment Due Date.** Penick will automatically draft payments from the resident's designated account the fifteenth (15<sup>th</sup>) day of each month, or on the business day prior if the 15<sup>th</sup> of the month falls on a weekend and holidays, for accumulated service fees and miscellaneous expenses.

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

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

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

Monthly/Daily Fees are paid in advance and are pro-rated at termination for the Health Care Center.

- G. Healthcare Building Priority Entry.** Under-contract Life Plan Community Residents are provided priority entry over non-Residents for entry to the Healthcare Building. While Penick will make every effort to accommodate non-Residents in the Healthcare Building, Penick cannot guarantee availability of accommodations. In the event the Healthcare Building is fully occupied when a non-Resident is in need of care, the non-Resident agrees to relocate to an alternate health care facility (“a Comparable Facility”). In the event of relocation, PV will make every effort to transfer the non-Resident back to PV when accommodations become available.

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

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

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

- 1. Participating Provider.** If PV is a participating provider with your managed care program, the Corporation agrees to be reimbursed at the rate negotiated with your managed care program.
- 2. Not a Participating Provider.** If PV is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all costs for health care services. In addition, while receiving health care services at the managed care participating provider, you agree that unless this Agreement is terminated, you will continue to pay the

Monthly/Daily Fee for your Living Accommodation, unless your Living Accommodation has been surrendered to us.

3. **No Negotiated Managed Care Rate.** If Penick is not a participating provider in your managed care program and a negotiated rate is not agreed upon by Penick and you would still like to receive health care and services at Penick, then you will be responsible for the full amount of applicable charges not paid by your insurance carrier.
4. **Medicaid.** In the event you receive financial assistance through the Medicaid program while occupying a Medicaid certified bed in the Healthcare Building, you will be charged in advance for your liability portion established by the local county department of social services. You will be responsible for all charges for additional items and services requested by you and furnished to you which are not covered under the Medicaid program. Charges shall be made only as permitted under the Social Security Act and applicable regulations.

### III. ENTRY REQUIREMENTS

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

- A. **Age.** The entry requirements for PV residence are nondiscriminatory except as to age and Penick is open to both married and single men and women of all races and religions. Entry in the Healthcare Building is restricted to persons 62 years of age or older.
- B. **Personal Interview.** You shall have an interview with a PV representative (including nursing assessment) prior to taking PV residency. Upon review of all information required to be furnished herein, additional personal interviews may be requested by the Corporation.
- C. **Application, Health History and Financial Statement.** You shall submit for review, by the Corporation, an Application for Entry, FL-2 and a Confidential Financial Statement, all on forms furnished by the Corporation.
- D. **Notification.** Our clinical team review the application materials as well as the forwarded hospital and/or physician documentation and will notify you whether you meet the entry requirements. We will also notify you as early as possible of the date on which the Living Accommodation is expected to be available for occupancy.
- E. **Health Requirements.** Prior to PV residency, you shall submit a report of a physical examination (FL-2) from a physician selected by you. Such report shall include a statement by such physician that you require skilled nursing or assisted living care accommodations. We may require you to have another physical examination by our Medical Director or by another physician approved by the Corporation. You shall be responsible for the costs of such physical examinations. If your health as disclosed by such physical examination differs materially from that disclosed in your Application for Entry and FL-2, the Corporation shall have the right to decline entry and to terminate this Agreement, or in the discretion of the Corporation, to permit you to take occupancy of PV accommodations suitable to your needs.
- F. **Psychiatric Illness, Dangerous Communicable Disease, Drug or Alcohol Abuse.** Penick is not designed to care for persons who have an active psychiatric illness, a dangerous communicable

disease or who require treatment for drug or alcohol abuse. Should Penick in consultation with the Medical Director, determine that your physical or psychiatric illness, or that your condition as a result of drug or alcohol abuse, is such that your continued presence is either dangerous or detrimental to your life, health, safety or peace, or the life, health, safety, or peace of others in the community, then PV may transfer you to another facility of your choosing and/or require you to terminate your PV residency.

- G. Financial Requirements.** You must have assets and income which will be sufficient under foreseeable circumstances to pay the financial obligations under this Agreement and to meet your ordinary living expenses. We may require you to furnish current financial information at any time prior to and subsequent to occupancy.
- H. Financial Resources.** You, your current and future responsible parties (i.e., power(s) of attorney, executor(s)) will abide by any and all financial arrangements made with the Corporation for the purpose of securing your ability to pay any and all charges for residing at Penick. You agree not to make any gift or other transfer of assets for the purpose of evading your obligations under this Agreement, or if such gift or transfer would render you unable to meet such obligations under this Agreement. Gifts or transfers of assets in this manner, which result in your inability to meet your financial obligations in accordance with this Agreement, will entitle PV to terminate this Agreement, and you or your responsible parties, as applicable, will be liable for any unpaid amounts.
- I. Power of Attorney.** You agree to execute and maintain in effect a durable power of attorney that is valid under North Carolina law and will survive your incapacity or disability. This durable power of attorney will designate an attorney-in-fact and an alternate attorney-in fact who will act for you in managing your financial affairs and in filing for insurance or other benefits under private and public assistance programs as full and complete a manner as you could do if acting personally for yourself. **You will deliver a copy of a fully executed power of attorney to Penick prior to occupancy.** You will not revoke or amend this durable power of attorney except upon execution of a replacement durable power of attorney, a fully executed copy of which will be delivered to Penick. This document also may address at your option, other affairs, such as decisions concerning medical care.
- J. Will.** You agree to execute a Will, and to provide Penick a copy of such sections of the Will and any revisions, as applicable during the term of this Agreement to document the name(s) of the person(s) to be contacted in the event of your death (i.e., executor(s)).
- A.** In the event of your death while you are a PV resident under this Agreement, only the executor(s) named in your Will, will be allowed to remove or dispose of your furnishings and belongings in your Living Accommodation. **Members of your family or those to whom you have granted Power of Attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.**
- K. Funeral and Burial.** Penick will not be responsible for making funeral or burial arrangements and is not responsible for related expenses.

- L. **Advance Directives.** You are encouraged to execute a Living Will and a Health Care Power of Attorney and deliver a fully executed copy thereof to Penick as well as any revisions as applicable, during the term of this Agreement.
- M. **Representations.** You affirm that the representations made during the entry process are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement.
- N. **Appointment of Guardian.** If you become unable to care for your business and financial affairs, the Corporation reserves the right to institute action for the determination of your incompetence and the appointment of a guardian to fulfill the terms of this Agreement; unless such needed arrangements have already been made.
- O. **Emergency Notifications.** You agree to provide Penick with the following information prior to the date of occupancy as well as updates of this information during the term of this Agreement:
- Names, addresses and phone numbers of persons to notify in an emergency (minimum of two are required)
  - Names of persons having the right of entry into your residence
  - Name, address and phone number of funeral home (prior arrangements are encouraged)
  - Names, addresses and phone numbers of lawyer and executor
  - Names, addresses and phone numbers for Powers of Attorney

#### IV. **TERMS OF RESIDENCY**

- A. **Rights of Resident.** You have the right to occupy and enjoy the Living Accommodation during the term of this Agreement as described herein unless this Agreement shall be terminated as provided herein. It is understood that this Agreement does not transfer or grant any interest in the real or personal property owned by the Corporation other than the right to use or occupancy of the Living Accommodation in accordance with the terms hereof. The Living Accommodation may not be used for commercial purposes. The Living Accommodation may not be occupied or used in any manner in violation of any ordinance, law or regulation.
- B. **All residents of the Healthcare Center are also afforded the following specifically enumerated rights:**
- (1) To be treated with consideration, respect, and full recognition of personal dignity and individuality.
  - (2) To receive care, treatment, and services that are adequate and appropriate, and in compliance with relevant federal and State statutes and rules.
  - (3) To receive at the time of admission and during stay, a written statement of services provided by the facility, including those required to be offered on an as needed basis, and of related charges. Charges for services not covered under Medicare and Medicaid shall be specified. The patient will sign a written receipt upon receiving the above information.



- (4) To have on file physician's orders with proposed schedule of medical treatment. Written, signed evidence of prior informed consent to participation in experimental research shall be in patient's file.
- (5) To receive respect and privacy in his medical care program. All personal and medical records are confidential.
- (6) To be free of mental and physical abuse.
- (7) Except in emergencies, to be free of chemical and physical restraint unless authorized for a specified period of time by a physician according to clear and indicated medical need.
- (8) To receive from the administration or staff of the facility a reasonable response to all requests.
- (9) To associate and communicate privately and without restriction with persons and groups of the patient's choice at any reasonable hour.
- (10) To send and receive mail promptly and unopened.
- (11) To have access to a telephone where the patient may speak privately. To have access to writing instruments, stationary and postage.
- (12) To manage his/her own financial affairs unless other legal arrangements have been implemented. The facility may also assist the patient, but is required to follow stringent guidelines.
- (13) To have privacy in visits by the patient's spouse, and if both are patients in the same facility, they shall be given the opportunity, where feasible, to share a room.
- (14) To enjoy privacy in his/her room.
- (15) To present grievances and recommend changes in policies and services personally, through other persons or in combination with others, without fear of reprisal, restraint, interference, coercion, or discrimination.
- (16) To not be required to perform services for the facility without personal consent and the written approval of the attending physician.
- (17) To retain, to secure storage for, and to use his personal clothing and possessions, where reasonable.
- (18) To not be transferred or discharged from a facility except for medical, financial, or their own or other patient's welfare, nonpayment for the stay or when mandated by Medicare or Medicaid. Any such transfer shall require at least five days' notice, unless the attending physician orders immediate transfer, which shall be documented in the patient's medical record.
- (19) To be notified within ten days after the facility's license is revoked or made provisional. The responsible party or guardian must be notified as well.

**C. Subordination.** You agree that all of your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Corporation, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender or lenders such further written evidence of such

subordination as such lenders may reasonably require. You shall not be liable for any such indebtedness.

- D. Policies, Rules and Regulations.** You understand and agree that: (i) in order for Penick to operate in the best interests of the entire community, it is essential that we have cooperation of and compliance with applicable policies, rules and regulations by you, your family, guests, responsible party and others who may intervene, speak or act or purport to intervene, speak or act, for or on behalf of you or who may come on the premises of PV in any capacity or for any purpose in connection with or as a result of your residency at PV; (ii) a continuing or repeated failure or refusal by any such persons to so cooperate and comply may result in a determination by PV that it is impracticable or impossible for PV to continue to accommodate you as a resident; and (iii) upon such determination by PV, we shall have the right to terminate this Agreement.
- E. Weapons.** No weapons of any type shall be brought on to the PV property by you or your guests without the express prior written permission of the Corporation.
- F. Resident Representation.** Residents have the right of self-organization through a Residents' Council, which may convene to review the interests of the resident population. You shall have resident representation on the Penick Board of Trustees as outlined in the Penick's Bylaws.
- G. Guests and Visitors.** Penick welcomes guests and visitors. Guests may use PV's guest accommodations, subject to availability and additional charges. At all times, you shall be responsible for any injury to others or damage to the property of others or PV caused by you or your guest(s). Penick reserves the right and authority to limit or terminate the stay of any guest at any time and for any reason.
- H. Relationships Between Residents and Employees ("Associates").** Penick is built on mutual respect and instructs its Associates to be cordial and helpful to Residents. The relationship is to remain professional. Associates must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to Associates or Associates' families is not permitted. Residents will not employ PV Associates nor hire former PV Associates without the prior written consent of PV Management.
- I. Loss of Property.** The Corporation maintains insurance on all of its property and its operations to include general public liability insurance, property insurance including coverage for acts of God, vandalism and theft, professional liability insurance and worker's compensation.
- The Corporation has established a process to safeguard residents' personal possessions without effectively prohibiting a resident's use of personal possessions. Corporation will work with residents and their representatives in an effort to assure that resident's personal possessions are maintained in a reasonably safe manner and will investigate concerns in accordance with the federal regulations.
- J. Right of Entry.** Penick recognizes your right to privacy, and shall limit entry to your Living Accommodation to legitimate emergencies and to scheduled work, including housekeeping,

repairs, maintenance, and inspections. You hereby authorize PV Associates or agents to enter your Living Accommodation, upon reasonable notice for all such purposes.

**K. Appliances.** PV is not obligated to determine your ability to safely utilize the appliances, if any, in your Living Accommodation. However, should we determine that you have demonstrated an inability to safely utilize appliances in your Living Accommodation; we will have the right to turn off the power servicing such appliance(s) and/or to remove any and all such appliances. In any such instance, you shall remain obligated to pay for the Full Month/Daily fee for your Living Accommodation, any extra meals and any fire alarm charges issued by the fire department.

**L. Changes in Living Accommodations.** The Corporation has the right to change the Living Accommodation to meet requirements of any applicable statutes, laws or regulations. The Living Accommodation may not be used in any manner in violation of any zoning ordinances or other governmental laws or regulations.

**M. Health Insurance.** You will maintain eligible Medicare coverage and one supplemental health insurance policy or equivalent insurance coverage, which adequately covers hospital, medical, prescription and skilled nursing deductibles and co-payments required of your primary insurance plan. Both your primary and supplemental health insurance policies must recognize Penick as a health care provider, or you will assume the financial responsibility for services provided that otherwise could be covered.

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

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

- Penick will file claims with Medicare for all covered services. By law, the patient is responsible for payment of the deductible, co-insurance, and any **non-covered** service. Non-covered services include, but are not limited to beauty shop charges.
- As a courtesy, Penick will file claims to your secondary insurance carrier for your Medicare Parts A & B co-insurance, unless we are prohibited from filing due to participation requirements of the carrier.
- The Medicare Part A co-insurance will be billed on your monthly PV statement as services are rendered prior to any insurance filings. You are responsible for payment of all Medicare Part A co-insurance billed by PV upon receipt of the bill. Payments received from your insurance carrier for Medicare Part A co-insurance will be applied to your monthly PV statement when received.
- Medicare Part B co-insurance (i.e., therapy co-insurance) not paid by a Resident's insurance carrier within 90 days of the date of service will become due and payable by the Resident unless the claim is subject to Medicare, Medicaid, or an insurance plan in which PV participates.

- In the event a Resident’s health insurance determines a service is “not covered”, the Resident will be responsible for payment. PV tries to inform Residents when services may not be covered; however, it is the resident’s responsibility to understand his/her policy limitations.
- Charges not paid by a Resident’s insurance company within 90 days of the date of service will become due and payable by the Resident unless the claim is subject to Medicare, Medicaid, or an insurance plan in which PV participates.
- If, for any reason, PV cannot apply directly for benefits payable under insurance required by this Agreement, you agree to make such application and to pay PV the proceeds received.
- **Penick reserves the right, in its discretion, to eliminate or change its participation with any and all insurance plans.**

**VI. Room Assignment in Healthcare Building.** You understand that you acquire no ownership in any property at Penick under this Agreement; also, that no particular Skilled Nursing or Assisted Living room or unit is subject to reservation or permanent assignment, and that we may change your Healthcare Building room assignment. Though we retain the right to change your room assignment, we agree that we will make changes only as we find such changes to be necessary or advisable.

**A. Moving Costs.** You are responsible for arranging and paying for all packing and moving costs for moves into, within and out of Penick.

**B. Pets/Smoking.** Pets are not allowed in the Healthcare Building.

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

- The Healthcare Building may permit smoking for a Resident, if so, a designated smoking area would be provided outside. However, the prohibition will remain in effect for a family member or caregiver who may accompany the Resident to the designated area.

**C. Absences.** You agree to inform Penick (Nursing Administration, Billing Office & Dining Services) when you are going to be away for three days or more, and to give us the names of people we can contact in an emergency. In order to provide adequate time for medications to be available, if applicable, you must provide at least 24 hours advance notice of an absence. No credits (i.e. missed meals) will be given during absences. For additional information related to absences from Skilled Nursing, please refer to the Bed Hold Policy, which is described within the Resident Handbook.

## VII. TRANSFERS OR CHANGES IN LEVELS OF CARE

- A. **Transfer to Hospital or Other Facility.** If it is determined by your physician that you need care beyond that which PV can provide, you may be transferred to a hospital, center or institution equipped to give such care, which care will be at your expense. Such transfer will be made only after consultation to the extent practical with the Resident, the Resident's physician, a representative of the Resident's family or the Resident's responsible party.

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

- B. **Surrender of Living Accommodation.** If a determination is made by the Corporation that any transfer described in this Section is permanent in nature, you agree to surrender the Living Accommodation and any storage areas, which were occupied by you prior to such transfer, within 30 days of the determination.

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

If the Corporation subsequently determines based upon the opinion of your physician that you can resume occupancy in accommodations comparable to those occupied by you prior to such transfer you shall have priority to such accommodations as soon as they become available and you will be responsible for applicable fees as determined by the Corporation.

## VIII. TERM AND TERMINATION

- A. **Term.** This Agreement shall commence on the date set forth in the first paragraph above and shall continue, unless earlier terminated as provided herein, through the date set forth in the third paragraph of this Agreement. The parties may, by mutual written agreement, extend the term of this Agreement.
- B. **Termination Prior to Occupancy.** This Agreement may be rescinded by you at any time prior to taking occupancy at PV for any reason by giving written notice to the Corporation.

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

In the event of such termination (including death or physical or mental conditions making you ineligible for entry to Penick), you shall not receive a refund of any amounts paid for non-standard features added to the Living Accommodation. Notwithstanding anything to the contrary in this Agreement, if the Resident has paid the applicable Monthly/Daily Fee prior to occupying the Living Accommodation, any refund of such amounts (expressly excluding any amounts paid for

non-standard features added to the Living Accommodation) shall be paid by Penick within fourteen (14) days following such termination pursuant to this paragraph.

- C. **Voluntary Termination.** At any time, you may terminate this Agreement by giving the Corporation five (5) days prior written notice of such termination. If required notice is given, or if no written notice is given, you will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period and for each day of occupancy except when a delay in discharge or transfer would jeopardize your health or safety or that of others at Penick. Any refund due the following voluntary termination pursuant to this Section will be made in accordance with Section VIII.I.
- D. **Temporary Absence.** Temporary absence because of illness, trips or otherwise will not affect your rights to retain occupancy of Living Accommodation, as long as applicable Monthly/Daily Fees are paid.
- E. **Termination Upon Death.** In the event of your death, this Agreement shall terminate as of the date that your Living Accommodation is vacated provided, however, that the Resident's estate shall continue to be obligated to pay the applicable Monthly/Daily Fee for such Resident's Living Accommodation until such Resident's Living Accommodation is vacated and left in good condition except for normal wear and tear.

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

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

- F. **Termination by the Corporation.** We may terminate this Agreement at any time in the following circumstances: 1. The discharge or transfer is necessary for the resident's welfare and the facility cannot meet the resident's needs. 2. The resident's health has improved sufficiently so that the resident no longer needs the care and/or services of the facility. 3. The resident's clinical or behavioral status (or condition) endangers the safety of individuals in the facility. 4. The resident's clinical or behavioral status (or condition) otherwise endangers the health of individuals in the facility. 5. The resident has failed, after reasonable and appropriate notice to pay, or have paid under Medicare or Medicaid, for his or her stay at the facility. 6. The facility ceases to operate.

If you fail to make payment, the Corporation will notify you of any fees or charges due the Corporation. The fees and charges must be satisfied in full within thirty (30) days after receiving written notice of your failure to pay such fees or charges. You will be responsible for paying the Monthly/Daily Fee for the applicable Living Accommodation for the full notice period and for each day of occupancy. Except in cases of emergency, you will receive a notice of the termination by the Corporation at least thirty (30) days prior to the effective date of termination.

You may be entitled to appeal the Corporation's decision to terminate this Agreement and, except in cases of emergency, the Corporation will not discharge you before the final decision resulting from the appeal has been rendered.

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

The Corporation reserves the right to remove your belongings from the Living Accommodation and any storage areas. You will pay a Monthly/Daily storage fee equal to 50% of the Monthly/Daily Fee for the previously occupied Living Accommodation or the actual cost of external storage, whichever is applicable. Your property will not be stored for longer than 30 days. Unclaimed property will become the property of Penick after 30 days and will be disposed of at the sole discretion of the Corporation.

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

- I. Refund.** You or your estate, or a revocable trust designated by you, may be entitled to a refund of any amounts related to the cost of health care services provided by PV or any third-party health care provider less any amounts payable to PV or any third-party health care provider through the date the refund is due hereunder. This refund shall not include the cost of non-standard features that were added to your Living Accommodation at your request. Any refund will be made no later than thirty (30) days from the date of your death.

If the Agreement is terminated by you or the Corporation in an emergency situation (i.e., because the Corporation is no longer able to meet your urgent health care needs, or termination is necessary to protect your health and safety or that of another person at Penick, refund will be made within fourteen (14) days after you leave Penick. If this Agreement is terminated for any other reason, the refund will be made no later than fourteen (14) days after you leave Penick.

- J. Release from Obligations Upon Termination.** Upon termination of this Agreement, Penick is released from any further obligations to you except for the payment of any refund which may be due under this Agreement.

## **IX. GENERAL**

- A. Compliance with Applicable Laws.** Resident and Penick will operate in full compliance with all laws, rules, regulations and ordinances promulgated by lawful governmental authorities.

- B. Confidentiality.** Penick has the responsibility to keep all of the personal, medical and financial information you have supplied to it confidential. You agree that Penick can disclose such information to those who have a need, in its judgment, or right to know (e.g., to provide information for transfer to a hospital).
- C. Assignment.** Your rights and privileges under this Agreement to the facilities, services and programs of the Corporation are personal to you and may not be transferred or assigned by you or otherwise.
- D. Management of the Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Directors and its administrators as delegated by said Board of Directors. The Corporation reserves the right to accept or deny any person for residency. Residents do not have the right to determine entry or terms of entry of any other Resident. Penick reserves the right to amend, implement or terminate policies and/or guidelines related to the operation of the community in its sole discretion.
- E. Affiliation.** Penick is affiliated with the Episcopalian Church. However, the Episcopalian Church is not responsible for PV's financial and contractual obligations.
- F. Indemnity.** You agree to indemnify, defend and hold us harmless from claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligent or intentional act or omission or those of your guests, including private duty nurses, companions or others.
- G. Severability.** The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.
- H. Resident Contracted Services.** If you wish to privately employ outside assistance, including PV-employed Associates, for whatever reason, all PV policies must be upheld, and prior written approval by PV management must be obtained. You agree to hold PV harmless in all situations related to the provisions of such outside services. The Corporation has the right to require termination of such a service at any time.
- I. Resident Handbook.** You will be given a current copy of the Resident's Handbook as adopted by the Corporation. You understand that these documents will change from time to time but that they are the procedural documents for those occupying PV's Living Accommodations. You will be provided with a copy of any revisions to the Resident Handbook in a timely manner, and will have an opportunity to inquire with Corporation's Administrator or designee should you request clarification.
- J. Entire Agreement.** This Agreement constitutes the entire contract between the Corporation and Resident with the exception of Resident Handbook; Schedule of Fees; and any other documents which are incorporated by reference herein. The Corporation shall not be liable or bound in any manner by any statements, representations or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations or promises are set forth in this Agreement or in an amendment to this Agreement signed by PV's CEO and by you.



Electronic (e.g., pdf) versions of this Agreement shall have the same legal effect as originals, and all of which, when fully executed, shall constitute one and the same instrument.

- K. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and the heirs, executors, responsible parties, powers of attorney, administrators and assigns of you.
- L. **Capacity.** This Agreement has been executed on our behalf by our duly authorized agent, and no officer, trustee, agent or employee of ours shall have any personal liability hereunder to you under any circumstances.
- M. **Tax Considerations.** You should consult with your tax advisor regarding the tax considerations associated with this Agreement.
- N. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina without regard to conflict of laws principles.
- O. **Amendments and Partial Invalidation.** Generally, this Agreement can be changed only by mutual written consent. However, we can make changes without your consent to keep the Agreement in compliance with applicable laws and regulations provided, that the changes we make do not substantially reduce your benefits under the Agreement. If any provision in this Agreement is invalidated, all other provisions will remain in force.
- P. **Waivers.** Neither the failure nor any delay on the part of any party to exercise any right, remedy, power, or privilege (“Right”) under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any Right, nor shall any waiver of any Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- Q. **Survival.** Those rights and obligations that have accrued as a result of the operation of this Agreement shall survive its termination, as shall those rights and obligations that by their terms survive termination and any provisions that must survive to give effect to their terms, as shall any obligation of Resident to pay costs or expenses of his or her stay at Penick that remain unpaid as of such termination.
- R. **Gender.** Throughout this Agreement, the use of the masculine gender shall include the feminine, and the use of singular shall include the plural.
- S. **Interpretation.** Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement.
- T. **Notice Provisions.** Any notices, consents, or other communications to the Corporation hereunder (collectively “notices”) will be in writing and addressed as follows:

Business Office  
Penick Village, Inc.  
500 E. Rhode Island Ave.  
Southern Pines, North Carolina 28387

**Resident:**

Your address for the purpose of giving notice prior to your move to Penick is the address appearing after your signature below.

Your address for the purpose of giving notice after your move to Penick will be the current Living Accommodation address at the applicable time of notice.

You are responsible for notifying us of any changes in address and/or telephone number.

**Penick Village, Inc. will stand behind all of the statements, promises and representations in this Agreement, but no others. If you feel something has been promised to you, but it is not specifically mentioned in this Agreement, now is the time to discuss it – before you sign this Agreement.**

**I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. I was encouraged to consult with an attorney and/or financial advisor who could advise me concerning this Agreement.**

**IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, as of the day and year first above written, one duplicate copy of this Agreement being retained by each party.**

Your signature below certifies that you have read, understand and accept this Agreement as of this (current date) \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**PENICK VILLAGE, INC.**

**RESIDENT(S)  
(or Resident(s)'s Attorney in Fact) (\*)**

\_\_\_\_\_  
By (signature)

\_\_\_\_\_  
(signature) (SEAL)

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
(signature) (SEAL)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Current Address: Street

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone

**ACKNOWLEDGEMENT OF RECEIPT OF  
DISCLOSURE STATEMENT**

**Penick Village, Inc.  
500 E. Rhode Island Ave.  
Southern Pines, NC 28387**

As of the day and year above written in this Residence and Services Agreement, the undersigned Resident(s) acknowledges receipt of the Disclosure Statement of Penick Village, Inc. dated **February 28, 2022**. The Disclosure Statement was received prior to the execution of this Agreement or prior to or at the time of the transfer of any money or other property to the facility, whichever occurred first.

As a prospective resident, the facility’s representatives have encouraged me to read the Disclosure Statement in its entirety before entering into any contract or written agreement or paying any fee.

I understand the facility, like all other continuing care facilities in the State of North Carolina is subject to an act concerning registration and disclosure by continuing care facilities (the “Act”). Registration under the Act does not constitute approval, recommendation, or endorsement of the facility by the Department of Insurance or the State of North Carolina, nor does such registration evidence the accuracy or completeness of the information in the Disclosure Statement.

I understand this matter involves a financial commitment and associated risk as well as a legally binding contract. In evaluating the Disclosure Statement and the Financial Statements prior to any commitment, I was encouraged to consult with an attorney and/or financial advisor who could review these documents with me, if any matters contained herein are not clear, including an understanding of solvency and deficit fund balance levels for this and other continuing care facilities.

**PENICK VILLAGE, INC.**

**RESIDENT(S)  
(or Resident(s)’s Attorney in Fact) (\*)**

\_\_\_\_\_ (signature) \_\_\_\_\_ (SEAL)

\_\_\_\_\_ Printed Name \_\_\_\_\_ (signature) \_\_\_\_\_ (SEAL)

\_\_\_\_\_ Title

(\*) If Attorney-in-Fact signs on behalf of the Resident(s), a Filed Power of Attorney document must be attached to this Agreement.