a
Continuing Care Retirement Community
of
Messiah Family Services

Location:
Messiah Lifeways at Mount Joy Country Homes
106 Bayberry Drive
Mount Joy, PA 17552
Telephone: (717) 653-2356

Effective Date of Disclosure Statement: October 2023

This Disclosure Statement is not a contract and the Provider reserves all rights to amend, revise, update and otherwise change the Disclosure Statement at any time, in accordance with applicable laws.

The issuance of a Certificate of Authority does not constitute approval, recommendation or endorsement of the facility by the Pennsylvania Insurance Department, nor is it evidence of, nor does it attest to the accuracy or completeness of the information set forth in this Disclosure Statement.

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<u>Exhibits</u>

Important Information To Prospective Residents

Pursuant to the Pennsylvania Continuing Care Provider Registration and Disclosure Act, 40 P.S. Section 3207 et. sec., (the "Act") this Disclosure Statement is being delivered to you at the time of or prior to your execution of a "Residency Agreement," or at the time of or prior to your payment of any money to Messiah Family Services. A copy of the Residency Agreement is attached. Your receipt of this Disclosure Statement creates <u>no obligation</u> on your part to execute and deliver the Residency Agreement to Messiah Family Services, nor does it create any obligation on the part of Messiah Family Services.

This Disclosure Statement contains a fair summary of the material enclosed and other terms of the documents purported to be summarized. This Disclosure Statement is furnished to prospective residents and their representatives, and may not be relied upon by any other person.

Summary Of Disclosure Statement

The following summary is qualified in its entirety by the more detailed information appearing elsewhere and referred to in this Disclosure Statement and in the Residency Agreement attached to this Disclosure Statement.

The Facility: Messiah Family Services, d/b/a Messiah Lifeways at Mount Joy Country Homes (Mount Joy Country Homes), is a Pennsylvania, charitable, non-profit corporation that provides Residential Living services on its existing campus located at 106 Bayberry Drive in Mount Joy, PA 17552. Messiah Family Services provides a continuum of care to the elderly through providing access to personal care services and nursing care services on a fee for service basis. Effective February 6, 2012, Messiah Family Services changed the fictitious name of its continuing care retirement community ("CCRC") from Mount Joy Country Homes to Messiah Lifeways at Mount Joy Country Homes. Messiah Family Services is an affiliated entity of Messiah Lifeways, Messiah Home, and Messiah Lifeways Community Support Services. Phone: (717) 653-2356.

Licensed Provider: The licensed provider is Messiah Family Services, located at 106 Bayberry Drive, Mount Joy, PA 17552. Phone: (717) 653-2356.

Person to be Contacted to Discuss Living at Mount Joy Country Homes:
Jenny Flamm, Director of Welcome Centers, is the person to contact for individuals considering living at Mount Joy Country Homes. Ms. Flamm can be contacted at 106 Bayberry Drive, Mount Joy, PA 17552. Phone: (717) 653-2356.

Description of Property: Mount Joy Country Homes is located at 106 Bayberry Drive, Mount Joy, PA 17552 on approximately 31 acres in a suburban area of Lancaster County. The campus consists of an original 8 acres with 40 Residential Living cottage residences made up of 20 single-story brick duplexes. A three (3) car brick garage serves as a maintenance building. Of the 20 duplexes, 19 of the duplexes were built between 1984 and 1994. An additional duplex was built in 2002 replacing an older, existing 2-story dwelling that was torn down.

In 1998, 23 adjoining acres were purchased jointly with Messiah Home, an affiliated entity, with a plan to affiliate and develop the property at a later date for additional Residential Living residences and a personal care facility. Twenty acres are medium density residential, and 3 acres are zoned commercial. Both the 8 acre and 23 acre parcels lie within and on the western edge of Mount Joy Borough. Previously, the 23 acre parcel was part of a working farm. Although the property is within the borough limits and is surrounded by urban sized lots and single family houses, it has a more suburban feel as most of the ongoing construction around it is suburban in character.

Messiah Home and Messiah Family Services began an expansion project in April 2010 on the adjoining 23 acres. The original expansion plan consisted of 4 phases and had a master plan that added a total of 75 new cottages, a community center, personal care for 20 residents, and commercial space. Phase 1A consisted of 10 new cottage residences which were completed November 1, 2010. The new cottages were single story frame duplexes with vinyl exteriors and brick accents. Phase 1B consisted of 12 new cottages and a new Community Center, both of which were completed in the Fall of 2013. Phase 2A1 consisted of 10 cottages which were completed in June 2015. Phase 2A2 consisted of 8 cottages which were completed in December 2015. Further development of the property was suspended after completion of Phase 2A2, and management has no immediate plans to continue development on the site.

Age Requirements: The minimum entrance age for living at Mount Joy Country Homes is 55 years of age prior to the date of occupancy.

Affiliations with Religious, Fraternal, Charitable and Non-Profit Organizations: Effective July 1, 2012, Messiah Family Services underwent an internal corporate reorganization, whereby Messiah Lifeways, a newly created Pennsylvania nonprofit corporation, became the sole member and parent of Messiah Family Services, as well as two related entities: Messiah Home (d/b/a Messiah Lifeways at Messiah Village) and Messiah Lifeways Community Support Services.

Messiah Home operates a continuing care retirement community doing business as Messiah Lifeways at Messiah Village ("Messiah Village"), located on approximately 80 acres of land in Mechanicsburg, Cumberland County, PA. Messiah Lifeways Community Support Services operates a home care agency and an older adult daily living center as well as two senior centers in Cumberland County.

The parent entity, Messiah Lifeways, elects the Messiah Family Services Board of Directors and holds reserve powers to approve certain corporate actions, including approval of operating and capital spending budgets, borrowings, etc. As an affiliate of Messiah Lifeways, Messiah Family Services supports the corporation's efforts to provide a network of services for older adults that includes resident communities, enrichment opportunities, coaching services and community support services.

Messiah Family Services and Messiah Home entered into a Management Agreement dated November 20, 1997, for the management of Messiah Family Services. As part of their management duties, Messiah Home reviewed the feasibility of expanding services to Messiah Family Services' residents. On November 27, 1998, Messiah Family Services and Messiah Home entered into an Affiliation Agreement, for purposes of improving the quality, cost effectiveness, efficiency and convenience of residential and personal care options, healthcare and community services for their respective residents and communities. The affiliation was approved by the Court of Common Pleas, Lancaster County on June 27, 2008 and became effective July 1, 2008. Effective July 1, 2012, Messiah Lifeways now provides administrative, accounting and marketing services to Messiah Family Services through a Management Agreement for which Messiah Family Services pays a monthly fee. Messiah Home continues to provide certain maintenance services and is reimbursed on an hourly basis.

Neither the Brethren in Christ Church, nor any other person or entity is responsible for the liabilities of Messiah Family Services (except for Messiah Lifeways, Messiah Home, and Messiah Lifeways Community Support Services) or the fulfillment of its anticipated contractual obligations to its residents. Messiah Family Services owed Messiah Village $410,127 on June 30, 2022 (for marketing, engineering, site work and construction costs related to the expansion project) which is recorded as an intercompany payable and is eliminated in consolidation.

CURRENT RESIDENT POPULATION: Residents by type of accommodation as of October 1, 2023:

Residential Living	106	Residents
Personal Care	0	Residents
Nursing Care	0	Residents
Total	106	Residents

The Entrance and Monthly Fees: The following tables summarize sample fees for Residential Living accommodations for single occupancy residents.

Model Type & Description	Square Footage	Entrance Fee	Monthly Fee (Single Occupancy)
Donegal I	925 sq. ft.	$124,700	$983.00
Donegal II	1,200 sq. ft.	$159,200	$ 1,222.00
Manheim	1,106 sq. ft.	$169,300	$ 1,248.00
Marietta I	1,270 sq. ft.	$175,100	$ 1,304.00
Marietta II	1,359-1,589 sq. ft.	$194,700 - $227,700	$ 1,324 - $ 1,444

The monthly fee is increased for double occupancy by $144. The above sample entrance fees are priced for the 0% refund option which is explained in the section title "*Entrance Fee Plans*".

In the event that a resident subsequently marries or an additional occupant moves in with an existing resident, please refer to the Residency Agreement for full details regarding additional fees.

Taxable Status: Messiah Family Services is a Pennsylvania, non-profit, charitable corporation exempt from payment of Federal Income Tax in accordance with Section 501(c)(3) of the Internal Revenue Code.

DISCLOSURE STATEMENT

This Disclosure Statement contains a fair summary of the documents enclosed and of the terms of the documents purported to be summarized.

Name and Business Address

Messiah Family Services, d/b/a Messiah Lifeways at Mount Joy Country Homes, is a Pennsylvania, charitable, non-profit corporation that provides Residential Living on its existing campus located at 106 Bayberry Drive in Mount Joy, PA 17552. Messiah Family Services provides a continuum of care to the elderly through providing access to personal care services and nursing care services. Effective February 6, 2012, Messiah Family Services changed the fictitious name of its continuing care retirement community ("CCRC") from Mount Joy Country Homes to Messiah Lifeways at Mount Joy Country Homes ("Mount Joy Country Homes"). Phone: (717) 653-2356. Messiah Family Services is an affiliated entity of Messiah Lifeways, Messiah Home, and Messiah Lifeways Community Support Services.

History and Organization

Messiah Family Services began in 1896 and was sponsored by the Brethren in Christ Church as a ministry for the aged and orphans, as part of Messiah Rescue and Benevolent Home (now Messiah Home) in Harrisburg. In 1914, the children's ministry separated from the elder care ministry of Messiah Rescue and Benevolent Home and moved from Harrisburg to Grantham, PA and became known as Messiah Children's Orphanage. In 1925, Messiah Children's Orphanage moved from Grantham to Mount Joy, PA (current location) and in 1953, Messiah Children's Orphanage became Messiah Children's Home. Messiah Children's Home stopped operating as a children's home in 1981 due to government funding cuts. In 1984, Messiah Children's Home became Messiah Family Services, and changed its ministry focus to the elderly and began building housing for seniors. The first cottage was built in 1984.

Messiah Home, an affiliated entity, owns and operates a licensed continuing care retirement community d/b/a Messiah Lifeways at Messiah Village ("Messiah Village"), on approximately 80 acres of land in Mechanicsburg, PA. In 1997, Messiah Home and Messiah Family Services entered into a Management Agreement so that Messiah Home could review the feasibility of expanding health care, personal care and other related services to Mount Joy Country Homes residents, including but not limited to, home care and adult day care, and to develop a master plan for its property.

On November 27, 1998, Messiah Family Services and Messiah Home entered into an Affiliation Agreement, for purposes of improving the quality, cost effectiveness, efficiency and convenience of residential and personal care options, healthcare and community services for their respective residents and communities. The affiliation was approved by the Court of Common Pleas, Lancaster County on June 27, 2008 and became effective July 1, 2008.

The original 8-acre campus is now developed into a retirement community on a 31-acre campus. A multi-phase expansion was being built on 23 acres of land previously purchased by Messiah Home and Messiah Family Services, with a master plan for new residential living cottage residences, a community center, and commercial space. Phase 1A started in April 2010 and was completed in November 2010 with 10 cottages under roof and approximately 50% of the site work for the project completed. Phase 1B was started in April 2013 and completed in the Fall of 2013, it consisted of 12 cottages and a Community Center. Phase 2A1 consisted of 10 cottages which were completed in June 2015. Phase 2A2 consisted of 8 cottages which were completed in December 2015. Messiah Family Services authorized Messiah Lifeways, as the manager of the community, to administer, implement and supervise, pursuant to a Management Agreement, all phases of the development of the Project.

Effective July 1, 2012, Messiah Family Services underwent an internal corporate reorganization, whereby Messiah Lifeways, a newly created Pennsylvania nonprofit corporation, became the sole member and parent of Messiah Family Services, as well as two related entities: Messiah Home (d/b/a Messiah Lifeways at Messiah Village) and Messiah Lifeways Community Support Services.

As an affiliate of Messiah Lifeways, Bylaws for Messiah Family Services were also amended and restated, effective April 23, 2019. The Board of Directors of Messiah Family Services is composed of no more than 9 members and each shall be elected by Messiah Lifeways. The parent entity, Messiah Lifeways, holds reserve powers to approve certain corporate actions, including approval of operating and capital spending budgets, borrowings, etc. As an affiliate of Messiah Lifeways, Messiah Family Services supports the corporation's efforts to provide a network of services for older adults that includes resident communities, enrichment opportunities, and community support services.

Controlling Parties & Description Of Interest In Or Occupation With The Provider

Messiah Family Services is governed by a Board of Directors composed of no more than nine (9) members under the Amended and Restated Bylaws effective April 23, 2019. The directors are elected by Messiah Lifeways, except that the President and Chief Financial Officer of Messiah Lifeways shall not be elected but shall be appointed and serve as Directors of Messiah Family Services by virtue of their employment by Messiah Lifeways. The Board shall at all times include the Messiah Lifeways' President (or his/her designee) and Chief Financial Officer and at least one Director who also currently serves on the Board of Directors of Messiah Lifeways.

The name and business address of the Board of Directors is attached as **EXHIBIT A**.

A description of the background and experience of management personnel of Mount Joy Country Homes is attached as **EXHIBIT B**.

Disclosure Of Related Party Contracts

No Officer, Director, or other person holds a 10% or greater equity or beneficial interest in Messiah Family Services or in an entity that has provided $500 or more in goods or services to Mount Joy Country Homes.

Disclosure Of Felony Convictions, Felony Charges, Civil Actions, Court Orders, License Suspensions, Etc.

Neither the Provider, nor its board members (a) have 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 judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; and neither are they (b) subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years had any State or Federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including, without limitation, actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged or facility registered under the Pennsylvania Continuing Care Provider Registration and Disclosure Act or a similar act in another state.

Affiliation With Religious, Fraternal, Charitable And Non-profit Organizations

Effective July 1, 2012, Messiah Family Services underwent an internal corporate reorganization, whereby Messiah Lifeways, a newly created Pennsylvania nonprofit corporation, became the sole member and parent of Messiah Family Services, as well as two related entities: Messiah Home (d/b/a Messiah Lifeways at Messiah Village) and Messiah Lifeways Community Support Services.

Messiah Lifeways operates exclusively for the support and benefit of Messiah Home (d/b/a Messiah Lifeways at Messiah Village), Messiah Family Services (d/b/a Messiah Lifeways at Mount Joy Country Homes), Messiah Lifeways Community Support Services, and provides management, administrative and related services to the affiliated organizations. Collectively, the consolidated corporation represents “Messiah Lifeways and Controlled Entities”. The consolidated corporation exists to operate, maintain, sponsor and promote a network of residential, enrichment and community support services such as Residential Living, Personal Care, Nursing Care, at home services, adult day, wellness, lifelong learning and other services that directly or indirectly improve the safety and well-being of persons 55 and better.

Messiah Home operates a continuing care retirement community known as Messiah Lifeways at Messiah Village, located on approximately 80 acres of land in Mechanicsburg, Cumberland County, PA. Messiah Lifeways is the sole member and parent of Messiah Home.

Messiah Lifeways Community Support Services operates a home care agency, an adult day center, and two senior centers. Messiah Lifeways is the sole member and parent of Messiah Lifeways Community Support Services.

Messiah Family Services and Messiah Home entered into a Management Agreement dated November 20, 1997, for the management of Messiah Family Services. As part of their management duties, Messiah Home reviewed the feasibility of expanding services to Messiah Family Services' residents. On November 27, 1998, Messiah Family Services and Messiah Home entered into an Affiliation Agreement, for purposes of improving the quality, cost effectiveness, efficiency and convenience of residential and personal care options, healthcare and community services for their respective residents and communities. The affiliation was approved by the Court of Common Pleas, Lancaster County on June 27, 2008 and became effective July 1, 2008. Effective July 1, 2012, Messiah Lifeways now provides administrative, accounting and marketing services to Messiah Family Services through a Management Agreement for which Messiah Family Services pays a monthly fee. Messiah Home continues to provide certain maintenance services and is reimbursed on an hourly basis.

Neither the Brethren in Christ Church, nor any other person or entity is responsible for the liabilities of Messiah Family Services (except for Messiah Lifeways, Messiah Home, and Messiah Lifeways Community Support Services) or the fulfillment of its anticipated contractual obligations to its residents. Messiah Family Services owed Messiah Home $410,427 on June 30, 2022 (for marketing, engineering, site work and construction costs related to the expansion project) which is recorded as an intercompany payable and is eliminated in consolidation.

<u>Description Of Physical Property</u>

Mount Joy Country Homes is located at 106 Bayberry Drive, Mount Joy, PA 17552 on approximately 31 acres in a suburban area of Lancaster County.

The campus consists of an original 8 acres with 40 Residential Living cottage residences which include 20 single-story brick duplexes. A three (3) car brick garage serves as a maintenance building. Of the 20 duplexes, 19 of the duplexes were built between 1984 and 1994. An additional duplex was built in 2002, replacing an older, existing 2-story dwelling that was torn down.

In 1998, 23 adjoining acres were purchased jointly with Messiah Home, an affiliated entity, with a plan to affiliate and develop the property at a later date for additional Residential Living residences and a personal care home. Twenty acres are medium density residential, and 3 acres are zoned commercial. Both the 8 acre and 23 acre parcels lie within and on the western edge of Mount Joy Borough. Previously, the 23 acre parcel was part of a working farm. Although the property is within the borough limits and is surrounded by urban sized lots and single family houses, it has a more suburban feel as most of the ongoing construction around it is suburban in character.

Mount Joy Country Homes has a master plan to expand the retirement community to a 31-acre community using all of the additional 23 acres. Construction of Phase 1A (described below) began in April 2010, and all 10 cottage residences were under roof by November 1, 2010. Construction of Phase 1B began in April 2013, and all 12 cottage residences were under roof by November 2013. The Residential Living cottages are single story framed duplexes with vinyl exteriors and brick accents and range from 1,106 to 1,589 square feet. The original master plan consisted of the construction of a total of 74 residential living cottage residences, a new community center (3,500 square feet), two (2) 10-bed personal care (20 private rooms) facilities, and a 14,000 square foot commercial building. There are no assurances that the scope of the project will not change.

The campus was developed in the following phases:

- **Phase 1A = Construction of 10 cottages.** ***April 2010 through November 2010.*** The marketing phase of the project began in March 2009. Construction began in April 2010, and all 10 cottages were under roof by November 2010. As of this date, all 10 cottages are occupied.

- **Phase 1B = Construction of 12 cottages and a community center.** ***April 2013 through November 2013.*** All 12 cottages and community center were built between spring 2013 through fall of 2013. The Community Center was opened in September 2013. As of this date, all 11 cottages are occupied. (The former community center at 501 Union School Road was converted to a cottage and was made available for occupancy in the spring of 2014.)

- **Phase 2 = Construction of 18 cottages**. ***September 2014 through December 2015.*** Phase 2A consists of 18 cottages; Phase 2A1, 10 cottages were completed in June 2015 and Phase 2A2, 8 cottages were completed in December 2015. An additional 16 cottages were contemplated in Phase 2 but were put on hold.

Personal care services and nursing services are made available by Messiah Lifeways at Messiah Village, an affiliated entity, located approximately 32 miles from Mount Joy Country Homes. The cost for personal care or nursing care services is a daily rate and not included in the entrance fee or monthly fee and admission is contingent upon the resident meeting the financial guidelines and all other admission criteria. Reference should be made to Section 8 of the Disclosure Statement, as well as the Residency Agreement at **EXHIBIT C**.

<u>Resident Fees</u>

Payment of a One-Time Entrance Fee. Continuing care services are provided to residents who occupy a Residential Living cottage in return for payment of an Entrance Fee and Monthly Service Fee. An Entrance Fee is a one-time fee charged to residents seeking to live in a Residential Living cottage as a CCRC resident.

A. Payment Schedule for Existing Cottages:

The payment schedule for the entrance fee shall be as follows:

a. **Reservation Fee**

A resident will pay $500.00 to Mount Joy Country Homes, representing the amount of the Reservation Fee.

b. **Interim Payment for Structural Upgrades**

If a resident has selected any structural upgrades, then the resident will make an interim payment of 25% of the estimated cost of any structural upgrades, upon the commencement of construction of such upgrades. The charge or value of any structural upgrades is considered part of and will be added to the entrance fee for purposes of calculating the amortization of the entrance fee and any applicable entrance fee refunds.

c. **Payment for Finishing Upgrades**

If a resident has selected any finishing upgrades, the resident will pay the non-refundable sum of 100% of the estimated cost of any finishing upgrades, upon the commencement of construction or when the resident selects the finishing upgrades, whichever is later. The charge or value of any finishing upgrades is not added to or considered part of the entrance fee for purposes of calculating the amortization schedule or any applicable entrance fee refunds.

d. **Balance of Entrance Fee and Structural Upgrades**

At the time of settlement, which will be prior to the designated occupancy date or occupancy, whichever is earlier, resident will pay the remaining balance of the entrance fee plus, if applicable, the remaining balance of the cost of the structural upgrades. This payment reflects the remaining balance of the total entrance fee less the reservation fee and, if applicable, the interim payment.

Reference should be made to the Residency Agreement for further information.

B. Payment Schedule for Cottages Included in Expansion Project

The payment schedule for the entrance fee shall be as follows:

a. **Priority Deposit**

In consideration of a $500.00 priority deposit the prospective resident will receive a priority number for the selection of a specific cottage.

b. **Ten Percent (10%) Deposit of Entrance Fee**

Resident will pay 10% of the entrance fee, less the priority deposit of $500.00, at the time of executing the Reservation Agreement.

c. **Interim Payment for Structural Upgrades**
If a resident has selected any structural upgrades, then the resident will make an interim payment of 25% of the estimated cost of any structural upgrades, upon the commencement of construction of such upgrades. The charge or value of any structural upgrades is considered part of and will be added to the entrance fee for purposes of calculating the amortization of the entrance fee and any applicable entrance fee refunds.

d. **Payment for Finishing Upgrades**
If a resident has selected any finishing upgrades, the resident will pay the non-refundable sum of 100% of the estimated cost of any finishing upgrades, upon the commencement of construction or when resident selects the finishing upgrades, whichever is later. The charge or value of any finishing upgrades is not added to or considered part of the entrance fee for purposes of calculating the amortization schedule or any applicable entrance fee refunds.

e. **Balance of Entrance Fee and Structural Upgrades**
At the time of Settlement, which will be prior to the designated occupancy date or occupancy, whichever is earlier, resident will pay the remaining balance of the entrance fee plus, if applicable, the remaining balance of the cost of the structural upgrades. This payment reflects the remaining balance of the total entrance fee less the 10% deposit fee and, if applicable, the interim payment.

Reference should be made to the Residency Agreement for further information.

Entrance Fee Plans:

A resident may select one of the following entrance fee plans:

Plan A – Zero Percent Refundable Plan. Under this plan, subject to the conditions of Section 10 of the Residency Agreement, the resident or his/her estate will be entitled to the unamortized portion of the entrance fee, if any. The entrance fee will be amortized on a decreasing basis over 50 months. Should the agreement be terminated after the amortization period is completed, no refund shall be due.

Plan B - 50% Refundable Plan. Under this plan, subject to the conditions of Section 10 of the Residency Agreement, the resident or his/her estate will be entitled to a refund of fifty percent (50%) of the entrance fee. The other fifty percent (50%) of the entrance fee will be amortized in equal monthly amounts over a period of fifty (50) months. If the actual date of occupancy occurs between the 1st and 15th of the month, then the amortization period shall begin the first day of that month; whereas if the actual date of occupancy occurs between the 16th and the end of the month, then the amortization period will begin the 1st day of the following month. The other fifty percent (50%) of the entrance fee shall not be subject to amortization.

In the event of termination of the residency agreement during the amortization period, the resident also will be entitled to any unamortized portion of the entrance fee.

Plan C - 90% Refundable Plan. Under this plan, subject to the conditions of Section 10 of the Residency Agreement, the resident or his/her estate will be entitled to a refund of ninety percent (90%) of the entrance fee. The other ten percent (10%) of the entrance fee will be immediately amortized in full by Messiah Family Services upon the designated occupancy date or of occupancy, whichever is earlier, and will not be available as a refund. The other ninety percent (90%) of the entrance fee shall not be subject to amortization.

The entrance fees and monthly service fees are listed in **EXHIBIT D**.

In the event that Mount Joy Country Homes, subsequent to the execution of a Reservation Agreement for a new cottage or a Residency Agreement for an existing cottage, engages in marketing activities which include promotional offers whereby the type of cottage selected by an applicant is offered for an entrance fee amount which is less than the entrance fee amount offered to the applicant under the Reservation Agreement or the Residency Agreement (as the case may be), then the applicant shall not be eligible to participate in such promotional offers, and the terms of the Reservation Agreement or the Residency Agreement (as the case may be) relative to the amount of the entrance fee shall remain in full force and effect. Promotional offers are applicable only to applicants or prospective residents who have not yet executed a Reservation Agreement or a Residency Agreement (as the case may be). Mount Joy Country Homes reserves the right, in its sole discretion, to extend any promotional offers to an applicant who has already executed a Reservation Agreement or a Residency Agreement (as the case may be).

Refund Policy

Termination before Occupancy

Any payments will be refunded in full if the resident rescinds the Residency Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of the Residency Agreement by the resident's death before the designated occupancy date or actual date of occupancy, whichever is earlier; or in the event the resident is precluded from taking occupancy because of illness, injury, or incapacity prior to the designated occupancy date or actual date of occupancy, whichever is earlier; then Mount Joy Country Homes will make a full refund of all payments less the cost of any finishing upgrades paid by the resident and, if applicable, the interim payment.

If the resident does not terminate the Residency Agreement within the seven (7) day rescission period, but does terminate prior to the designated occupancy date or actual date of occupancy, whichever is earlier, while not precluded from taking occupancy by illness, injury, incapacity, or death; then, for an existing residence, Mount Joy Country Homes will retain the reservation fee, the cost of any finishing upgrades paid by the resident and, if applicable, the interim payment.

The balance of any payments will be refunded to the resident in accordance with the refund provisions of the Residency Agreement.

For a residence included in an expansion project, Mount Joy Country Homes will retain an amount equal to Five Hundred Dollars ($500), (this amount is considered a processing fee), the cost of any finishing upgrades paid by the resident and, if applicable, the interim payment. The balance of any payments will be refunded to the resident in accordance with the refund provisions of the Residency Agreement. Where two individuals have signed the Residency Agreement for double occupancy, the death of one co-resident will not constitute termination of the Residency Agreement, and no refund will be due. In the event of the termination of the Residency Agreement by Mount Joy Country Homes before the designated Occupancy Date or actual date of Occupancy, whichever is earlier; then a full refund of all payments shall be made.

Reference should be made to the Residency Agreement for further information.

Termination after Occupancy

In the event of termination after occupancy for any reason, the following refund provisions shall apply depending on the entrance fee plan selected by the resident:

For the 0% and 50% refundable plans, the Entrance Fee, less the refund percentage times the Entrance Fee as applicable, shall be amortized by Mount Joy Country Homes on a decreasing basis for a period of fifty (50) months from the Designated Occupancy Date or date of Occupancy, whichever is earlier. After the lapse of fifty (50) months, the Entrance Fee shall be amortized in full by Mount Joy Country Homes, and only the refund percentage times the Entrance Fee as applicable will be refunded subject to the conditions of Section 14 of the Residency Agreement. In the event of termination of this Agreement, during the fifty (50) month amortization period, any unamortized amounts prorated on a monthly basis, less any amounts deducted to cover costs incurred by Mount Joy Country Homes to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of resident, or to satisfy unpaid charges, and less any deductions for financial assistance provided resident by Mount Joy Country Homes in accordance with Messiah Lifeways' Benevolent Care Policy, shall be refunded to resident subject to the conditions of Section 14 of the Residency Agreement.

For the 90% refundable plan, the refund percentage times the Entrance Fee as applicable will be refunded subject to the conditions of Section 10 of the Residency Agreement. Such refund is subject to deductions for any amounts deducted to cover costs incurred by Mount Joy Country Homes to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, or to cover costs incurred at the specific request of resident, or to satisfy unpaid charges, or for financial assistance provided resident by Mount Joy Country Homes.

Reference should be made to the Residency Agreement for further information.

Payment of a Monthly Service Fee:

Mount Joy Country Homes reserves the right, at any time, upon thirty (30) days' notice to the resident, to adjust the Monthly Fees. The Monthly Fees are listed in **EXHIBIT D**.

Reference should be made to the Residency Agreement for further information.

The following services are included in the Monthly Service Fee for Residential Living:

- Use of living accommodations
- Sewer, water, and refuse collection
- Access for telephone, cable TV and high speed internet
- Maintenance of grounds/snow removal
- Repair, maintenance, and replacement of property and equipment provided by Mount Joy Country Homes
- Insurance of the building
- Real estate taxes
- Administrative Support Services
- Open parking spaces
- Access to onsite Community Center including:
    - fitness center (after fitness orientation is complete)
    - library
    - kitchen
    - community room
    - hobby room
    - Wi-Fi

Reference should be made to the Residency Agreement for further information.

The following services are available to residents in a Residential Living cottage on a fee-for-service basis:

- Certain activities planned by the community
- Pathways Institute for Lifelong Learning
- Home Care Services - coordinated by Messiah Lifeways Community Support Services, d/b/a Messiah Lifeways At Home
- Outpatient rehab services
- Home health services

Personal Property Insurance, telephone service, cable television service, internet service, heat and electric are not included in the Monthly Service Fee and shall be the responsibility of the resident. Residents have priority access to personal care and nursing care services at Messiah Village in accordance with Messiah Village's policy. Residents must satisfy all admission criteria as a condition for eligibility to participate in the priority access policy. See below.

Reference should be made to the Residency Agreement for further information.

<u>Additional Fees for Personal Care and Nursing Care Services:</u>

Residents have the right to occupy the Residential Living cottage for so long as they satisfy the conditions of occupancy as set forth in the Residency Agreement. Residents of Mount Joy Country Homes will have priority access to Messiah Village for personal care and nursing care services, in return for payment of an entrance fee to Mount Joy Country Homes. An entrance fee is one charged to residents seeking to live in a CCRC. Under this agreement, a resident of Mount Joy Country Homes who requires personal care and/or nursing care services will have priority access on a space-available basis, over anyone else, with the exception of current residents of Messiah Village, for access to the personal care and nursing care facilities at Messiah Village that is approximately 32 miles from Mount Joy Country Homes.

Admission to personal care or nursing care services is contingent upon the resident meeting the financial and all other admission criteria. The cost for personal care or nursing care services is not included in the Entrance Fee or Monthly Service Fee. Residency Agreements signed by residents are fee-for-service contracts. If a resident requires personal care or nursing care services, an admission agreement is signed for that level of care which establishes the basis for charges for personal care and nursing care services. The fees associated with the provision of personal care and nursing care services depend upon the type of room and/or services required.

If space is not immediately available at Messiah Village, Mount Joy Country Homes will identify and assist residents in making arrangements to transfer to a local personal care or nursing care facility.

In situations of double occupancy where one co-resident is temporarily transferred to the personal care or nursing care facility, the monthly service fee shall remain the same, and the transferred co-resident will be charged for care and services in the personal care or nursing care facility. Both co-residents will collectively be liable for payment of the charges. If a single occupancy resident is temporarily transferred to personal care or nursing care the resident would also continue to pay the monthly service fee.

Where two individuals have signed a Residency Agreement for double occupancy, the permanent transfer of one resident to nursing or personal care will not constitute termination of the Residency Agreement, and no refund shall be due.

If a single occupancy resident is permanently transferred to the personal care or nursing care facility, the Residency Agreement for Residential Living shall terminate.

Reference should be made to the Residency Agreement for further information.

Frequency And Average Dollar Amount Of Increase In Periodic Rates For The Previous Five Years

Messiah Lifeways at Mount Joy Country Homes has been operating as a licensed CCRC since 2009. The frequency and average dollar amount of the increase in periodic rates for the previous 5 years is shown in **EXHIBIT E**.

Average Annual Cost Of Providing Services

The average annual cost for providing services from the previous operating fiscal year is available at **EXHIBIT F**.

Escrow And Reserve Funds

Reserve Funds

Under Section 9 of the Continuing Care Provider Registration and Disclosure Act ("Act 82"), a provider must establish and maintain a specified dollar amount of liquid reserves.

Mount Joy Country Homes has designated its Capital Fund to meet the reserve requirements of Act 82. These funds are invested in instruments which are easily converted to cash such as CDs, money market funds, marketable securities and mutual funds.

These funds are invested by the Secretary-Treasurer of Mount Joy Country Homes in consultation with the Board of Trustees.

Unrestricted investments as of June 30, 2023, approximated $2,574,000. The minimum liquid reserve amount was determined to be approximately $80,000. Calculations establishing the reserve requirement are below:

10% of Projected Operating Costs less Depreciation Expense	$80,486
Portion of residents under continuing care agreements	100%
Liquid Reserve Required	$80,000

Escrow Account

Any and all payments made toward the total entrance fee prior to the available occupancy date by the resident will be deposited into an escrow account subject to release in accordance with the guidelines established by the Department of Insurance. The Escrow Agent is Branch Banking and Trust Co. (BB&T) PO Box 2887 Wilson, NC 27894-2887.

Reference should be made to the Residency Agreement for further information.

Financial Statements

A copy of the financial statements for Messiah Lifeways and Controlled Entities for fiscal years ended June 30, 2023 and June 30, 2022, prepared and audited by Baker Tilly Virchow Krause, LLP, certified public accountants, are attached as **EXHIBIT H.**

A Projected Financial Analysis was prepared by the Secretary-Treasurer Jarrod Leo, Chief Financial Officer, and is attached as **EXHIBIT G**.

Residency Agreement

The Residency Agreement governs the relationship and explains the mutual obligations between the resident and Mount Joy Country Homes. All terms of the agreement are reflected in the Residency Agreement and its attached exhibits. The Residency Agreement also provides a grievance procedure that includes a voluntary mediation provision and a mandatory, binding arbitration provision. Residents should review the Residency Agreement for further explanation. See **EXHIBIT C**.

Right To Rescind

Resident may rescind and terminate the Residency Agreement without penalty or forfeiture within seven (7) days of signing the Residency Agreement. Residents are not required to move into the Residential Living cottage before the expiration of this seven (7) day period. To rescind their Residency Agreement, resident must mail or deliver a signed and dated copy of a Rescission Notice or any other dated written notice, letter or telegram, stating their desire to rescind to Mount Joy Country Homes. A Notice of Right to Rescind is included in the Residency Agreement.

Resident Right To Organize

Residents shall have the right to elect a Residents' Association to represent the welfare and concerns of the residents. A representative designated by the Board of Trustees will hold quarterly meetings during the calendar year with residents for purposes of free discussion of topics related to living at Mount Joy Country Homes. Residents will be given at least seven (7) days notice of all such meetings.

RECEIPT

The undersigned hereby acknowledges delivery and receipt of Messiah Lifeways at Mount Joy Country Homes' Disclosure Statement dated _______________ and all attachments including a copy of the Residency Agreement and the Notice of Right to Rescind.

____

Signature of First Resident

____

Signature of Co-Resident

____

Signature of Responsible Party/Family Member (if applicable)

____

Date

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES
EXHIBIT "A"

Messiah Family Services
Board of Directors

Name	Business Address
Karl J. Brummer, Chair	100 Mt. Allen Drive, Mechanicsburg, PA 17055
Alicia Titus, Vice Chair	100 Mt. Allen Drive, Mechanicsburg, PA 17055
Jarrod Leo, Corporate Secretary/ Treasurer	100 Mt. Allen Drive, Mechanicsburg, PA 17055
Keith L. Ebersole Messiah Lifeways Board Member	100 Mt. Allen Drive, Mechanicsburg, PA 17055

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES
EXHIBIT "B"

Business Experience of Key Management Personnel, Controlling Parties, & Operating Officers

Karl J. Brummer, MBA, SPHR, President & CEO. Mr. Brummer serves as Chairman of the Board of Trustees for Messiah Home. Mr. Brummer began serving as President & CEO of Messiah Lifeways in September 2021. Prior to this role, Mr. Brummer served as the Senior Vice President at Messiah Lifeways for eight years, and was responsible for overseeing Human Resources, Enrichment Services and Community Support Services. Prior to that, he served at another CCRC, where his role was the Senior Executive Vice President for six years. His previous industry experiences include a variety of human resources and leadership roles domestically and internationally. He serves as the Secretary & Treasurer for the Brethren in Christ Church Foundation and has served as an adjunct instructor at Elizabethtown College, Eastern University, Harrisburg University and Messiah University. He has served on numerous advisory boards of directors for local non-profit organizations. Mr. Brummer holds a bachelor's degree in Human Resource Management from Messiah College and an MBA from Kutztown University; he is a Certified Aging Services Professional (CASP), a Senior Certified Human Resource Professional (SHRM-SCP) and a Senior Professional in Human Resources (SPHR).

Jarrod Leo, CPA, MBA, Chief Financial Officer. Mr. Leo is responsible for securing, managing, and planning for the current and future financial and information resources necessary to fulfill the mission of Messiah Lifeways and its affiliates. In his role, Mr. Leo provides oversight and support to the Fiscal Services Department and the Information Technology Department. Mr. Leo began as CFO in March 2023. Prior to joining the organization Mr. Leo served as Senior VP of finance for a multi-site CCRC for eight years. His experience also includes 15 years serving as senior living business consultant, performing projects ranging from financial feasibility studies, operational assessments, strategic planning, and market research. Mr. Leo holds a bachelor's degree in Finance and an MBA from Pennsylvania State University. He is a licensed CPA in the state of Pennsylvania.

Kim Valvo, NHA, serves as Vice President of Health Services at Messiah Lifeways. Previously she held the position of Executive Director of Resident Communities at Messiah Lifeways, and recently, as Nursing Home Administrator (NHA). A graduate of Messiah University, Kim holds a bachelor's degree in Human Development and Family Science with a concentration in Gerontology. She went on to earn her Nursing Home Administrator's license and has accumulated over 18 years of experience working with older adults in the senior living environment. Under her leadership, Messiah Lifeways at Messiah Village has been recognized repeatedly for excellence in senior living and long-term care by publications such as Newsweek, US News and World Report, and Harrisburg Magazine. Ms. Valvo oversees all levels of living in the continuum of care at Messiah Lifeways' resident communities, Messiah Village and Mount

Joy Country Homes, which include independent living, personal care, short-term rehabilitation, and long-term nursing care.

Alicia Titus, MBA, Senior Vice President for Mission Advancement. Ms. Titus joined Messiah Lifeways in 2018, and in her role oversees Marketing and Communications, Enrichment Services, Welcome Centers, and Information Services. Ms. Titus previously served as Senior Vice President of Education and Research at LeadingAge PA, a trade association that represents not-for-profit senior service providers across Pennsylvania where she supported members through the development of member education and resources to help them navigate current and anticipated consumer trends and shifts. Additionally, her nearly 20 years of professional experience includes conducting market research and demographic trend analysis, competitor profiles, penetration analysis and market strategies for the development of new senior housing products and/or programs. Alicia holds two undergraduate degrees in Marketing & Information Systems from Penn State University and an MBA with a concentration in Healthcare Management from Lebanon Valley College.

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES

EXHIBIT "C"

Residency Agreement

(Separate attachment)

RESIDENCY AGREEMENT

FOR

MESSIAH FAMILY SERVICES

D/B/A MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES

August 2023

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DEFINITIONS OF WORDS AND PHRASES

ADDITIONAL OCCUPANT: An individual who, after you take Occupancy, applies and is accepted for admission to Community to occupy the Residence as a Co-Resident.

APPLICATION FOR RESIDENCY: The application submitted to Community by those individuals seeking admission to Community.

CERTIFICATE OF INSURANCE: A document issued by an insurance carrier reflecting the coverage available under the policy.

CONDITIONS OF OCCUPANCY: The health, safety and related requirements for continued Occupancy of the Residence as reflected in the criteria specified on Attachment "F".

CO-RESIDENT: One of two individuals who signs a residency agreement to initially occupy one residence.

DAILY RATE: The daily charge for Routine Nursing Care Services or Personal Care Services. The Daily Rate does not include charges for additional or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by us for you to accept occupancy, and for the Monthly Fee and the balance of the Entrance Fee to become due, unless the Residence is occupied earlier.

DOUBLE OCCUPANCY: Two individuals initially residing in a residence as co-residents.

DOUBLE OCCUPANCY FEE: The fee for an additional occupant of the Residence. This charge is added to the Monthly Fee.

ENTRANCE FEE: The initial charge for admission to the Community. The amount of the Entrance Fee is based on the model of the Residence.

FINISHING UPGRADES: Available options for a residence that are non-permanent in nature (i.e., flooring, trim, light fixtures), which are not considered part of the Entrance Fee and will not be considered in calculating any applicable Entrance Fee refunds.

INTERIM PAYMENT: The charge representing twenty-five percent (25%) of the estimated cost of any Structural Upgrades.

MEDICAL DIRECTOR: The physician designated by Messiah Home d/b/a Messiah Lifeways at Messiah Village to supervise the medical affairs of Community.

MONTHLY FEE: The charge per month for Occupancy of the Residence.

NURSING CENTER: The licensed nursing care facility owned and operated by Messiah

Home d/b/a Messiah Lifeways at Messiah Village.

OCCUPANCY: The right of possession and use of the Residence.

PERSONAL CARE FACILITY: The licensed personal care facility owned and operated by Messiah Home d/b/a Messiah Lifeways at Messiah Village.

PERSONAL CARE SERVICES: Assistance with or supervision in activities of daily living and/or instrumental activities of daily living in the Personal Care Facility in exchange for the Daily Rate.

PRIORITY ACCESS: Residents of the Community will receive priority access over anyone else, with the exception of residents of Messiah Lifeways at Messiah Village, to routine nursing care services and personal care services at Messiah Lifeways at Messiah Village.

PRIORITY DEPOSIT: For residences included in the expansion project, an amount equal to Five Hundred Dollars ($500), which is paid by you to join the Priority Program at the Community.

PROCESSING FEE: For residences included in an expansion project, an amount equal to Five Hundred Dollars ($500), which is retained by us in the event you decide not to move into the Community.

RATE SCHEDULE: A publication reflecting current charges for services rendered by us and is subject to change from time to time.

REFURBISHMENT FEE: The charge for transferring and moving from the residence designated under this Agreement to another Residence at Community.

RESERVATION AGREEMENT: For residences included in the expansion project, the agreement executed by you upon payment of the ten percent (10%) deposit.

RESERVATION FEE: For an existing residence, an amount equal to Five Hundred Dollars ($500) which is paid by you to enter into this Agreement.

RESIDENCE: The living unit designated under this Agreement for occupancy by you.

RESIDENT HANDBOOK: Community's publication reflecting the rules, regulations, policies, and procedures of the Community. You are obligated to comply with our rules, regulations, policies, and procedures reflected in this publication. The Resident Handbook should not be construed as a contract. It does not grant any contractual rights, and it is subject to change from time to time.

ROUTINE NURSING CARE SERVICES: The level of routine nursing care services provided in the Nursing Center in exchange for the Daily Rate. Routine nursing care does not include the following services, which listing is not exhaustive: one-on-one companion or CNA services when required by your care plan; care for certain high acuity conditions, such as wound care, rehabilitation services, ventilator dependent care, dialysis services, treatment for drug and alcohol conditions, or psychiatric care. Generally, services not included in routine nursing care are not available in the Nursing Center; and, if such services become or are available, then such services are only provided for an additional fee.

SETTLEMENT: Payment of final entrance fee payment and the commencement of the right of occupancy.

SINGLE OCCUPANCY: One individual initially residing in a residence.

STRUCTURAL UPGRADES: Available improvements to a residence that are permanent in nature (i.e., fireplace, deck, increase in square footage), which are considered part of the Entrance Fee and will be considered in calculating any applicable Entrance Fee refunds.

SURRENDER: To cease occupancy of the Residence, to remove all possessions from it, and to return all keys to it.

RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT (called "Agreement"), made this ____ day of __________, 20___, between Messiah Family Services d/b/a Messiah Lifeways at Mount Joy Country Homes, a Pennsylvania nonprofit corporation, (called "Community," and referred to by the words "we," "us" and "our"), and ________________________________ (called "Resident," and referred to by the words "you" and "your" and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident") for admission of Resident to the Community for Occupancy of _______________ (called "Residence").

RECITALS:

We operate a continuing care retirement community;

You have applied for admission to occupy the Residence; and,

We have reviewed and accepted your Application for Residency subject to the execution of this Agreement, and you have designated the above Residence for Occupancy.

In consideration of the mutual promises contained in this Agreement, and intending to be legally bound, we and you agree as follows:

SECTION 1: RESIDENCE AND FACILITIES

1.1 Living Accommodations and Term. We shall provide you with the accommodations, common facilities and services specified in this Agreement beginning on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, and continuing until the termination of this Agreement.

1.2 Description of Residence. We shall provide you with the Residence designated under this Agreement furnished with the items identified in Attachment "A". You may provide other furnishings, subject to our approval, which shall remain your property.

1.3 Finishing Upgrades. At your request, and subject to our approval, we shall provide Finishing Upgrades identified in Attachment "B". Finishing Upgrades are not included in the Entrance Fee or Monthly Fee and are provided at an additional cost. If requested prior to Occupancy, the cost of any Finishing Upgrades shall be paid prior to Occupancy. At our discretion, the costs of any Finishing Upgrades requested after Occupancy shall be paid prior to or at the time of installation. Upon installation, all Finishing Upgrades immediately become our property and shall remain in the Residence after the termination of this Agreement. All Finishing Upgrades and their cost are reflected on Attachment "B".

1.4 Structural Upgrades. Any Structural Upgrades may be made only after obtaining written approval from us. The cost of any Structural Upgrades requested by you, and restoration to original condition, except that cost due to normal wear and tear, shall be paid by you unless otherwise agreed in writing by us. The selection of a contractor for any Structural Upgrades shall be made by us. The charge or value of any Structural Upgrades is considered part of the Entrance Fee and will be considered in calculating any applicable Entrance Fee refunds. All Structural Upgrades and their cost are reflected on Attachment "B".

1.5 **Common Facilities.** We shall provide certain common facilities including, but not limited to, a community center, walkways, and meeting accommodations. The common facilities are available to you in accordance with our policies and procedures as reflected in the Resident Handbook and any other publications of the Community, which are subject to change from time to time at our discretion.

1.6 **Priority Access.** You will receive Priority Access to Messiah Lifeways at Messiah Village Routine Nursing Care Services and Personal Care Services on a fee-for-service basis. Priority Access is conditioned on you satisfying the financial and all other requirements for admission.

1.7 **Designated Occupancy Date.** We shall establish a date when you must accept Occupancy (the "Designated Occupancy Date"). We will provide notice of the Designated Occupancy Date no later than thirty (30) days before the Residence is available. We reserve the right to extend the Designated Occupancy Date. The obligation to pay the Monthly Fee shall begin on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. The Entrance Fee shall be paid in full prior to the Designated Occupancy Date or actual Occupancy, whichever is earlier.

SECTION 2: SERVICES

2.1 **Utilities.** We shall provide water, sewer, and refuse collection. These services are included in the Monthly Fee. We reserve the right to establish maximum usage levels on utilities and to charge you for any unreasonably excessive usage due to waste or abuse.

2.2 **Telephone.** We shall provide your Residence with access to telephone service. All telephone service charges, including connection charges, are not included in the Monthly Fee and shall be paid by you.

2.3 **Cable Television.** We shall provide your Residence with access to cable television service and at least one cable connection as part of the Monthly Fee. Basic cable service and expanded pay channel service are not included in the Monthly Fee and shall be paid by you.

2.4 **Maintenance and Repairs.** We shall provide necessary repairs, maintenance, and replacement of our property, equipment, and appliances. Repairs, maintenance, and replacement of your property and furnishings are your responsibility and are not included in the Monthly Fee. Maintenance and repair of our property, equipment or appliances necessitated by your neglect or abuse as we determine, shall be paid by you.

2.5 Maintenance of Grounds. We shall provide grounds keeping, lawn care, and snow removal. These services are included in the Monthly Fee.

2.6 Property Insurance. We shall provide insurance on our property only. You are responsible to insure against personal property and general liability losses and for the cost of such insurance.

2.7 Administration. We shall provide administrative support services to implement the provisions of this Agreement. Administrative services are included in the Monthly Fee.

2.8 Property Taxes. Property taxes are our responsibility and are included in the Monthly Fee.

2.9 Activities. We, in our discretion, shall provide recreational, educational, and social services. Access to, participation in, and fees, if any, associated with activities are governed by our policy, which is subject to change from time to time.

2.10 Scope of Services Included in the Monthly Fee. We reserve the right to add or delete certain services and to adjust the Monthly Fee appropriately. We will provide thirty (30) days advance notice of any changes in services.

2.11 Other Services. Other services may be available at an additional charge. The charges for other services shall be reflected on the Rate Schedule, which is subject to change from time to time.

SECTION 3: NURSING AND PERSONAL CARE SERVICES

3.1 Nursing Center and Personal Care Facility. Licensed Routine Nursing Care Services and Personal Care Services shall be available to you at Messiah Lifeways at Messiah Village on a Priority Access basis so long as you meet the financial and all other criteria for admission. The costs of Routine Nursing Care Services and Personal Care Services are at an additional charge and are not included in the Monthly Fee. We will exercise our best efforts to accommodate your level of care needs; however, there is no guarantee that space will be immediately available at Messiah Lifeways at Messiah Village at such time as you may require Routine Nursing Care Services or Personal Care Services. If you are transferred to Messiah Lifeways at Messiah Village, you shall sign an admission agreement for the provision of Routine Nursing Care Services or Personal Care Services.

3.2 Nursing or Companion Services. Subject to our approval, you may utilize the services of private duty nurses, companions or individuals providing personal or nursing care services in your Residence so long as you are able to satisfy the Conditions of Occupancy. If required, such services must be approved in advance and in writing by us. You are responsible to make all arrangements and shall pay the cost for such services. The utilization of support services (such as, but not limited to, Home Care and Adult Day Care) shall not impair your financial obligations to us. In the event you require continuous care (i.e., twenty-four (24) hours per day), then we reserve the right to require that such care be provided to you in three (3) shifts. We reserve the right to review credentials of all nurses and companions, to approve or prohibit the use of, or to require the discontinuation of such services. As a condition of our approval, all private duty nurses or companions, except for family members, must provide us with an appropriate release and indemnification agreement, proof of workers' compensation and liability insurance, as well as documentation from a physician or other appropriate health care professional that they are free from any disqualifying communicable diseases, and are subject to a criminal background check. To the extent required, you shall confirm that any approved private duty nurse, companion, or attending individual, except for a family member, has workers' compensation insurance coverage. In the absence of such coverage, you are required to provide workers' compensation insurance to the extent required by law. Services of private duty nurses, nurse assistants or companions may be used so long as you are able to satisfy the Conditions of Occupancy. In exchange for our consent to your request for the services of a private duty nurse, companion, or other assistant, you shall execute, if requested by us, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. We reserve the right to terminate your authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that you do not comply with the requirements of this section or the Aging-in-Place Addendum, or you require transfer to another level of care. If transfer to another level of care is required, then we reserve the right to transfer you to another level of care located within Messiah Lifeways at Messiah Village or to such other external care facility as we deem appropriate.

3.3 Health Care Services and Liability for Health Care Costs. Subject to Section 3.4 below, you remain responsible for your own Routine Nursing Care Services, Personal Care Services and health care services while residing in the Residence. All Routine Nursing Care Services, Personal Care Services and health care services of any kind provided to you under this Agreement are at an additional charge.

3.4 Liability for Health Care Services. A resident shall not be liable to a health care provider for services rendered under this Agreement if the health care services rendered are services which the Community agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. No future health care services are covered by your payment of the Entrance Fee or Monthly Fee.

3.5 No Emergency Medical Services. We do not provide Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). Physicians are not immediately available within the Community for the purpose of handling medical emergencies. In the event of a medical emergency, you are required to contact 911 to obtain medical assistance.

3.6 Hospitalization. We do not provide hospital or acute care. The costs of ambulance or emergency transportation for transfer to a hospital or other acute care provider and the costs of such hospitalization and acute care are not included in this Agreement and shall be your responsibility.

3.7 Accident or Illness Away From Community. In the event you suffer an accident or illness while away from Community, and you rely on health care and support services available in the area where the accident or illness occurred, your health insurance or other personal resources available to you must be used for payment for such services.

3.8 Limitation on Services Provided by Community. We are not designed to care for persons who are afflicted with uncontrolled or untreated mental illness, which requires specialized psychiatric care or services not authorized or permitted under the state regulations, resulting in behavior contrary to the Conditions of Occupancy as determined by us, contagious diseases, active alcohol or drug abuse, or other conditions requiring specialty care (including, without limitation, head injury or ventilator care). If we determine that your condition is such that you are either dangerous or detrimental to your own life, health, or safety, or the life, health or safety of other residents or persons at Community, then we may transfer you to an appropriate external care facility. In the event of temporary transfer to an external care facility, you shall continue to pay the Monthly Fee in order to reserve the Residence while you are away from the Community. You shall be responsible for all costs associated with such transfer, including all charges for the care provided to you in the other facility and transportation services. If you are discharged from the external care facility and subsequently are unable to meet the Conditions of Occupancy, then we reserve the right to discharge you from Community and to terminate this Agreement in accordance with Section 8.

SECTION 4: FEES

4.1 Entrance Fee.

(a) Payment Schedule and Execution of Residency Agreement – Existing Residences. You shall pay to us the sum of $_________________ [____ *initials*] as an Entrance Fee in accordance with the following schedule:

(i) Reservation Fee. You have paid to us the sum of $_________________ [____ *initials*] as a Reservation Fee at the time of executing this Agreement.

(ii) Interim Payment for Structural Upgrades. If you have selected any Structural Upgrades, then you shall make an Interim Payment in the sum of $________________ [____ *initials*] upon the commencement of construction of such upgrades. While the costs of Structural Upgrades may not be known at the time of the execution of this Agreement, they will be set forth in Attachment "B" prior to the commencement of the Structural Upgrades. You will be notified by us as to when this Interim Payment is due. The estimated date for the Interim Payment, based on the estimated construction schedule is ___________, 20_____. The charge or value of any Structural Upgrades is considered part of and will be added to the Entrance Fee for purposes of calculating the amortization of the Entrance Fee and any applicable Entrance Fee refunds. Upon installation, all Structural Upgrades immediately become our property and shall remain in the Residence after the termination of this Agreement. Failure to make the Interim Payment upon the commencement of construction of the Structural Upgrades, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Reservation Fee and the termination of this Agreement. The remaining balance of the actual costs of any Structural Upgrades shall be paid as specified below.

(iii) Payment for Finishing Upgrades. If you have selected any Finishing Upgrades, then you shall pay the non-refundable sum of $_________________ [____ *initials*], representing one hundred percent (100%) of the estimated cost of any Finishing Upgrades, upon the commencement of construction or when you select the Finishing Upgrades, whichever is later. Finishing Upgrades will be set forth on Attachment "B". The charge or value of any Finishing Upgrades is not added to or considered part of the Entrance Fee for purposes of calculating the amortization schedule or any applicable Entrance Fee refunds.

(iv) **Balance of Entrance Fee and Structural Upgrades.** At the time of Settlement, which shall be prior to the Designated Occupancy Date or Occupancy, whichever is earlier, you shall pay the sum of $_________________ [____ *initials*], representing the remaining balance of the Entrance Fee plus, if applicable, the remaining balance of the cost of the Structural Upgrades. This payment reflects the remaining balance of the total Entrance Fee less the Reservation Fee and, if applicable, the Interim Payment. Failure to pay the total Entrance Fee in full at Settlement, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Reservation Fee and, if applicable, the Interim Payment, and the termination of this Agreement. Reference should be made to the settlement sheet attached as Attachment "C1".

(b) **Payment Schedule and Execution of Residency Agreement – Expansion Project.** You shall pay to us the sum of $_________________ [____ *initials*] as an Entrance Fee in accordance with the following schedule:

(i) **Ten Percent (10%) Deposit of Entrance Fee.** You have paid the sum of $_________________ [____ *initials*], representing ten percent (10%) of the Entrance Fee, less the Priority Deposit, at the time of executing the Reservation Agreement.

(ii) **Execution of Residency Agreement.** You shall execute this Agreement within fifteen (15) days of notification of the commencement of construction. Failure to execute this Agreement within the fifteen (15) day period, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Processing Fee and the termination of the Reservation Agreement.

(iii) **Interim Payment for Structural Upgrades.** If you have selected any Structural Upgrades, then you shall make an Interim Payment in the sum of $________________ [____ *initials*] when you select such upgrades. While the costs of Structural Upgrades may not be known at the time of the execution of this Agreement, they will be set forth on Attachment "B" prior to the commencement of the Structural Upgrades or when you select such upgrades, whichever is later. The charge or value of any Structural Upgrades is considered part of and will be added to the Entrance Fee for purposes of calculating the amortization of the Entrance Fee and any applicable Entrance Fee refunds. Upon installation, all Structural Upgrades immediately become our property and shall remain in the Residence after the termination of this Agreement. Failure to make the Interim Payment upon the commencement of construction of the Structural Upgrades or when you select such upgrades, whichever is later, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Processing Fee and the termination of this Agreement. The remaining balance of the actual costs of any Structural Upgrades shall be paid as specified below.

(iv) Payment for Finishing Upgrades. If you have selected any Finishing Upgrades, then you shall pay the non-refundable sum of $_________________ [____ *initials*], representing one hundred percent (100%) of the estimated cost of any Finishing Upgrades, upon the commencement of construction or when you select the Finishing Upgrades, whichever is later. Finishing Upgrades will be set forth on Attachment "B". The charge or value of any Finishing Upgrades is not added to or considered part of the Entrance Fee for purposes of calculating the amortization schedule or any applicable Entrance Fee refunds.

(v) Balance of Entrance Fee and Structural Upgrades. At the time of Settlement, which shall be prior to the Designated Occupancy Date or Occupancy, whichever is earlier, you shall pay the sum of $_________________ [____ *initials*], representing the remaining balance of the Entrance Fee plus, if applicable, the remaining balance of the cost of the Structural Upgrades. This payment reflects the remaining balance of the total Entrance Fee less the ten percent (10%) deposit of the Entrance Fee, and, if applicable, the Interim Payment. Failure to pay the total Entrance Fee in full at Settlement, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Processing Fee and, if applicable, the Interim Payment, and the termination of this Agreement. Reference should be made to the settlement sheet attached as Attachment "C2".

4.2 Use of Entrance Fee. The entire Entrance Fee shall be used for the purpose of sustaining and extending our mission.

4.3 Amortization of Entrance Fee. The amortization of the Entrance Fee shall be determined by the Entrance Fee plan selected by you as reflected on Attachment "D".

4.4 Limitations on Increases in the Entrance Fee. After the signing of this Agreement by you, there will be no increase in the Entrance Fee for the Residence. In accordance with Section 3.4 of this Agreement, the Entrance Fee and Monthly Fee do not include future health care services.

4.5 Monthly Fee.

(a) Amount. You shall pay to us a Monthly Fee of $_________________ [____ *initials*] for Occupancy of the Residence. In situations of Double Occupancy, the Double Occupancy Fee in the amount of $_________________ [____ *initials*], which is based on the number of occupants, is added to and included in the Monthly Fee.

(b) Payment and Due Date. Your responsibility to pay the Monthly Fee begins on the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Payment is due upon receipt of the monthly statement. We reserve the right to change our billing cycle. The Monthly Fee shall be prorated if you assume Occupancy after the first of the month. If any Monthly Fee or other charges for miscellaneous or ancillary services are not paid by the end of the month in which the monthly statement is due, we may elect to exercise our available rights and remedies under this Agreement including termination.

(c) **Adjustments in Monthly Fee.** The Monthly Fee, which in situations of Double Occupancy includes the Double Occupancy Fee, may be adjusted from time to time. We will provide thirty (30) days advance written notice of any changes in the Monthly Fee and/or the Double Occupancy Fee. The Monthly Fee for Double Occupancy, which includes the Double Occupancy Fee, may increase at different times and in different amounts than the Monthly Fee for Single Occupancy.

4.6 **Other Charges.** In addition to the Monthly Fee, the monthly statement shall reflect all other charges for miscellaneous, ancillary, or other services. Payment for all such other charges is also due upon receipt.

4.7 **Co-Resident's Fee Responsibility.** In situations of Double Occupancy, you shall be jointly and severally liable for each other's financial obligations and for all payments due under this Agreement. If one Co-Resident dies or leaves the Community, both Co-Residents and/or their estates remain jointly and severally liable for all financial obligations incurred by either Co-Resident under this Agreement. In the event one Co-Resident transfers to the Nursing Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare or Medical Assistance benefits.

4.8 **Late Charges and Cost of Collection.** Any charges which are unpaid by the end of the month in which the monthly statement is due, shall be subject to a late charge of one percent (1%) per month (or annual rate of twelve percent (12%)), and you are obligated to pay any late charges. You shall be obligated to pay all actual attorneys' fees and costs incurred by us relative to the collection of any amounts past due in excess of ninety (90) days.

4.9 **Inability to Pay.** The financial information provided in your Application for Residency, in documents subsequently requested by us, or with your request for financial assistance, must not contain any material misrepresentations or omissions. It is your responsibility to look to all other available sources of financial assistance such as family, church and other agencies, including the Pennsylvania Department of Human Services ("DHS") which administers the Medical Assistance Program (called "MA Program"), before requesting financial assistance from us. You may not transfer assets represented as available in your Application for Residency for less than fair market value unless the transfer does not impair your ability to fulfill your financial obligations to us for future Personal Care Services or Routine Nursing Care Services. If you impair your ability to pay your financial obligations by transferring assets for less than fair market value, or take such other actions that would disqualify you from benefits under the MA Program, then you shall not be considered for financial assistance and this Agreement may be terminated.

Our ability to provide financial assistance is contingent upon a number of factors including the availability of charitable gifts and the financial condition of the Community. If we determine that you qualify for financial assistance, then we may provide such assistance as is necessary to enable you to meet the Monthly Fee obligation or other charges, provided that such assistance can be granted or continued without impairing the financial stability of the Community. If financial assistance is initially granted, there is no guarantee that such assistance can or will continue indefinitely or for any specific period of time.

We shall deduct amounts necessary to fulfill all of your financial obligations to us from any remaining balance of the unamortized and/or refundable portion of the Entrance Fee. You hereby authorize such deductions from any remaining balance of the unamortized and/or refundable portion of the Entrance Fee, which otherwise would be due as a refund.

SECTION 5: FINANCIAL DISCLOSURE

Messiah Lifeways reserves the right to require Resident, upon request, to update the financial information disclosed in the Confidential Application for Residency. Such financial disclosure allows Messiah Lifeways to monitor and project financial assistance needs.

SECTION 6: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

6.1 **Non-Resident.** In the event that you desire to marry or have an individual enter the Community and share your Residence as a Co-Resident, the proposed Additional Occupant must file an Application for Residency and meet all age and other requirements for admission to the Residence. In the event you allow an Additional Occupant to occupy your Residence with you during the term of this Agreement and such Additional Occupant is admitted, then the Additional Occupant shall pay, in our sole discretion, fifty percent (50%) of the then current Entrance Fee for the Residence. If applicable, the amount paid by the Additional Occupant as an Entrance Fee will be immediately amortized in full, and shall not be available as a refund. The parties to this Agreement and the proposed Additional Occupant shall execute an addendum so that the Additional Occupant shall become a Co-Resident under this Agreement. Upon the admission of the Additional Occupant as a Co-Resident, the Monthly Fee for Double Occupancy shall be due and payable for Occupancy of the Residence. The Additional Occupant and you shall be jointly and severally liable for each other's financial obligations and for all payments due under the addendum and this Agreement. In the event that the proposed Additional Occupant does not satisfy the requirements for admission, then the proposed Additional Occupant may request admission under such other terms and conditions as may be acceptable to us, or you may exercise your option to terminate this Agreement.

6.2 **Other Resident.** In the event that you desire to marry or cohabit with another resident admitted under a separate Residency Agreement, and thereafter occupy a single Residence, then you and the other resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences occupied by you and the other resident shall be thereafter occupied jointly. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move to the designated Residence. Any applicable refund shall be paid to the resident surrendering his/her Residence upon the termination of the resident's Residency Agreement, but only after the vacated Residence has been reoccupied by another resident and the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Each resident shall then be treated as a Co-Resident, and any subsequent refund shall be paid in accordance with the refund provisions of this Agreement relating to Double Occupancy, unless otherwise agreed upon in writing. In the event you request to move to a larger Residence not then occupied by you or your anticipated co-resident, then subject to our approval and the availability of a larger Residence, you and such other person shall pay an additional fee, which shall be equal to the amount, if any, by which the then current Entrance Fee for Double Occupancy of the selected Residence exceeds the sum of the initial Entrance Fee paid by you and your anticipated co-resident. The additional fee shall be immediately amortized by us. Upon transfer, the Monthly Fee for Double Occupancy of the designated Residence shall be paid. This Agreement shall be amended to reflect the change in the Residence, the change in the Monthly Fee, and any other matters reasonably necessary for your transfer to the designated or alternative Residence.

6.3 Divorce/Separation of Married Co-Residents. In the event that Co-Residents, who were married to each other at the time of the execution of this Agreement, subsequently divorce and a dispute arises between the two Co-Residents over rights to any applicable refund, such refund shall be held by us until a legally binding property settlement is available or until the court with jurisdiction over the divorce proceeding shall issue an order to release such funds. The refund will not be paid at the time one Co-Resident permanently vacates the Residence and the other Co-Resident remains in the Residence. The Co-Resident that remains at Community must retain sufficient assets/resources to provide for his/her future care. Consultation with Community will be necessary to determine the amount of resources needed for future care. The departing Co-Resident shall remain jointly and severally liable for the remaining Co-Resident's financial obligations under this Agreement.

6.4 Separation of Unmarried Co-Residents. In the event that one Co-Resident terminates this Agreement for any reason, the terminating Co-Resident must ensure that the Co-Resident who remains at Community retains and maintains sufficient assets/resources to provide for his/her future care. Consultation with Community shall be necessary to determine the amount of resources needed for future care. As described in Section 4.7 and Section 8.6 of this Agreement, the departing Co-Resident will remain jointly and severally liable for the financial obligations of the remaining Co-Resident.

SECTION 7: OPTION TO MOVE TO ANOTHER RESIDENCE

7.1 Option After Occupancy. After Occupancy, you may request to exercise a limited option to move to another Residence on the Community's premises, if and when another Residence becomes available, in accordance with our policies, which are subject to change from time to time. In the event you desire to exercise the option to move to another Residence, you must notify us in writing of the Residence desired. We reserve the right to refuse your request to move to another Residence.

7.2 Costs of Election to Move.

(a) To Residence with Lesser Entrance Fee. If you elect to move to a Residence, which has a lesser Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you may be eligible for an interim refund, which shall be calculated in accordance with the formula reflected on Attachment "E1". The interim refund, if any, shall be paid to you only after: (i) the Residence initially designated under this Agreement has been reoccupied by another resident; and (ii) the applicable Entrance Fee for the Residence has been paid in full by the reoccupying resident. Any applicable interim refund is separate and distinct from any applicable refund that may become due upon the subsequent termination of this Agreement, which would be paid only in accordance with the conditions of Section 10.5 below. You shall be obligated to pay the applicable Monthly Fee for the selected Residence and the Refurbishment Fee. Upon moving to the selected Residence, you shall remain under the Entrance Fee plan reflected on Attachment "D".

(b) To Residence with Greater Entrance Fee. If you elect to move to a Residence, which has a greater Entrance Fee than you paid for Occupancy of the Residence initially designated under this Agreement, then you shall pay, prior to moving to the selected Residence, an additional amount equal to the difference between the initial Entrance Fee paid and the higher Entrance Fee in effect at the time of the move. The difference shall be amortized in accordance with the formula reflected on Attachment "E2". You shall be obligated to pay the applicable Monthly Fee for the selected Residence and the Refurbishment Fee. Upon moving to the selected Residence, you shall remain under the Entrance Fee plan reflected on Attachment "D".

7.3 Option to Move Addendum. In the event you receive approval from us to move to another Residence, you shall sign an addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Fee for the selected Residence and the Refurbishment Fee.

SECTION 8: TERMINATION OF AGREEMENT

8.1 Termination by You.

(a) Rescission Period. You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to us.

(b) Prior to Occupancy. After the lapse of the seven (7) day rescission period, but prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, you may terminate this Agreement by delivering written notice to us prior to Occupancy. In the event of your death, illness, injury or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then this Agreement shall automatically terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy where one Co-Resident is precluded from taking Occupancy due to death, illness, injury or incapacity, the other Co-Resident may elect to terminate this Agreement. If such Co-Resident elects to take Occupancy of the Residence, then the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy.

(c) After Occupancy. After Occupancy, you may terminate this Agreement by delivery of written notice to us at least sixty (60) days prior to termination, and by the Surrender of the Residence. Termination shall be effective after the lapse of the sixty (60) day notice period and Surrender of the Residence. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

8.2 Termination by Us.

(a) Prior to Occupancy. We may terminate this Agreement at any time prior to Occupancy by providing written notice to you prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) After Occupancy. We may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice to you or your representative or such written notice as is reasonable under the circumstances. Just cause shall include, but not be limited to, a default in payment; the submission of any materially false information in the application documents; your failure to maintain health care insurance; your failure to abide by our rules, regulations, policies, and procedures; the breach of any of the other terms of this Agreement including a change in the liquidity of your assets, such as the purchase of an annuity that impairs your ability to fulfill timely your current financial obligations to Community as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in your Application for Residency are no longer available in whole or in part to pay for your care and services; or a good faith determination in writing signed by our Medical Director and Vice President of Operations that your continued Occupancy in the Residence either creates a serious threat or danger to your life, health, or safety or creates a serious threat or danger to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. If you substantially impair your ability to fulfill timely your financial obligations to Community due to a change in the liquidity of your assets or a transfer of assets to an irrevocable trust or any other transfer, then we may terminate this Agreement following an opportunity to cure. If you fail to cure or correct the non-compliance within a period as determined by us and to our satisfaction, then we may terminate this Agreement for just cause upon thirty (30) days written notice to Resident or Resident's representative. In situations where continued Occupancy threatens the life, health, safety, or peaceful enjoyment of you or other residents, only such notice as is reasonably practicable under the circumstances will be provided to you or your representative, and termination may be effective immediately. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

8.3 Termination Upon Permanent Transfer. If you are permanently transferred to the Nursing Center, Personal Care Facility or another facility, this Agreement shall terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In the case of Double Occupancy, this Agreement shall terminate only as to the transferring Co-Resident. The Co-Resident remaining in the Residence shall pay the Monthly Fee for Single Occupancy. No refund shall be due so long as the remaining Co-Resident continues to reside in the Residence and until all other conditions for a refund have been satisfied.

8.4 Termination by Death. Following your death, this Agreement shall terminate when the Residence has been surrendered to us. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. If the Residence remains occupied by a Co-Resident, then this Agreement shall remain in full force and effect as to the surviving or remaining Co-Resident, and no refund shall be due at that time.

8.5 Surrender. The obligation to pay the Monthly Fee shall continue until after the lapse of any mandatory notice period for termination and the Residence has been surrendered by you, or in the case of death, by your estate or your family. Surrender of the Residence shall be complete when you have ceased to occupy it, have removed all possessions from it, and have turned over the Residence keys to us. You shall Surrender the Residence within sixty (60) days of death, discharge or permanent transfer. If you fail to Surrender the Residence in accordance with this timing, Community may remove your possessions and the cost of such removal, storage and/or disposal shall be paid by you or your estate.

8.6 Further Obligations and Release Upon Termination. Upon termination of this Agreement, we are released from any further obligations to you except for the delivery of personal property as limited by this Agreement, and the payment of any refund, which may be due. You are released from any further obligations to the Community after all of your financial and indemnification obligations have been met under this Agreement. The provisions of Section 4.7 addressing joint and several liability for the financial obligations of Co-Residents and the indemnification provision reflected in Section 17 survive the termination of this Agreement and shall remain in full force and effect.

SECTION 9: TRANSFER FOR OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY

9.1 Conditions of Occupancy. You shall have the right to occupy the Residence for so long as you satisfy the Conditions of Occupancy as reflected in the criteria specified on Attachment "F", which may be subject to change from time to time. You agree to provide appropriate information regarding your ability to meet the Conditions of Occupancy, upon request.

9.2 Decision to Transfer. With the concurrence of our Medical Director, we may transfer you from and between the Residence and the Nursing Center, Personal Care Facility or any other appropriate care facility if we determine that such a move should be made for your health, safety, or welfare, or for the proper operation of the Community, or because you no longer satisfy the Conditions of Occupancy of the Residence, or to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, local regulations of the Fire Department, or any duly constituted authorities or agencies, or otherwise to meet the requirements of law. If you are transferred permanently to the Nursing Center, Personal Care Facility or to any other appropriate care facility, we may declare the Residence vacant and reassign the Residence to another resident. Pursuant to our Transfer Guideline Policy, which is attached to this Agreement as Attachment "F", the decision as to whether a transfer shall be deemed temporary or permanent shall be made by us in our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.

9.3 Charges Related to Transfer.

(a) Single Occupancy.

(i) Temporary Transfer. During any temporary transfer to the Nursing Center, Personal Care Facility or another facility, you shall continue to pay the Monthly Fee and additionally all costs and charges related to the transfer to and occupancy of the Nursing Center, Personal Care Facility or other facility. We reserve the right to declare the transfer permanent at any time in accordance with our Transfer Guideline Policy (See Attachment “F” of this Agreement.)

(ii) **Permanent Transfer.** Upon permanent transfer to the Nursing Center, Personal Care Facility or another facility, and after Surrender of the Residence, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. You shall pay all costs and charges related to the transfer to and occupancy of the Nursing Center, Personal Care Facility or other facility.

(b) **Double Occupancy.**

(i) **Temporary Transfer.** During temporary transfer of one Co-Resident to the Nursing Center, Personal Care Facility or another facility, the Monthly Fee shall remain the same, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Nursing Center, Personal Care Facility or other facility. In situations where one Co-Resident temporarily transfers to the Nursing Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident’s eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are temporarily transferred to the Nursing Center, Personal Care Facility or another facility, the Monthly Fee shall remain the same, and both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the Nursing Center, Personal Care Facility or other facility. Each Co-Resident remains jointly and severally liable for each other’s charges. We reserve the right to declare any transfer permanent at any time in accordance with our Transfer Guideline Policy (See Attachment “F” of this Agreement).

(ii) **Permanent Transfer.** During permanent transfer of one Co-Resident to the Nursing Center, Personal Care Facility or another facility, the Monthly Fee shall be reduced to the Monthly Fee for Single Occupancy, and the transferred Co-Resident shall be charged and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Nursing Center, Personal Care Facility or other facility. In situations where one Co-Resident permanently transfers to the Nursing Center, this provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident’s eligibility for Medicare or Medical Assistance benefits. In the event both Co-Residents are permanently transferred to the Nursing Center, Personal Care Facility or another facility, then, after the Surrender of the Residence, the obligation to pay the Monthly Fee shall end and this Agreement shall terminate. Both Co-Residents shall be charged and shall collectively be responsible to pay the charges for care and services in the Nursing Center, Personal Care Facility or other facility. Each Co-Resident remains jointly and severally liable for each other’s respective charges.

9.4 **Release of or Return to Residence After Transfer.**

(a) **Temporary Transfer.** If you are temporarily transferred to the Nursing Center, Personal Care Facility or another facility, you may return to the Residence at such time as we determine that you can satisfy the Conditions of Occupancy.

(b) **Permanent Transfer.** If you are permanently transferred to the Nursing Center, Personal Care Facility or another facility, you shall Surrender and vacate the Residence within thirty (30) days of written notice of our decision to permanently transfer you and release the Residence. If in our opinion, you subsequently recover sufficiently to satisfy the Conditions of Occupancy of a residence, we in the exercise of our discretion, shall make available as soon as reasonably practicable a residence with a floor plan comparable to the one relinquished. You shall execute a Residency Agreement with us and, in our sole discretion, pay the then current Entrance Fee and the then current Monthly Fee.

SECTION 10: REFUND OF ENTRANCE FEE

10.1 **Termination Before Occupancy.** Any payments will be refunded in full if you rescind this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of this Agreement by your death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event you are precluded from taking Occupancy because of illness, injury, or incapacity prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we will make a full refund of all payments less the cost of any Finishing Upgrades paid by you and, if applicable, the Interim Payment. If you do not terminate this Agreement within the seven (7) day rescission period, but do terminate prior to the Designated Occupancy Date or actual date of Occupancy, whichever is earlier, while not precluded from taking Occupancy by illness, injury, incapacity, or death; then, for an existing residence, we will retain the Reservation Fee, the cost of any Finishing Upgrades paid by you and, if applicable, the Interim Payment. The balance of any payments will be refunded to you in accordance with Section 10.5. For a residence included in the expansion project, we will retain the Processing Fee, the cost of any Finishing Upgrades paid by you and, if applicable, the Interim Payment. The balance of any payments will be refunded to you in accordance with Section 10.5. Where two individuals have signed this Agreement for Double Occupancy, the death of one Co-Resident shall not constitute termination of this Agreement, and no refund shall be due. In the event of the termination of this Agreement by us before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; then we shall make a full refund of all payments.

10.2 **Termination After Occupancy.** Any applicable refund due to you after Occupancy shall be determined by the Entrance Fee plan selected by you as reflected on Attachment "D".

10.3 **Double Occupancy – Limitation on Availability of Refund.** It is the intention of the parties that any applicable refund will only be made in accordance with Section 10.5 after the last surviving Co-Resident vacates and surrenders the Residence, and this Agreement is terminated. In situations of Double Occupancy where one Co-Resident is transferred to the Nursing Center and becomes eligible for Medical Assistance, no potential future refund shall be available to pay for Routine Nursing Care Services. If, however, DHS construes any potential future refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 10.5 is contrary to law or Medical Assistance eligibility requirements, then we shall make available the amount determined by DHS or other appropriate tribunal as an available resource as a refund, and apply such refund to the payment of Routine Nursing Care Services for the particular Co-Resident.

10.4 No Accrual of Interest. No interest will accrue to the benefit of you or your estate on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

10.5 Conditions and Due Date for Refund Payments. Prior to Occupancy, any applicable refund will be made within thirty (30) days of the termination of this Agreement. After Occupancy, any applicable refund will be made only after the following have been completed: (a) the Residence has been vacated and surrendered; (b) keys to the Residence and to buildings have been returned to us; (c) all personal furniture and belongings have been removed from the Residence; (d) the termination of this Agreement; (e) we have accepted and entered into a Residency Agreement with a new resident for the Residence most recently occupied by you and the seven (7) day rescission period has expired; (f) the replacement Entrance Fee has been paid in full; and (g) such new resident has taken Occupancy. Any applicable refund will be paid only after all of the above conditions have been completed. Upon completion of all of the aforementioned conditions, any applicable refund shall be paid to you or your estate within thirty (30) days thereafter. In the event there is no estate, we will follow the Pennsylvania laws of intestate succession. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the death, permanent transfer, or voluntary departure from the Community of only one Co-Resident.

SECTION 11: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

11.1 Legal Guardian. If you become incapacitated or unable to properly care for self or property, and no representative has been lawfully designated to act on your behalf or no lawfully designated representative is available or able to act on your behalf, then we shall have the option to institute legal proceedings to adjudge you incapacitated and have a guardian appointed for you or your estate or both. You authorize us to nominate a legal guardian to serve, subject to court approval, and you release us from any liability related to the nomination. All costs of such legal proceedings, including legal fees, shall be paid by you or the legally appointed guardian of your estate.

11.2 Powers of Attorney and Advance Directives.

(a) Power of Attorney. You shall furnish us, no later than the date of Occupancy, a durable, Financial Power of Attorney executed by you, which shall be maintained in our files. You are encouraged but not required to furnish us, no later than the date of Occupancy, a durable Health Care Power of Attorney executed by you, which shall also be maintained in our files. The name(s) and address(es) of the designated Power of Attorney(s) are:

Resident: ____

____

____

Co-Resident: ____

____

____

In the event that a change in Power of Attorney occurs, you shall furnish us the revised durable Financial and/or Health Care Power of Attorney executed by you.

(b) **Living Will.** If you have executed an advance health care directive in the form of a living will relating to the provision of health care services in the event of terminal or other illnesses/conditions, you shall provide us with a copy of the living will, and a copy of any revisions or changes made to the document during your term of Occupancy. In the event of transfer to the Nursing Center or Personal Care Facility, we will attempt to comply with your instructions or requests as reflected in your living will, if your advance instructions/requests are consistent with law and our policy, as such policy may change from time to time. If we cannot comply with your instructions/requests as reflected in your living will, then we shall assist in arranging for your transfer to another health care provider, if reasonably available, which will comply with your advance health care directive. The transfer and cost of care in another health care facility shall be an additional cost, and you shall be responsible to pay such costs.

SECTION 12: RIGHTS AND OBLIGATIONS OF RESIDENT

12.1 **Right to Receive Disclosure Statements.** We shall deliver to you prior to or at the time of the execution of this Agreement, and make available to you at least annually thereafter, a copy of our Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984.

12.2 **Rights to Property/Subordination.** The rights and privileges granted to you by this Agreement do not include any right, title, or interest in any part of the personal property, land, buildings, and improvements owned, leased or administered by us. Your rights are primarily for services, with a contractual right of Occupancy. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between you and us. Any rights, privileges, or benefits under this Agreement, including your right to a full or partial refund, shall be subordinate to any existing or subsequent mortgages or deeds of trust on any of the premises or to any other interest in the real property of the Community and to all amendments, modifications, replacements, or re-financings of any existing or subsequent mortgages or deeds of trust or to any liens or security interests held by secured creditors of Community. This subordination provision means that the claims of secured creditors in the event of Community's bankruptcy or default on its financial obligations shall be paid before you are entitled to receive any applicable refund. Upon request, you shall execute and deliver any document, which is required by us, or by the holder of any such mortgages or deeds of trust or other encumbrances, to effect such subordination or to evidence the same.

12.3 Inspection of Residence and Right of Entry. You shall permit us, our agents, or any representative of any holder of a mortgage or similar interest on the property, to enter your Residence for the purpose of making reasonable inspections, repairs, and replacements. Such entry will be made only with reasonable advance notice except under what we consider to be exigent circumstances as deemed necessary and appropriate by us. We shall have the right to enter your Residence to perform routine maintenance, or other reasonably necessary purposes having due regard for your privacy.

12.4 Housekeeping/Housecleaning Responsibilities. You shall maintain your Residence in a clean, sanitary, and orderly condition. If you do not maintain your Residence in a reasonable manner as determined by us, after notice to you, we shall have the right to maintain the Residence and the cost of such additional cleaning or maintenance shall be charged to you.

12.5 Health Insurance and Third-Party Payments.

(a) Required Insurance. We expect that some of the cost of medicines, medical or nursing services or equipment provided for you under this Agreement may be paid by present or future federal, state, municipal, or private plans or programs of health care insurance, including, without limitation, the benefits available through Social Security programs (commonly known as "Medicare A, B and D"). Prior to Occupancy, you shall secure medical and surgical insurance for protection from medical risks, and when eligible, shall secure and maintain in force at your expense maximum coverage available under the federal government social security health insurance program known as "Medicare A, B and D", or an equivalent policy, including a Medicare Advantage Plan, and at least one supplemental copay health insurance policy with Medicare co-insurance coverage for skilled nursing facility care, (commonly known as "Medigap" insurance), or an equivalent policy as approved by us. For a resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and the copay health insurance policies are allowable for nursing or related care provided by us, those proceeds shall be paid to us directly if billed directly by us. Proof of such insurance must be provided at the time of application and prior to residency. In the event you fail to maintain in force, because of failure to make premium payments, such health care insurance after Occupancy, we reserve the right to make such payments for purposes of maintaining such insurance in force for your benefit. The payment by us of your insurance premium shall not be construed as a waiver of our right to terminate this Agreement if you refuse or fail to maintain the required insurance. You are obligated to reimburse us for such payments made on your behalf and the cost of such premium shall be added to the amount of the Monthly Fee.

(b) Assignment of Required Insurance and Third-Party Payments. If you become eligible to receive payments from any third party for services provided under this Agreement by us, you shall at all times cooperate fully with us and each third-party payor so that we may make claim for and receive any applicable third party payments. We have the right to any applicable benefits payable to us under the insurance coverages required by this Agreement.

(c) **Long-Term Care Insurance.** In the event that you have a long-term care insurance policy, as reflected on the application documents, you shall maintain such policy in full force and effect unless you receive our consent to cancel the policy. You agree to name us as an additional party to be notified to receive notice of a lapse or cancellation of any long-term care insurance policies for nonpayment of premium.

12.6 **Vehicle Registration and Insurance.** You may operate a vehicle on our campus only if you have a valid driver's license and a valid state registration. You shall comply with our rules and policies governing the safe operation of motor vehicles. We reserve the right to revoke your operating privileges and remove your vehicle from our property if you do not abide by our policy as reflected in the Resident Handbook, which is subject to change from time to time.

12.7 **Insurance Requirements.** You shall obtain and maintain at your expense, general liability insurance with coverage limits not less than $300,000, which amount is subject to change from time to time. You also shall be required to obtain and maintain at your expense personal property insurance in an amount sufficient to cover the loss of all property in the Residence. You shall provide us with Certificates of Insurance verifying coverage. Policies shall be endorsed so as to provide that we shall receive thirty (30) days prior written notice of cancellation or non-renewal.

12.8 **Reduction of Income or Other Resources.** You shall make every reasonable effort to meet your financial obligations to us. You shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of the Application for Residency, nor make any transfers or gifts after Occupancy including a transfer of assets to an irrevocable trust, or change the liquidity of your assets in any manner, including the purchase of an annuity, which would substantially impair your ability to fulfill timely your financial obligations to us or the ability of your estate to satisfy your financial obligations to us. Voluntary or irresponsible depletion of resources represented to be available to pay for your housing and future care may adversely affect your application for financial assistance as well as your Priority Access privileges to the services available at Messiah Lifeways at Messiah Village. In the event you substantially impair your ability to fulfill timely your financial obligations to us, we may terminate this Agreement for just cause following an opportunity to cure. If you fail to cure or correct the non-compliance within a period as determined by us and to our satisfaction, then we may terminate this Agreement for just cause upon thirty (30) days written notice to you or your representative. If you fail to cure within the afforded time and we decide not to terminate this Agreement, then you shall not have access to or the ability to transfer to another level of care within the Community, and you shall not be eligible for financial assistance. Our decision not to terminate this Agreement shall not be construed as a waiver of our right to terminate at a later date.

12.9 Responsibility for Property Damage to Community.

(a) Responsibility for Condition of Residence Upon Termination. Upon termination of this Agreement, or at such other time as you shall vacate and Surrender the Residence, you must leave it in as good condition as the date of Occupancy except for reasonable wear and tear. If the Residence is damaged beyond ordinary wear and tear, as reasonably determined by us, the costs of repair shall be your obligation and such costs shall be billed directly to you or your estate, or alternatively, deducted from any refund that may be due.

(b) Property Damages Caused by Resident. Any loss or damage to our real or personal property caused by you or your guests shall be paid by you. In the event of your death, your estate shall be liable for any loss or damage to our property caused by you.

12.10 Release Regarding Conduct of Other Residents or Guests. We assume no liability for your conduct or any other residents or guests, or for the use, ownership, possession, or control of electric carts or similar mechanized mobile medical or other equipment of other residents or guests. You release and discharge us from any claims for personal injury to you or damages to your personal property caused by the conduct of other residents or guests, or by the use, ownership, possession, or control of electric carts or similar mechanized mobile equipment by other residents or guests. You may bring any claims for personal injury sustained by you from the actions or omissions of other residents directly against the residents and/or guests that are responsible for your injury.

12.11 Responsibility for Your Personal Property.

(a) Responsibility for Loss or Damage. We shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to you, or your estate, or your guests.

(b) Removal of Personal Property. Surrender of the Residence shall be complete when Resident has ceased to occupy it, has removed all possessions from it, and has turned in the keys to Community. Your personal property shall be removed from the Residence within sixty (60) days following your move or your death. If removal of property is not accomplished within such time, then we shall have the right to remove such property and store the same at the expense and risk of you or your estate. Articles of personal property remaining in storage sixty (60) days following Surrender shall become our property.

12.12 Rules, Regulations, Policies, and Procedures. You shall cooperate, and comply with all rules, regulations, policies, and procedures established by the Community. Rules, regulations, policies, and procedures are set forth in the Resident Handbook, and other publications or documents of the Community, and are subject to change from time to time.

12.13 Your Rights are Personal and Nontransferable. Your rights and privileges under this Agreement are personal to you and can not be transferred or assigned. No person other than you may occupy or use the Residence covered by this Agreement unless approved in writing by us.

12.14 Right of Self-Organization. You, along with other residents of Community, shall have the right of self-organization.

12.15 Pets. Under limited circumstances as approved by us, you may have a pet so long as it meets the requirements of our pet policy. You shall assume financial responsibility and any obligations for any damage caused by the pet and shall pay an additional fee as set by us in accordance with our policy, which is subject to change from time to time. We reserve the right to rescind approval of the pet if we determine that the pet constitutes a nuisance or danger to Community, or threatens the quiet enjoyment of other residents.

12.16 Smoking. We are a smoke-free community. We do not permit smoking anywhere on our campus, including your Residence, in accordance with our smoking policy described in the Resident Handbook, which is subject to change from time to time.

SECTION 13: CASUALTY LOSS

In the event the Residence occupied by you or the building in which the Residence is located, is destroyed or is damaged by fire or other casualty so as to render the Residence generally unfit for Occupancy, we will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten our financial viability. In the unlikely event that we determine that rebuilding threatens our financial viability so as to preclude replacement of the Residence or building, then we will strive to develop an alternative restoration plan in which we will exercise our best efforts to locate, identify or provide, if financially feasible as determined by us, reasonable alternative accommodations for any resident affected by such a catastrophic loss. We will provide notice to the Insurance Department of such a catastrophic loss prior to a decision to terminate any agreements, and subject to the rights of the Insurance Commissioner to intervene on your behalf. If we elect to terminate this Agreement, written notice of termination shall be given to you as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to you in accordance with Section 10 shall be paid to you in full upon any such termination. If notice of termination is not given, or if the damage does not render the Residence unfit for Occupancy, we shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by you, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event you are unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Fee shall be suspended or reduced proportionately and the amortization of the Entrance Fee shall be suspended, unless a vacant Residence is available for temporary Occupancy by you. You shall relocate, with reasonable administrative and coordinating assistance from us, to temporary housing or an alternative Residence during any reasonably necessary period of repairs. You shall pay the costs associated with the temporary housing or Residence. We will seek to mitigate such costs through our casualty loss insurance coverage and shall pay to you an allocable portion, if any, of such insurance coverage so designated and actually paid by the applicable insurance carrier to us. We shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Residence, or the interruption in use of the Residence, or the termination of this Agreement by reason of the destruction of the Residence or building.

SECTION 14: SEVERABILITY

If any provision of this Agreement is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this Agreement shall remain in full force and effect.

SECTION 15: ACTS OF FORBEARANCE

No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by us shall be construed as a waiver of any of the rights granted to us.

SECTION 16: ENTIRE AGREEMENT

This Agreement along with applicable addendum(s), constitute the entire Agreement between you and us. We shall not be responsible or liable for any statements, representations, or promises made by any person representing or purporting to represent us, unless such statements, representations, or promises are set forth in this Agreement. Any brochures or advertisements describing us are for the purpose of inviting inquiries only and are not to be relied upon as legally or contractually binding. This Agreement may not be amended except by a subsequent written addendum approved by us and executed by the parties.

SECTION 17: INDEMNIFICATION

You shall indemnify and hold us harmless from and against, and are responsible to pay for, any damages, including our attorneys' fees and reasonable costs, including those incident to establishing the right to indemnification, arising from any injury to or death of any person or other resident, or arising from any damage to or loss of the property of any person or resident, caused by your acts or omissions, to the fullest extent permitted by law.

SECTION 18: GRIEVANCE PROCEDURE

18.1 Reporting Complaints. If you believe that you are being mistreated in any way or your rights have been or are being violated by staff or another resident, you shall make your complaint known to us. You must first notify us of any such complaints, and provide us with sixty (60) days to resolve the complaint satisfactorily to you before you may pursue mediation and/or arbitration.

18.2 Voluntary Mediation. Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at a site selected by us, which shall be at the Community or at a site within a reasonable distance of Community, subject to the mutual agreement of the parties. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees. If the parties are unable to resolve their dispute through mediation, then the dispute may only be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they shall proceed directly to arbitration.

18.3 Voluntary Binding Arbitration. Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally, an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system. You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section 18.3(h) of this Agreement.

(a) Contractual and/or Property Damage Disputes. Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from your alleged incapacity; (2) collection actions initiated by us for non-payment of stay which results in a financial loss to us; and (3) disputes involving amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be settled exclusively by arbitration. **This means that you will not be able to file a lawsuit in any court to resolve any disputes or claims that you may have against us. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to resolve any disputes or claims against us.** It also means that we are giving up any rights we may have to a jury trial or to bring claims in a court against you. Subject to Section 18.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **You acknowledge and understand that there will be no jury trial on any claim or dispute submitted to arbitration, and you relinquish and give up your rights to a jury trial on any matter submitted to arbitration under this Agreement.**

(b) Personal Injury or Medical Malpractice. Unless resolved or settled by mediation, any claim that you may have against us for any personal injuries sustained by you arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Community, shall be settled exclusively by arbitration. **This means that you will not be able to file a lawsuit in any court to bring any claims that you may have against us for personal injuries incurred while residing in Community. It also means that you are relinquishing or giving up all rights that you may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Community.** Subject to Section 18.3(f), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **You acknowledge and understand that there will be no jury trial on any claim**

or dispute submitted to arbitration, and you relinquish and give up your right to a jury trial on any claims for damages arising from personal injuries to you which are submitted to arbitration under this Agreement.

(c) **Exclusion From Arbitration.** Those disputes which have been excluded from arbitration (i.e., guardianship proceedings, collection actions initiated by us, and disputes involving amounts in controversy of less than $12,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from arbitration, neither you nor we are required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute.

(d) **Right to Legal Counsel.** You have the right to be represented by legal counsel, at your own cost, in any proceedings initiated under this arbitration provision. **Because this arbitration provision addresses important legal rights, we encourage and recommend that you obtain the advice and assistance of legal counsel to review the legal significance of this arbitration provision prior to signing this Agreement.**

(e) **Location of Arbitration.** Subject to the mutual agreement of the parties, the Arbitration shall be conducted at the Community or at a site within a reasonable distance of Community.

(f) **Time Limitation for Arbitration.** Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred, or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc. is the designated arbitration agency that shall hear disputes specified in Sections 18.3(a-b) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which you and Community, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to us within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. We shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by us, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

1800 John F. Kennedy Blvd.
Suite 1110

Philadelphia, PA 19103
Phone: (215) 564-1775
Fax: (215) 564-1822
Website: www.adroptions.com

(g) **Allocation of Costs for Arbitration.** The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees.

(h) **Limited Resident Right to Rescind this Arbitration Clause (Section 18.3(a-m) of this Agreement). You or, in the event of your incapacity, your authorized representative have the right to rescind this arbitration clause by notifying us in writing within thirty (30) days of the execution of this Agreement.** Such notice must be sent via certified mail to the Community, and the notice must be postmarked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to the Community within the same thirty (30) day period. The filing of a claim in a court of law within the thirty (30) days provided for above will automatically rescind the arbitration clause without any further action by you or your authorized representative.

(i) **Not a Condition of Admission or Continued Stay. Resident acknowledges that this arbitration provision is not required as a condition of admission or continued stay at Community.**

(j) **Confidentiality.** Resident agrees that, at all times, Resident will keep any information regarding the arbitration proceeding, including rulings, decisions and awards by the arbitrator, confidential and will not disclose voluntarily to any third party, except to the extent required by law. Resident is permitted to disclose that the matter has been resolved, without disclosing the results of the arbitration proceeding.

(k) **Acknowledgement.** Resident acknowledges that he/she has read and understands the terms of this arbitration provision, that the terms have been explained to Resident by a representative of Community, and that Resident has had an opportunity to ask questions about the arbitration provision. **[_____________ initials]**

(l) **Severability of Arbitration Clause (Section (a)-(m) of this Attachment).** If any provision of this arbitration clause is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this arbitration clause shall remain in full force and effect.

(l) **Law Governing Arbitration Clause.** This arbitration clause shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16.

CHECK (✓) AND INITIAL APPLICABLE OPTION:

________[________*initials*] RESIDENT AGREES TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS 18.2 AND 18.3 OF THIS AGREEMENT.

_________[_________*initials*] RESIDENT DOES NOT AGREE TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS 18.2 AND 18.3 OF THIS AGREEMENT.

SECTION 19: NOTICE

Notice, when required by the terms of this Agreement, shall be deemed to have been properly given, if and when delivered personally, or if sent by certified mail, return receipt requested, when postmarked, postage prepaid, and addressed as follows:

To Community:	Manager of Mount Joy Country Homes Messiah Lifeways at Mount Joy Country Homes 106 Bayberry Drive Mount Joy, PA 17552
To Resident (Before Occupancy):	______________________________ ______________________________ ______________________________
To Co-Resident (Before Occupancy):	______________________________ ______________________________ ______________________________

After Occupancy, notice will be provided to you at the Residence specified in this Agreement.

SECTION 20: AVERAGE ANNUAL COST OF PROVIDING SERVICES

The average annual cost of providing care and services during the most recent twelve (12) month period for which a report is available is reflected in our Disclosure Statement, which is made available to you on an annual basis.

SECTION 21: MISCELLANEOUS PROVISIONS

21.1 Your Continuing Disclosure Obligation. The information regarding your age and financial affairs and your ability to meet the Conditions of Occupancy submitted by you in our admissions forms and related application documents is a material part of this Agreement, and this information is incorporated as a part of this Agreement. You acknowledge that the submission of false information may, in our judgment, constitute grounds for the termination of this Agreement. You must disclose any material changes in your financial situation or your ability to meet the Conditions of Occupancy before and after Occupancy. We may from time to time request verified financial statements and copies of tax returns from you. The failure to make such disclosure may, in our judgment, constitute grounds to terminate this Agreement.

21.2 Receipt of Disclosure Statement and Resident Handbook. You acknowledge receiving a copy of our annual Disclosure Statement and Resident Handbook prior to signing this Agreement. The Resident Handbook is subject to change from time to time and shall not be construed as imposing any contractual obligations on us or granting any contractual rights to you.

21.3 Community's Modification of Agreement and Policies. We reserve the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in our rules, regulations, policies, and procedures.

21.4 Binding Effect. Except as otherwise provided herein, this Agreement shall bind and serve to benefit our successors and assigns, and your heirs, executors, administrators and assigns.

21.5 Consent to Assignment. You consent to the collateral or other assignment by us of our right, title and interest in this Agreement.

21.6 Governing Law. Unless otherwise provided herein, this Agreement shall be interpreted according to the laws of the Commonwealth of Pennsylvania.

21.7 Headings. Section headings are included solely to provide ease of reference, and are to be given no effect in the interpretation of this Agreement.

21.8 Non-waiver of the Continuing Care Provider Registration and Disclosure Act of 1984. No act, agreement, or statement of you, or of an individual purchasing care for you under this Agreement or any agreement to furnish care to you, shall constitute a valid waiver of any provision of the Continuing Care Provider Registration and Disclosure Act of 1984 ("Act") which is intended for the benefit or protection of you or the individual purchasing care for you.

21.9 Limitations on Private Cause of Action. You may not file or maintain an action under the Act if you, before filing the action, received an offer, approved by the Insurance Commissioner, to refund all amounts paid by you to us, the facility or person alleged to have violated the Act together with interest from the date of payment, less the reasonable value of care and lodging provided prior to receipt of the offer and you failed to accept the offer within thirty (30) days of its receipt.

AGREEMENT AUTHORIZATIONS AND SIGNATURES

You hereby acknowledge reading this Agreement in its entirety, understanding its provisions, and having been provided an opportunity to consult with personal advisors, including legal counsel, regarding its terms.

IN WITNESS WHEREOF, we have caused this Agreement to be signed by our authorized representative, and you have hereunto affixed your signature(s), the day and year first above written.

Attest:	Messiah Family Services d/b/a Messiah Lifeways at Mount Joy Country Homes
_______________________________	By: _______________________________ Authorized Representative
Date: __________________________	Date: ___________________________
	_______________________________ Resident/Co-Resident
	Date: ___________________________
	_______________________________ Co-Resident
	Date:___________________________

NOTICE OF RIGHT TO RESCIND

Date rescission period begins __________________________, 20___. You may rescind and terminate your Residency Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the community before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within this seven (7) day period.

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

Messiah Lifeways at
Mount Joy Country Homes
106 Bayberry Drive
Mount Joy, PA 17552

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

Pursuant to this notice, I hereby cancel my Residency Agreement.

Date: ____________________

PROSPECTIVE RESIDENT'S SIGNATURE

____

____

ATTACHMENT "A"

The following items will be provided by Community as part of the Residence:

- Kitchen stove
- Refrigerator
- Garbage disposal
- Washer and dryer
- Microwave
- Dishwasher
- Heating and Cooling

All other furnishings shall be provided by the Resident.

ATTACHMENT "B"
SCHEDULE OF UPGRADES
As Requested on _________________________

Item/Description	Structural Upgrade Amount (Adds to Entrance Fee)	Finishing Upgrade Amount (out-of-pocket expense, non-refundable)
TOTAL		
		(A)

INTERIM PAYMENT		

(A) + (B) = ______________________________ Payment Due ______________________________

Total Payment Date

______________________________ ______________________________

Resident

Messiah Family Services
d/b/a Messiah Lifeways at
Mount Joy Country Homes

______________________________ ______________________________

Co-Resident

Date

ATTACHMENT "C1"
SETTLEMENT SHEET – EXISTING

At the time of Settlement, which shall be prior to the Designated Occupancy Date or Occupancy, whichever is earlier, you shall pay the remaining sum of the Entrance Fee plus, if applicable, the remaining balance of the cost of the Structural Upgrades. This payment reflects the remaining balance of the total Entrance Fee less the Reservation Fee and, if applicable, the Interim Payment. Failure to pay the total Entrance Fee in full at Settlement, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Reservation Fee and, if applicable, the Interim Payment, and the termination of this Agreement.

A. Entrance Fee **A:** _______________

B. Structural Upgrades from Attachment "B".
Please specify:

Item/Description	$ Amount

B: _____________

C. Less the Reservation Fee of Five Hundred Dollars **C:** ($500.00)

D. Less the Interim Payment (25%) **D:** (__________)

Total Payment: _____________

A + B Amount Amortized: _____________

Resident	Messiah Family Services d/b/a Messiah Lifeways at Mount Joy Country Homes
Co-Resident	Date

ATTACHMENT "C2"
SETTLEMENT SHEET – EXPANSION

At the time of Settlement, which shall be prior to the Designated Occupancy Date or Occupancy, whichever is earlier, you shall pay the remaining sum of the Entrance Fee plus, if applicable, the remaining balance of the cost of the Structural Upgrades. This payment reflects the remaining balance of the total Entrance Fee less the ten percent (10%) deposit of the Entrance Fee and, if applicable, the Interim Payment. Failure to pay the total Entrance Fee in full at Settlement, for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Processing Fee and, if applicable, the Interim Payment, and the termination of this Agreement.

A. Entrance Fee **A:** ____________

B. Structural Upgrades from Attachment "B".

Please specify:

Item/Description	$ Amount

B: _____________

C. Less the 10% Deposit **C:** (____________)

D. Less the Interim Payment (25%) **D:** (____________)

Total Payment: ____________

A + B Amount Amortized: ____________

Resident

Messiah Family Services
d/b/a Messiah Lifeways at
Mount Joy Country Homes

Co-Resident

Date

ATTACHMENT "D"
SELECTION OF ENTRANCE FEE PLAN

THIS ADDENDUM, effective this ________ day of ____________________, 20____, amends the Residence and Care Agreement (called "Agreement"), and any other addenda or amendments to the Agreement entered into between Messiah Family Services d/b/a Messiah Lifeways at Mount Joy Country Homes, a Pennsylvania nonprofit corporation, (called "Community," and referred to by the words "we," "us" and "our") and ____________________ ______________________________________ (called "Resident," and referred to by the words "you" and "your" and where two individuals sign the Agreement for Double Occupancy, they are called collectively "Resident," "you" and "your" where the context permits, and individually "Co-Resident").

RECITALS:

Contemporaneously with this Addendum, you entered into the Agreement with us;

We offer three Entrance Fee plans: (a) a plan whereby the Entrance Fee amortizes down to zero; (b) a fifty percent (50%) refund plan; and (c) a ninety percent (90%) refund plan;

You desire to select one of the above Entrance Fee plans; and

We and you desire to enter into this Addendum to specify the Entrance Fee plan selected by you.

In consideration of the mutual promises contained in this Addendum, and intending to be legally bound, we and you agree as follows:

1. **Selection of Entrance Fee.** You may select one of the following Entrance Fee plans, and your initials next to the description of a particular plan shall indicate the plan selected by you:

[____ *initials*] **(a)** **Plan A.** Under this plan, you or your estate generally will not be entitled to a refund of the Entrance Fee following termination of the Agreement. If, however, you withdraw from the Community and terminate the Agreement before your Entrance Fee is fully amortized, then subject to the conditions of Section 10 of the Agreement, you will be entitled to a refund of the unamortized portion of the Entrance Fee.

[____ *initials*] **(b)** **Plan B.** Under this plan, you or your estate, subject to the conditions of Section 10 of the Agreement, will be entitled to a refund of fifty percent (50%) of the Entrance Fee. In the event you terminate the Agreement during the amortization period, you will also be entitled to any unamortized portion of the Entrance Fee.

[____ *initials*] **(c)** **Plan C.** Under this plan, you or your estate, subject to the conditions of Section 10 of the Agreement, will be entitled to a refund of ninety percent (90%) of the Entrance Fee. Ten percent (10%) of the Entrance Fee will be immediately amortized in full by the Community upon the

Designated Occupancy Date or Occupancy, whichever is earlier, and will not be available as a refund**.**

2. Amortization of Entrance Fee.

(a) Plan A. One hundred percent (100%) of the Entrance Fee shall be amortized in equal amounts monthly over a period of fifty (50) months. If the actual date of Occupancy occurs between the 1st and 15th of the month, then the amortization period shall begin on the 1st day of that month; whereas if the actual date of Occupancy occurs between the 16th and the end of the month, then the amortization period shall begin on the 1st day of the following month. At the conclusion of the amortization period, the Entrance Fee shall be earned in full by us, and you will not be entitled to a refund of any portion of the Entrance Fee.

(b) Plan B. Fifty percent (50%) of the Entrance Fee shall be amortized in equal amounts monthly over a period of fifty (50) months. If the actual date of Occupancy occurs between the 1st and 15th of the month, then the amortization period shall begin on the 1st day of that month; whereas if the actual date of Occupancy occurs between the 16th and the end of the month, then the amortization period shall begin on the 1st day of the following month. The other fifty percent (50%) of the Entrance Fee shall not be subject to amortization.

(c) Plan C. Ten percent (10%) of the Entrance Fee shall be immediately amortized in full by the Community upon the Designated Occupancy Date or Occupancy, whichever is earlier, and will not be available as a refund. The other ninety percent (90%) of the Entrance Fee shall not be subject to amortization.

3. Termination After Occupancy. In the event of termination after Occupancy for any reason, the following refund provisions shall apply depending on the Entrance Fee plan selected by you:

(a) **Plan A.** In the event of termination during the amortization period, you will be entitled to a refund of the unamortized portion of the Entrance Fee. After the lapse of the amortization period, you will not be entitled to a refund of any portion of the Entrance Fee. The amortization period shall cease on the last day of the month in which the Residence is surrendered. All refunds are subject to deductions for the amount of any financial assistance subsidy provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of the Agreement.

(b) Plan B. In the event of termination during the amortization period, you will be entitled to a refund of fifty percent (50%) of the Entrance Fee plus the unamortized portion. After the lapse of the amortization period, you will be eligible for a refund of fifty percent (50%) of the Entrance Fee. The amortization period shall cease on the last day of the month in which the Residence is surrendered. All refunds are subject to deductions for the amount of any financial assistance subsidy provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of the Agreement.

(c) **Plan C.** Ten percent (10%) of the Entrance Fee will be immediately amortized in full by the Community upon the Designated Occupancy Date or Occupancy, whichever is earlier, and will not be available as a refund. Upon termination of this Agreement, the remaining ninety percent (90%) of the Entrance Fee will be refunded. All refunds are subject to deductions for the amount of any financial assistance subsidy provided to you by us, and/or any amounts necessary to cover costs incurred by us to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at your specific request, and/or any unpaid charges. All refunds shall be paid to you or your estate in accordance with Section 10.5 of the Agreement.

4. Other Terms and Conditions.

All other terms and conditions of the Agreement, to the extent not inconsistent with this Addendum, shall remain in full force and effect and shall govern the terms and conditions of the relationship between you and us.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have signed this Addendum on this ________ day of ____________________, 20____.

Messiah Family Services
d/b/a Messiah Lifeways at
Mount Joy Country Homes

By: ________________________________

____
Title

____
Resident/Co-Resident

____
Co-Resident

ATTACHMENT "E1"
COSTS OF ELECTION TO MOVE WORKSHEET – LESSER ENTRANCE FEE

Election to move to a Residence with an Entrance Fee that is less than the Entrance Fee initially paid under this Agreement.

Resident's Name(s): ____

Original Refund Plan: _______%

Residence Type Now Occupied: ______________________

Residence Type Transferring To: ______________________

Original Occupancy Date: _____________ Requested Date of Transfer: ____________

A	Original Refund Plan	0%	50%	90%
B	Entrance Fee to acquire current residence	$	$	$
C	Amortization Factor per Month	2%	1%	10%
D	Unamortized balance of current residence at transfer date	$	$	N/A
E	Number of months amortization was recorded based on "D"			N/A
F	Present Entrance Fee for residence resident is transferring to	$	$	$
G	Adjusted unamortized balance for residence resident is transferring to (F less (F times C times E))	$	$	N/A
H	Entrance fee refund for decrease in unamortized balance at date of transfer (D less G)	$	$	N/A
I	Adjusted guaranteed refund amount after transfer (F times A)	N/A	$	$
J	Monthly amortization amount after transfer (F times C)	$	$	N/A
K	90% plan only: Original refund amount	N/A	N/A	$
L	90% plan only: Refundable portion due at transfer (K less I)	N/A	N/A	$

ATTACHMENT "E2"

COSTS OF ELECTION TO MOVE WORKSHEET – GREATER ENTRANCE FEE

Election to move to a Residence with an Entrance Fee that is greater than the Entrance Fee initially paid under this Agreement.

Resident's Name(s): ____

Original Refund Plan: _______%

Residence Type Now Occupied: ______________________

Residence Type Transferring To: ______________________

Original Occupancy Date: ______________ Requested Date of Transfer: _____________

A	Original Refund Plan	0%	50%	90%
B	Entrance Fee to acquire current residence	$	$	$
C	Amortization Factor	2%	1%	10%
D	Unamortized balance of current residence at transfer date	$	$	N/A
E	Number of months amortization was recorded based on "D"			N/A
F	Present Entrance Fee for residence resident is transferring to	$	$	$
G	Additional payment to acquire residence Resident is transferring to (F less B)	$	$	$
H	Immediate amortization on additional payment (G times C times E)	$	$	$
I	Adjusted amortization balance for residence Resident is transferring to (F less (F times C time E))	$	$	N/A
J	Adjusted guaranteed refund amount after transfer (F times A)	N/A	$	$
K	Monthly amortization amount after transfer (F times C)	$	$	N/A

ATTACHMENT "F":
CONDITIONS OF OCCUPANCY FOR MOUNT JOY COUNTRY HOMES

From the residence

We may transfer you from and between the Residence and the Nursing Center or Personal Care Facility located within Messiah Lifeways at Messiah Village or any other appropriate care facility if we determine that such a move should be made because of your health and safety or the health and safety of other persons, for the proper operation of Community, or to comply with regulations of the Pennsylvania Department of Human Services, the Pennsylvania Department of Health, local regulations of the Fire Department, or any duly constituted authorities or agencies, or otherwise to meet the requirements of law. If you are transferred permanently to the Nursing Center or Personal Care Facility, or to any other appropriate facility authorized under this Agreement, we may declare your Residence vacant and terminate this Agreement. Our decision regarding the temporary or permanent nature of any transfer may be made at any time deemed appropriate by us. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by us in our sole discretion, with the concurrence of our Medical Director, after consideration of your opinion, the advice of your family, and if requested and paid by you, the opinion of your physician. Your opinion and the advice of your family and your physician are advisory only and shall not be binding on us.

From The Health And Wellness Philosophy

Residents of Community are individuals who have the right to make their own choices and decisions regarding their health care. It is our intent to promote the overall well-being of our residents by providing a continuum of care and services that meets their physical and psychosocial needs at whatever level of functioning they may be. When a change in Resident's health status or abilities necessitates a transfer to another level of living or care, the decision will be made in concert with the Resident and the attending physician with the utmost compassion and respect for the Resident recognizing that the opinion of the Resident and the advice of family and Resident's physician are advisory only and shall not be binding on Community.

Basis for Transfer Decision

The decision for a Resident to transfer to another level of living is based on the following:

- The Resident's ability to meet the criteria reflected in this policy.
- The Resident's safety.
- How the Resident affects the health, safety and welfare of other residents.
- The Resident's ability to pay for present and future care.

Procedure

How is a potential need for a transfer identified?

- The Resident may request a move.
- The family or Power of Attorney may request support from the staff to encourage a move.
- The management staff of Community will review "at risk" residents and evaluate observations and recommendations of other staff members, Resident, relatives, other persons and other monitoring systems to determine if Resident meets the criteria as reflected below.

Criteria

The following are expectations of those living in Residential Living. Failure to maintain any one of these criteria under any of the following headings may warrant a transfer to another level of care, or an expectation for supplemental/support services to be secured.

Mobility & Safety

- Ability to maneuver a wheelchair or other assisted device in a way that does not interfere with the safety of others.
- Ability to evacuate with or without assistance to ensure your safety and the safety of others in the case of an emergency.

Hygiene

- Ability to maintain personal cleanliness that does not offend others, including residents and staff.
- Ability to manage incontinence in their Residence so that others are not offended or that common areas are not soiled.

Nutrition

- Ability to maintain adequate nutrition as evidenced by maintenance of historic weight levels appropriate for height.

Memory & Behavior

- Oriented to time and place as evidenced by ability to find Residence.
- Ability to oversee personal affairs (financial matters, medical appointments).
- Does not exhibit socially offensive or aggressive behaviors in a communal setting that would be harmful to oneself or others and/or threaten the safety or well-being of others.
- Does not engage in hazardous behavior, such as wandering or leaving the stove on unattended for long periods of time.

Taking Medication

- Ability to take the proper medication and dose at the appropriate time.
- Ability to follow physician orders as written

Safety

- Knows how to respond appropriately to emergency situations.
- Does not engage in behaviors that staff consider dangerous to the Resident or others.
- Ability to maintain a clean and safe Residence.

REASONABLE ACCOMMODATIONS

Co-Resident Support

- Co-Residents living together in Residences are subject to the same criteria as stated above except that if the Co-Residents desire to remain together in their Residence, one Co-Resident needs to insure that he/she can maintain the safety and key criteria as outlined above for both and that the safety of others cannot be affected. The person accepting this responsibility accepts responsibility for the safety and key criteria as outlined above for the other Co-Resident 24 hours per day, including when the Co-Residents are not together. The Co-Resident giving care may need to engage home care or family help in order to provide care around the clock.

Private Duty Nursing or Companion Services

- In accordance with Section 3.2 of this Agreement, Resident, subject to the approval of Community, may utilize the services of private duty nurses or companions for the provision of support services in the Residence so long as Resident is able to satisfy the Conditions of Occupancy. Additionally, in accordance with Section 3.2 of this Agreement, Resident shall execute, if requested by Community, an Aging-in-Place Addendum which shall be attached to this Agreement and incorporated by reference. The utilization of support services shall not impair the Resident's financial obligations to Community as incurred under the terms of this Agreement.

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES
EXHIBIT "D"
Entrance Fees and Monthly Service Fees

Floor Plan	Monthly Rates (1)	Base Prices starting at (2)
Donegal I (925 sq ft)	$ 983.00	$124,700
Donegal II (1,200 sq ft)	$ 1,222.00	$159,200
Manheim (1,106 sq ft)	$ 1,248.00	$169,300
Marietta I (1,270 sq ft)	$ 1,304.00	$175,100
Marietta II (1,359 – 1,589 sq ft)	$ 1,324 - $ 1,444	$194,700 - $227,700

(1) A second person fee of $144.00 per month will be charged for admissions after January 1, 2019. A second person fee of $98.00 per month will be charged for admissions after July 1, 2009. For admissions prior to July 1, 2009, a second person fee will be charged $25 per month.

(2) Entrance Fees reflect base prices at a 0% refund option. Upgrade features such as finished basements, four-season rooms, additional rooms and other options may be available with adjustments to the base price. Pricing available for additional refund options of 50% and 90%.

In the event that a resident subsequently marries or an additional occupant moves in with an existing resident, please refer to the Residency Agreement for full details regarding additional fees.

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES
EXHIBIT "E"

Table Showing Frequency & Average Dollar Amount of Each Increase in Periodic Rates for the Previous Five Years
(Residential Living Monthly Fee, Personal Care Rates, and Nursing Care Rates)

Room Type	**Rates Effective**				
	07/01/19	07/01/20	07/01/21	07/01/22	07/01/23
Nursing Facility	N/A	N/A	N/A	N/A	N/A
Personal Care	N/A	N/A	N/A	N/A	N/A
Independent Living					
Monthly Fee	$32	$33	$34	$69	$47
	3.0%	3.0%	3.1%	6.0%	4.0%

Messiah Lifeways at Mount Joy Country Homes received its Certificate of Authority during the fiscal year ending June 30, 2009 and is licensed to operate as a Continuing Care Retirement Community.

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES
EXHIBIT "F"

Average Cost of Providing Care & Services during the Year Ending June 30, 2023

Total Residential Living Operating Expenses	$1,391,655
Resident Days	38,419
Average Annual Cost per Resident Day	$36.22
Average Annual Cost per Resident	$13,221

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES

EXHIBIT “G”

Projected Financial Analysis

Pro Forma Revenue and Expenses
For the Year Ending June 30, 2024

REVENUES	
Net Resident Services Revenues	$ 1,455,494
Other Revenue	-
Grant Revenue	-
Contributions and Releases From Restriction	-
TOTAL REVENUES WITHOUT DONOR RESTRICTION	**1,455,494**
EXPENSES	
Fees, Purchased Services and Supplies	232,094
Building Operations and Maintenance	358,870
Administration	5,788
Depreciation and Amortization	568,875
Insurance and Real Estate Taxes	187,992
Interest Expense	-
TOTAL EXPENSES	**1,353,619**
OPERATING INCOME (LOSS)	**101,875**
NONOPERATING GAINS (LOSSES)	
Investment Return	145,000
Other Non-Operating Gains (Losses)	-
REVENUES IN EXCESS OF (LESS THAN) EXPENSES	**246,875**
NET ASSETS RELEASED FROM RESTRICTION FOR PP&E	-
CHANGE IN UNRESTRICTED NET ASSETS	**246,875**
NET ASSETS WITH DONOR RESTRICTIONS	
Contributions:	
Purpose Restricted	1,500
Held in Perpetuity	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	**1,500**
CHANGE IN NET ASSETS	**248,375**
NET ASSETS, BEGINNING OF THE PERIOD	**1,739,937**
NET ASSETS, END OF PERIOD	**$ 1,988,312**

MESSIAH LIFEWAYS AT MOUNT JOY COUNTRY HOMES

EXHIBIT “H”

Financial Statements

bakertilly

Messiah Lifeways and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

June 30, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of
Messiah Lifeways and Controlled Entities

Opinion

We have audited the consolidated financial statements of Messiah Lifeways and Controlled Entities (the Corporation), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, 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 the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of June 30, 2023 and 2022, and the results of its operations and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
October 11, 2023

Messiah Lifeways and Controlled Entities

Consolidated Balance Sheets
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 14,711,431	$ 15,224,921
Current portion of assets whose use is limited	1,980,189	1,952,778
Accounts receivable:		
Residents, net	997,893	896,169
Other	415,278	142,707
Entrance fees receivable	-	168,000
Prepaid expenses and other current assets	1,267,482	1,023,548
Total current assets	19,372,273	19,408,123
Assets Whose Use is Limited, Net	2,742,834	2,664,784
Investments	60,873,399	55,362,202
Act 82 Reserve	3,378,000	2,880,000
Property and Equipment, Net	109,414,418	111,516,865
Contract Acquisition Costs, Net	196,780	249,168
Derivative Financial Instruments	1,555,877	-
Other Assets	890,265	828,058
Total assets	$ 198,423,846	$ 192,909,200
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,972,335	$ 1,903,007
Accounts payable:		
Trade	1,878,906	1,259,418
Construction	1,026,601	116,942
Entrance fees	126,379	62,592
Accrued expenses	3,022,633	2,738,178
Current portion of split-interest obligations	43,212	49,677
Refundable entrance fees	2,490,334	2,469,248
Total current liabilities	10,560,400	8,599,062
Long-Term Debt, Net	75,268,391	77,143,317
Refundable Entrance Fees and Deposits	21,425,874	22,208,086
Deferred Revenues From Entrance Fees	38,961,891	37,099,839
Derivative Financial Instruments	-	25,239
Split-Interest Obligations, Net	171,423	199,316
Total liabilities	146,387,979	145,274,859
Net Assets		
Without donor restrictions	29,865,076	27,355,994
With donor restrictions	22,170,791	20,278,347
Total net assets	52,035,867	47,634,341
Total liabilities and net assets	$ 198,423,846	$ 192,909,200

See notes to consolidated financial statements

Messiah Lifeways and Controlled Entities

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023	2022
Revenues Without Donor Restrictions		
Net resident service revenues	$ 47,279,539	$ 45,610,714
Other revenues	2,500,030	2,475,502
Grant revenue	250,374	1,490,444
Contributions and net assets released from restriction used for operations	1,636,876	1,398,881
Total revenues without donor restrictions	51,666,819	50,975,541
Expenses		
Salaries, wages and benefits	21,517,167	23,066,466
Fees, purchased services and supplies	15,512,593	11,995,425
Depreciation and amortization	7,786,438	8,242,068
Interest	3,283,970	3,070,409
Building operations and maintenance	3,212,228	2,616,448
Other operating expenses	1,323,062	1,160,636
Insurance and real estate taxes	2,199,004	2,106,410
Total expenses	54,834,462	52,257,862
Operating loss	(3,167,643)	(1,282,321)
Nonoperating Gains (Losses)		
Investment return	4,205,474	(7,146,801)
Contributions	62,756	262,681
Change in value of split-interest obligations	(13,189)	128,673
Change in fair value of derivative financial instruments	1,581,116	3,806,001
Loss on disposal of property and equipment	(160,432)	(65,942)
Other nonoperating gains	-	12,905
Revenues in excess of (less than) expenses	2,508,082	(4,284,804)
Net Assets Released From Restriction Used for Property and Equipment	1,000	46,839
Change in net assets without donor restrictions	2,509,082	(4,237,965)
Net Assets With Donor Restrictions		
Contributions:		
Purpose restricted	84,322	125,444
Held in perpetuity	1,028,718	225,467
Investment return	2,224,634	(3,799,100)
Change in value of split-interest obligations	30,264	26,525
Change in cash surrender value of life insurance and agency endowment, net of expense	31,360	(32,705)
Net assets released from restriction used for:		
Operations	(1,505,854)	(1,398,881)
Property and equipment	(1,000)	(46,839)
Change in net assets with donor restrictions	1,892,444	(4,900,089)
Change in net assets	4,401,526	(9,138,054)
Net Assets, Beginning	47,634,341	56,772,395
Net Assets, Ending	$ 52,035,867	$ 47,634,341

See notes to consolidated financial statements

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ 4,401,526	$ (9,138,054)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,786,438	8,242,068
Loss on disposal of property and equipment	160,432	65,942
Amortization of bond premium	(145,438)	(153,265)
Amortization of debt issuance costs	97,410	100,871
Bad debt expense	114,728	105,000
Proceeds from entrance fees and entrance fee deposits, existing units	8,054,308	7,071,896
Amortization of entrance fees	(5,602,963)	(4,763,006)
Net realized and unrealized gains and losses on investments	(4,728,308)	13,060,177
Change in fair value of derivative financial instruments	(1,581,116)	(3,806,001)
Change in value of split-interest obligations	(17,075)	(155,198)
Contributions received restricted for long-term purposes	(1,113,040)	(350,911)
Changes in assets and liabilities:		
Accounts receivable, resident and other	(489,023)	580,503
Prepaid expenses and other current assets	(243,934)	(110,970)
Other assets	(62,207)	231,473
Accounts payable, trade	619,488	122,704
Accrued expenses	284,455	(320,940)
Net cash provided by operating activities	7,535,681	10,782,289
Cash Flows From Investing Activities		
Net purchases of assets whose use is limited and investments	(1,280,889)	(995,226)
Purchase of property and equipment	(4,882,376)	(2,907,147)
Net cash used in investing activities	(6,163,265)	(3,902,373)
Cash Flows From Financing Activities		
Repayment of long-term debt	(1,757,570)	(1,683,373)
Proceeds from refundable entrance fees, existing units	1,304,451	895,591
Refunds of entrance fees	(2,423,083)	(2,202,910)
Net repayments on split-interest obligations	(17,283)	(33,711)
Contributions received restricted for long-term purposes	1,113,040	350,911
Net cash used in financing activities	(1,780,445)	(2,673,492)
Net change in cash, cash equivalents and restricted cash and cash equivalents	(408,029)	4,206,424
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	19,842,483	15,636,059
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 19,434,454	$ 19,842,483
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 14,711,431	$ 15,224,921
Assets whose use is limited	4,723,023	4,617,562
Total cash, cash equivalents and restricted cash and cash equivalents	$ 19,434,454	$ 19,842,483
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 3,272,269	$ 3,145,378
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	$ 1,026,601	$ 116,942

See notes to consolidated financial statements

1. Nature of Operations, Principles of Consolidation and Summary of Significant Accounting Policies

Organization

Messiah Lifeways and Controlled Entities (collectively, the Corporation) is comprised of the following:

Messiah Lifeways (ML) is a not-for-profit holding company (parent) which controls the following: Messiah Home d/b/a Messiah Lifeways at Messiah Village (the Village), Messiah Family Services d/b/a Messiah Lifeways at Mount Joy Country Homes (Mount Joy) and Messiah Lifeways Community Support Services (MLCSS). ML is the sole member of these three entities.

The Village is a not-for-profit corporation that operates a continuing care retirement community. The Village provides housing, healthcare and other related services to older adults through the operation of nursing facilities, personal care units, independent living cottages and independent living apartments.

Mount Joy is a not-for-profit corporation that provides housing to residents 55 and older through the operation of independent living cottages located in Mount Joy, Pennsylvania.

Messiah Lifeways Community Support is a not-for-profit corporation that provides a network of community services for older adults that includes home care, an adult day program and a senior center.

As a ministry of the Brethren in Christ Church, the Corporation's mission is to "responsibly enhance the lives of older adults with Christ-like love". The Corporation offers a network of opportunities for adults 55 and older in South Central, Pennsylvania.

The Village and Mount Joy both received a Certificate of Authority from the Pennsylvania Insurance Department to operate a Continuing Care Retirement Community (CCRC) under the Pennsylvania Continuing Care Provider Registration and Disclosure Act (Act 82).

The Corporation's operations are located in Mechanicsburg and Mount Joy, Pennsylvania. Their primary market area includes the greater Harrisburg area and surrounding communities.

Principles of Consolidation

The consolidated financial statements include the accounts of ML, the Village, Mount Joy and MLCSS after elimination of all significant intercompany balances and transactions.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents includes investments in highly liquid debt instruments purchased with an original maturity of three months or less.

Accounts Receivable, Residents

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired.

The allowance for uncollectable accounts totaled approximately $459,000 and $454,000 at June 30, 2023 and 2022, respectively.

Investments and Investment Risk

Investments include assets set aside by the Board of Directors for future capital improvements and charity care, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets to be held by the Corporation in perpetuity; assets whose use by the Corporation has been limited by donors to specific purposes; and assets designated as a required reserve in accordance with Act 82.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including interest, dividends, capital gain distributions and realized and unrealized gains and losses) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured using the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Village and Mount Joy's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheets could change materially in the near term.

Assets Whose Use is Limited

Assets whose use is limited generally includes Board-designated assets, assets held by a bond trustee under trust indentures, escrow funds held by the Borough of Mount Joy in connection with Mount Joy's multi-year expansion plan and entrance fee deposits for new independent living cottage units. Amounts available to meet current liabilities of the Corporation have been classified as current assets in the consolidated balance sheets.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation was $7,734,050 in 2023 and $8,206,513 in 2022.

Gifts of long-lived assets such as land, buildings or equipment are reported as without donor-restricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contract Acquisition Costs, Net

Contract acquisition costs include incremental costs of obtaining residency agreements that would not have been incurred if the agreements were not obtained and are recorded at cost. Contract acquisition costs are amortized over the estimate life expectancy of the residents using the straight-line method, which approximates the period of time that goods and services are expected to be transferred to residents. Amortization of contract costs was $52,388 and $35,555 during the years ended June 30, 2023 and 2022, respectively.

Entrance Fees

The Village

Under certain entrance fee plans for independent living units, the Village receives payments in advance, in accordance with the terms of Residency Agreements. The entrance fee plans primarily consist of two refundable options and a nonrefundable option. The two refundable options have a guaranteed refund component of either 50% or 90% of the entrance fee paid with the balance refundable on a decreasing basis for 50 months. The nonrefundable option has no guaranteed refund component and is refundable on a decreasing basis for 50 months. In 2015, the 90% refund option was changed so that the 10% remaining balance is not available for refund.

Refunds to residents are paid after the independent living unit has been re-occupied by another resident and the entrance fee for the re-occupied independent living unit has been paid in full. At June 30, 2023, the gross amount of contractual refund obligations under the Village's existing resident agreements approximates $26,207,000.

At the end of each year, management estimates the portion of entrance fee refunds that will be paid the following year to Village residents who executed Residency Agreements. These amounts were approximately $2,002,000 and $2,142,000 at June 30, 2023 and 2022, respectively, and are classified as current liabilities in the consolidated balance sheets.

Mount Joy

Under entrance free plans for its independent living units, Mount Joy receives payments in advance, in accordance with the terms of Residency Agreements. The entrance fee plans primarily consist of three refundable options that had a guaranteed refund component of either 90%, 65% or 50% of the entrance fee paid with the balance refundable on a decreasing basis for 10, 35 or 50 months. In 2016, the 90% refund option was changed so that the 10% remaining balance is not available for refund. In January 2019, the entrance plan options changed. There are currently two refundable options and a nonrefundable option. One refundable option has a guaranteed refund component of 50% with the balance refundable on a decreasing basis for 50 months. Another refundable option has a guaranteed refund component of 90% with the remaining 10% not available for refund. The nonrefundable option has no guaranteed refund component and is refundable on a decreasing basis for 50 months.

Refunds to residents are paid after the independent living unit has been re-occupied by another resident and the entrance fee for the re-occupied independent living unit has been paid in full. At June 30, 2023, the gross amount of contractual refund obligations under Mount Joy's existing resident agreements approximates $8,676,000.

At the end of each year, management estimates the portion of entrance fee refunds that will be paid the following year to Village residents who executed Residency Agreements. These amounts were approximately $489,000 and $327,000 at June 30, 2023 and 2022, respectively, and are classified as current liabilities in the consolidated balance sheets.

General

The guaranteed refund component of entrance fees received is not amortized to revenue, and is classified as refundable entrance fees and deposits in the accompanying consolidated balance sheets. The balance of entrance fees received is amortized to revenue using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents, and is classified as deferred revenues from entrance fees in the accompanying consolidated balance sheets.

The majority of services provided to the Village's and Mount Joy's independent living residents are paid for on a "fee-for-service" basis and are not included under the entrance fee plans.

Split-Interest Agreements

The Village receives charitable gift annuities as contributions. Under these agreements, the Village recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Village to such individuals.
The amount of the contribution is the difference between the asset and liability and is recorded as net assets without donor-restricted contributions, unless otherwise restricted by the donor.

The Village has received as contributions, charitable gift annuities. These arrangements represent contracts between the Mennonite Foundation (the Foundation) and the donors. Donors transfer cash or investments to the Foundation and, in turn, receive periodic distributions from the Foundation. The contributions received by the Village are the unconditional rights to receive the remainder interest in the gift annuities. The amount of the contribution is the difference between the asset received by the Foundation and the present value of the estimated future payments to be distributed by the Foundation to the annuitants. These contributions are recorded as with or without donor restrictions contributions, in accordance with donor restrictions.

Debt Issuance Costs

Debt issuance costs incurred in connection with the issuance of long-term debt are amortized using the effective-interest method, over the period of the related debt. Amortization expense, which is included as a component of interest expense, was $97,410 in 2023 and $100,871 in 2022.

Derivative Financial Instruments

The Village entered into interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the consolidated balance sheets and related changes in fair value are reported in the consolidated statements of operations and changes in net assets as change in fair value of derivative financial instruments.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of skilled nursing, personal care and independent living revenue streams, which are primarily derived from providing housing, skilled nursing, personal care and independent living services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care and independent living revenues are recognized on a daily or month-to-month basis as services are rendered.

Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees was $5,602,963 in 2023 and $4,763,006 in 2022.

The Corporation receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Grant Revenue

Grant revenue includes amounts received from federal, state and other funding sources related to the COVID-19 pandemic. The Corporation accounts for this funding in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and accordingly, revenues are recognized when barriers are substantially met, which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for healthcare providers. In accordance with the terms and conditions of PRF, the Corporation could apply the funding against lost revenues and eligible expenses not reimbursed from other sources. The Corporation received no funding in 2023 and $862,414 in 2022. The Corporation incurred lost revenues and eligible expenses of $862,414 in 2022 in accordance with the terms of the respective funding sources. These amounts were recognized and included in grant revenue in the accompanying consolidated statements of operations and changes in net assets. The total PRF funding received to date through June 30, 2023 was $2,727,954.

The Corporation also received funding from various state and other funding sources. The Corporation received and recognized funding of $250,374 in 2023 and $628,030 in 2022 to offset eligible lost revenues and expenses in accordance with the terms and conditions of the respective funding sources.

The majority of the funding received is subject to future reporting and audit requirements. Noncompliance with the terms and conditions of the funding sources could result in repayment of some or all of the support, which can be subject to government review and interpretation. An estimate of the possible effects of these matters cannot be made as of the date these consolidated financial statements were issued.

Charity Care

The Village also provides charity care to residents who meet certain criteria without charge or at amounts less than its established rates. Because the Village does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenues. The costs associated with charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The Village provided charity care at a cost of approximately $1,310,000 in 2023 and $730,000 in 2022.

Medical Assistance Reimbursement and Cost of Providing Care

The Village provides nursing care to Medical Assistance program beneficiaries at amounts less than its cost of providing care. The Village maintains records to identify and monitor the difference between the cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered. The costs associated with the services provided to Medical Assistance program beneficiaries include both direct costs and estimated indirect costs.
The difference between the estimated cost of providing care to Medical Assistance program beneficiaries and the payments received for services rendered was approximately $3,145,000 in 2023 and $3,535,000 in 2022.

Self-Insured Health Insurance

ML sponsors a self-funded employee benefit plan (the Plan) to provide healthcare benefits and services for its eligible employees and their dependents. ML contracts with an insurance company to provide certain administrative and other services in connection with the Plan. The contract also provides for a schedule of excess loss of $85,000 per participant and $1,000,000 in the aggregate.

Use of Estimates

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

Income Taxes

ML, the Village, Mount Joy and MLCSS are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on their exempt income under Section 501(a) of the IRC.

Measure of Operations

The Corporation's operating loss includes all operating revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be more unusual and nonrecurring in nature.

Revenues in Excess of (Less Than) Expenses

The consolidated statements of operations and changes in net assets includes the determination of revenues in excess of (less than) expenses. Changes in without donor-restricted net assets which are excluded from the determination of revenues in excess of (less than) expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

New Accounting Pronouncements

Standard Adopted, Reference Rate Reform

During March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference London Interbank Offer Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2024. The Corporation elected the optional practical expedient included in ASU No. 2020-04 during 2023 that allowed for a modification to the reference rate in the Corporation's interest rate swap agreements (Note 3), debt agreements (Note 6), and line of credit agreement (Note 11) to be accounted for as if the modification was not substantial and therefore would not be accounted for as a debt extinguishment. The adoption of the optional practical expedient has not and is not expected to have a material effect on the consolidated financial statements.

Standard Not Yet Adopted, Credit Losses

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, respectively, the FASB also issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*; ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*; ASU No. 2019-05, *Targeted Transition Relief; ASU No. 2019-11, Codification Improvements to Topic 326*, *Financial Instruments - Credit Losses*; and ASU No. 2020-03, *Codification Improvements to Financial Instruments*.

ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. The Corporation is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through October 11, 2023, the date the consolidated financial statements were issued.

On September 8, 2023, the Corporation entered into a purchase agreement to purchase an 80-acre parcel of land in Fairview Township, PA for approximately $5,900,000 to be used for future campus expansion. There were no financing arrangements entered into in connection with the purchase agreement.

2. Net Resident Service Revenues

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Resident services revenue consists of the following for the years ended June 30:

	2023			
	Skilled Nursing	**Personal Care**	**Independent Living**	**Total**
Private	$ 14,949,074	$ 12,167,820	$ 9,498,610	$ 36,615,504
Medicare	1,270,860	-	-	1,270,860
Medical assistance	3,418,213	-	-	3,418,213
Commercial insurance	371,999	-	-	371,999
Subtotal	$ 20,010,146	$ 12,167,820	$ 9,498,610	41,676,576
Amortization of entrance fees				5,602,963
Total				$ 47,279,539

	2022			
	Skilled Nursing	Personal Care	Independent Living	Total
Private	$ 14,240,732	$ 12,831,383	$ 8,980,389	$ 36,052,504
Medicare	1,116,829	-	-	1,116,829
Medical assistance	3,164,611	-	-	3,164,611
Commercial insurance	513,764	-	-	513,764
Subtotal	$ 19,035,936	$ 12,831,383	$ 8,980,389	40,847,708
Amortization of entrance fees				4,763,006
Total				$ 45,610,714

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying consolidated balance sheets. In 2023 and 2022, the Corporation recognized approximately $5,294,000 and $4,496,000, respectively, of revenue that was included in the deferred revenue from entrance fees balance as of July 1, 2022 and 2021, respectively. The Corporation applies the practical expedient in ASC 606, and therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The Village has agreements with third-party payors that provide for payments to the Village at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors follows:

- **Medical Assistance** - The Pennsylvania Department of Human Services has a mandatory Medical Assistance managed care program, Community HealthChoices (CHC). The primary goals of CHC are to better coordinate health care coverage and improve access to medical care. The services for which Medical Assistance program beneficiaries are eligible did not change under CHC.

  CHC became effective for the Village on January 1, 2020. Under CHC, each Medical Assistance program beneficiary is able to choose a managed care organization (MCO). The rates paid by the MCOs are subject to a "floor" through December 31, 2022. The "floor" was equal to the average of each of the Village's prior four quarters (i.e., January 1, 2019 through December 31, 2019) medical assistance rates. Effective January 1, 2023, nursing services provided to Medical Assistance program beneficiaries are paid by the MCOs at prospectively determined rates per day. These rates will be adjusted quarterly based on a resident classification system that is based on clinical, diagnostic, and other factors.

- **Medicare** - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Village's clinical assessment of its residents. The Village is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare Part A and Medical Assistance programs.

3. Fair Value Measurements, Assets Whose Use is Limited, Investments and Financial Instruments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as 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. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Corporation for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs. The Corporation held no Level 3 instruments as of June 30, 2023 or 2022.

The Corporation reports its investments and derivative financial instruments as fair value on a recurring basis in accordance with the fair value hierarchy. The fair values of the Corporation's investments and derivative financial instruments were determined using the following inputs at June 30:

	2023		
	Total	Level 1	Level 2
Assets:			
Investments:			
Marketable equity securities	$ 12,737,705	$ 12,737,705	$ -
Exchange traded funds	5,885,186	5,885,186	-
Equity mutual funds:			
Large value	16,455,968	16,455,968	-
International	4,726,728	4,726,728	-
Mid-cap growth	1,504,995	1,504,995	-
Small-cap growth	1,187,221	1,187,221	-
Small value	783,878	783,878	-
Fixed income mutual funds	15,953,582	15,953,582	-
Common trust fund	2,059,331	-	2,059,331
Corporate notes and bonds	88,097	-	88,097
Total investments	$ 61,382,691	$ 59,235,263	$ 2,147,428
Derivative financial instruments	$ 1,555,877	$ -	$ 1,555,877

	2022		
	Total	**Level 1**	**Level 2**
Assets:			
Investments:			
Marketable equity securities	$ 10,491,724	$ 10,491,724	$ -
Exchange traded funds	5,239,832	5,239,832	-
Equity mutual funds:			
Large value	14,140,341	14,140,341	-
International	4,091,714	4,091,714	-
Mid-cap growth	1,310,626	1,310,626	-
Small-cap growth	1,086,074	1,086,074	-
Small value	815,480	815,480	-
Fixed income mutual funds	16,471,395	16,471,395	-
Common trust fund	1,870,812	-	1,870,812
Corporate notes and bonds	80,237	-	80,237
Total investments	$ 55,598,235	$ 53,647,186	$ 1,951,049
Derivative financial instruments	$ (25,239)	$ -	$ (25,239)

The following reconciles investments by caption on the consolidated balance sheets:

	2023	**2022**
Total reported at fair values in the tables above	$ 61,382,691	$ 55,598,235
Plus cash and cash equivalents included in investments	2,868,708	2,643,967
Less Act 82 reserve	(3,378,000)	(2,880,000)
Investments	$ 60,873,399	$ 55,362,202

Valuation Methodologies

Investments are valued at fair value based on quoted market prices in active markets for marketable equity securities, exchange traded funds and mutual funds or estimated using quoted prices for corporate notes and bonds.

The Corporation invests in The Brethren in Christ Common Trust Funds whereby the common collective trusts allocates shares to participants based upon the relationship of the individual participants' investments of the total investments. The Corporation is invested in the Common Trust Funds Total Market Growth with Income Fund which is comprised of Level 1 equity securities and mutual funds. There are no restrictions on the funds and they may be withdrawn at any time.

The Corporation measures its derivative financial instruments (interest rate swap agreements) at fair value based on proprietary models of an independent third-party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments, and considers the credit risk of the Corporation. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would pay or be paid to terminate the agreements.

Investment Return

Investment return without donor restrictions is comprised of the following:

	2023	2022
Interest, dividends and capital gain distributions, net of expenses	$ 1,133,448	$ 1,363,302
Net realized gains and losses on sales of investments	(31,273)	1,576,854
Net unrealized gains and losses on investments	3,103,299	(10,086,957)
Total	$ 4,205,474	$ (7,146,801)

Investment return with donor restrictions is comprised of the following:

	2023	2022
Interest, dividends and capital gain distributions, net of expenses	$ 568,352	$ 750,974
Net realized gains and losses investments	190,757	746,142
Net unrealized gains and losses on investments	1,465,525	(5,296,216)
Total	$ 2,224,634	$ (3,799,100)

Statutory Minimum Liquid Reserve

In compliance with Section 9 of Act 82, the Board of Directors designated a portion of investments be "reserved" to meet the requirements of Act 82. The amounts designated were approximately $3,300,000 and $78,000 for the Village and Mount Joy, respectively, at June 30, 2023 and $2,800,000 and $80,000 for the Village and Mount Joy, respectively, at June 30, 2022. At June 30, 2023, the reserve was calculated as follows:

	Village	Mount Joy
Budgeted operating expenses for the year ending June 30, 2024	$ 52,679,207	$ 1,353,619
Less budgeted depreciation and amortization expense	(7,339,991)	(568,875)
Expenses subject to minimum liquid reserve requirement	45,339,216	784,744
Percentage of residents subject to entrance fee agreements at June 30, 2023	64.31 %	100 %
Subtotal	29,157,650	784,744
Statutory requirement	10 %	10 %
Statutory minimum liquid reserve requirement	$ 2,915,765	$ 78,474 (a)

Budgeted debt service requirements for the year ended June 30, 2024:		
Bonds:		
Principal	$ 1,835,091	$ -
Interest	3,277,037	-
Total budgeted debt service requirements	5,112,128	-
Percentage of residents subject to entrance fee agreements at June 30, 2023	64.31 %	100 %
Statutory minimum liquid reserve requirement	$ 3,287,610	$ - (b)
Greater of (a) or (b) above	$ 3,300,000	$ 78,000

Interest Rate Swap Agreements

In August 2009, in connection with a bank qualified tax-exempt term loan, the Village entered into an interest rate swap agreement (the 2009 Swap). According to the terms of the agreement, if 68% of the one-month LIBOR (3.46% at June 30, 2023) is less than the fixed rate of 2.985%, the Village must make a monthly payment to the counterparty. Conversely, if 68% of the one-month LIBOR is more than the fixed rate of 2.985%, the counterparty must make a monthly payment to the Village. The monthly payments are calculated by multiplying the notional amount ($4,260,000 at June 30, 2023) by the difference between 68% of the one-month LIBOR and the fixed rate of 2.985%. Effective April 20, 2023, the benchmark interest rate was amended to SOFR. The agreement is scheduled to expire in July 2027. The bank qualified tax-exempt term loan was refinanced in May 2015. The interest rate swap agreement is still in place and is being used to fix the interest rate on a portion of the 2015B Bonds (Note 6).

In November 2018, in connection with a bank qualified tax-exempt term loan, the Village entered into an interest rate swap agreement (the 2018 Swap). According to the terms of the agreement, if 78% of the one-month LIBOR (3.97% at June 30, 2023) is less than the fixed rate of 2.221%, the Village must make a monthly payment to the counterparty. Conversely, if 78% of the one-month LIBOR is more than the fixed rate of 2.221%, the counterparty must make a monthly payment to the Village. The monthly payments are calculated by multiplying the notional amount ($36,030,100 at June 30, 2023) by the difference between 78% of the one-month LIBOR and the fixed rate of 2.221%. Effective April 20, 2023, the benchmark interest rate was amended to SOFR. The agreement is scheduled to expire in July 2028. The interest rate swap agreement is being used to fix the interest rate on a portion of the 2015 Bonds and 2018 Bonds (Note 6).

The payments to or from the counterparty are classified as a component of interest expense in the consolidated statements of operations and changes in net assets, or capitalized to property and equipment in the consolidated balance sheets, if the funds from bond issues are used to finance construction. As a result of the swap agreements, additional interest of approximately $273,000 was received and $832,000 was incurred during 2023 and 2022, respectively.

The fair value of the agreements is estimated to be the amount the Village would pay or receive to terminate the agreements at June 30, 2023 and 2022. The Village estimates that it would have received $1,555,877 and paid $25,239 on June 30, 2023 and 2022, respectively, to terminate the agreements. These amounts are classified as derivative financial instruments in the consolidated balance sheets.

Changes in the fair value of the agreements are included in revenues in excess of (less than) expenses since the agreements were not designated as hedging instruments. The change in the fair value of the agreements is classified as change in fair value of derivative financial instruments in the consolidated statements of operations and changes in net assets and was $1,581,116 and $3,806,001 in 2023 and 2022, respectively.

4. Liquidity and Availability of Resources

Financial assets available for general expenditures within one year of the consolidated balance sheets date, consist of the following at June 30:

	2023	2022
Cash and cash equivalents	$ 14,711,431	$ 15,224,921
Accounts receivable, resident, net	997,893	896,169
Accounts receivable, other and entrance fees receivable	415,278	310,707
Investments	60,873,399	55,362,202
Less, net assets with donor restrictions	(22,170,791)	(20,278,347)
Total	$ 54,827,210	$ 51,515,652

The Corporation designated a portion of its investments "reserved" to comply with the requirements of Act 82. Although the Corporation does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as the reserves could be made available as necessary. The Act 82 reserves do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Corporation invests excess cash in short-term investments. Additionally, certain Board-designated assets included in assets whose use is limited are designed for charity care, future capital expenditures and an operating reserve.

5. Property and Equipment, Net

Property and equipment are as follows:

	2023	2022
Land	$ 2,949,483	$ 2,949,483
Land improvements	6,259,118	6,148,591
Buildings and fixed equipment	188,182,441	186,689,699
Furniture and moveable equipment	15,266,794	15,424,078
Vehicles	1,073,300	1,097,338
Total	213,731,136	212,309,189
Less accumulated depreciation	107,682,731	101,165,782
Total	106,048,405	111,143,407
Construction-in-progress	3,366,013	373,458
Property and equipment, net	$ 109,414,418	$ 111,516,865

Construction-in-progress is primarily comprised of ongoing renovations to convert vacant space on campus into residential living apartments. At June 30, 2023, the Corporation had entered into construction contracts of approximately $2,263,000, of which costs incurred were approximately $1,473,000.

6. Long-Term Debt

Series A of 2015 Bonds

In May 2015, the West Shore Area Authority issued, on behalf of the Village, $24,080,000, of tax-exempt fixed rate revenue bonds, Series A of 2015 (the 2015A Bonds). The proceeds from the 2015A Bonds were used to refund the Series 2008B Bonds and the 2009 Term Loan, finance the cost of renovation of existing facilities, finance the costs of expansion, establish a debt service reserve fund and to pay the costs of issuing the 2015 Bonds.

The 2015A Bonds are comprised of $250,000 of serial bonds due July 2035; plus interest payable semi-annually at 4.3%; and $18,155,000 of term bonds due in varying annual installments through July 2035, plus interest payable semi-annually at 5.0%.

The Corporation is joint and severally obligated under the terms of the 2015A bonds.

Series B of 2015 Bonds

In October 2015, the West Shore Area Authority issued, on behalf of the Village, $54,725,000 of tax-exempt variable rate revenue bonds, Series B (the 2015B Bonds). The proceeds from the 2015B Bonds were used to finance the construction of Project Envision and for payment of certain costs of issuing the 2015B Bonds.

The 2015B Bonds are due in varying annual installments through July 2045 plus interest payable monthly at a rate equal to (79% of one-month LIBOR) plus 1.59% (5.61% at June 30, 2023). Effective February 14, 2023, the benchmark interest rate was amended to SOFR.

The Corporation is joint and severally obligated under the terms of the 2015B bonds.

Series 2018 Bonds

In November 2018, the West Shore Area Authority issued, on behalf of the Village, $8,130,000, of tax-exempt fixed rate revenue bonds (the 2018 Bonds). The proceeds from the 2018 Bonds were used to refinance the Series 2008 Bonds, establish a debt service reserve fund and to pay the costs of issuing the 2018 Bonds.

The 2018 Bonds are comprised of $575,000 of serial bonds due in variable annual installments through July 2023 plus interest payable semi-annually at interest rates ranging from 4.0% to 5.0%; $1,800,000 of term bonds due July 2028; plus interest payable semi-annually at 5.0%; $1,565,000 of term bonds due July 2031; plus interest payable semi-annually at 5.0% and $3,210,000 of term bonds due July 2035, plus interest payable semi-annually at 5.0%.

The Corporation is joint and severally obligated under the terms of the 2018 bonds.

Security

The 2018 Bonds, 2015A Bonds and 2015B Bonds are secured on a parity basis by a first mortgage lien on and security interest in the Corporation's property and equipment, a security interest in the Corporation's revenues, as defined in the applicable agreements, and funds held by trustee under trust indentures. The Corporation is also required to meet certain financial and operational covenants under the bond agreements.

Long-Term Debt Summary

Long-term debt is as follows at June 30:

	2023	2022
2018 Bonds	$ 6,870,000	$ 7,150,000
2015B Bonds	52,929,247	53,416,817
2015A Bonds	17,415,000	18,405,000
Long-term debt	77,214,247	78,971,817
Bond premium	981,597	1,127,035
Less current maturities	(1,972,335)	(1,903,007)
Less unamortized debt issuance costs	(955,118)	(1,052,528)
Long-term debt, net	$ 75,268,391	$ 77,143,317

Scheduled maturities of long-term debt and bond premium amortization are as follows:

	Debt Maturities	Amortization of Bond Premium
Years ending June 30:		
2024	$ 1,835,091	$ 137,244
2025	1,924,765	128,653
2026	2,016,941	119,629
2027	2,118,951	110,138
2028	2,210,103	100,180
Thereafter	67,108,396	385,753
Total	$ 77,214,247	$ 981,597

The bond premium is being amortized over the life of the 2015 Bonds and 2018 Bonds using the effective interest method. Amortization totaled $145,438 during 2023 and $153,265 during 2022.

7. Accrued Expenses

Accrued expenses are as follows at June 30:

	2023	2022
Salaries and wages and related payroll taxes	$ 418,771	$ 353,100
Paid time off	1,229,408	1,213,387
Interest	855,206	795,477
Other	519,248	376,214
Total	$ 3,022,633	$ 2,738,178

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at June 30:

	2023	2022
Purpose restricted:		
Charity care	$ 4,977,612	$ 4,181,836
Lifeways Connection, capital and other	459,490	391,540
	5,437,102	4,573,376
Held in perpetuity with investment return available for:		
Charity care	15,092,716	14,089,946
Music therapy	1,611,487	1,587,539
Lifelong learning	29,486	27,486
	16,733,689	15,704,971
Total	$ 22,170,791	$ 20,278,347

9. Donor-Restricted Endowment Fund

The Corporation's endowment fund includes donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Corporation interprets relevant Pennsylvania state law governing the net asset classification of donor-restricted endowment funds to be held in perpetuity as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, the Village classifies as amounts held in perpetuity (a) the original value of all gifts donated; and (b) the present value of pledges and planned gifts that are designated as gifts to be held in perpetuity to the endowment fund. The remaining portion of the donor-restricted endowment fund not classified as held in perpetuity represents the return on net assets held in perpetuity and is generally classified as purpose restricted net assets. However, from time to time, the fair value of assets associated with the Corporation's donor-restricted endowment fund may fall below the level required to be retained as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2023 or 2022.

The Corporation adopted an investment policy for all investment funds, including its donor-restricted endowment fund. The policy states that the donor-restricted endowment fund shall be invested under the assumption that it shall exist in perpetuity. Therefore, the investment guidelines are based upon an investment time horizon of greater than five years so that interim fluctuations shall be viewed with appropriate perspective.

A total-return objective consistent with prudent risk-limits allows the investments to satisfy long-term objectives. In a total return strategy, investment results are achieved through capital appreciation and current yield. Asset allocation guidelines ensure adequate diversification in order to reduce the volatility of investment returns. The donor-restricted endowment fund is invested so as to maintain a risk level no greater than a standard deviation of 75% of the standard deviation of the general market as measured by the S&P 500 Index when measured over a five and ten (if available) year period.

The Corporation's investment policy, which includes the spending policy, states that the donor-restricted endowment fund shall be invested so as to generate a cash flow equal to a range of 4.0% to 7.0% of the average market value of the donor-restricted endowment fund for the past three years measured as of June 30. As part of the budget process, a specific percentage within the prescribed range is identified on an annual basis and approved by the Corporation's Board of Directors. This approved percentage of the donor-restricted endowment fund balance is generally released from purpose restricted net assets evenly over four quarters. This policy ensures that the competing needs of current and future generations of residents are in equilibrium.

Changes in with and without donor restrictions endowment net assets for the years ended June 30 are comprised of the following:

	With Donor Restrictions		
	Purpose Restricted	**Held in Perpetuity**	**Total**
Endowment net assets, June 30, 2021	$ 9,321,125	$ 15,479,504	$ 24,800,629
Investment return	(3,799,100)	-	(3,799,100)
Contributions	-	225,467	225,467
Change in cash surrender value of life insurance and value of agency endowment	(32,705)	-	(32,705)
Change in value of split-interest obligations	(11,574)	-	(11,574)
Net assets released from restrictions	(1,322,040)	-	(1,322,040)
Endowment net assets, June 30, 2022	4,155,706	15,704,971	19,860,677
Investment return	2,224,634	-	2,224,634
Contributions	-	1,028,718	1,028,718
Change in cash surrender value of life insurance and value of agency endowment	31,360	-	31,360
Change in value of split-interest obligations	2,491	-	2,491
Net assets released from restrictions	(1,463,060)	-	(1,463,060)
Endowment net assets, June 30, 2023	$ 4,951,131	$ 16,733,689	$ 21,684,820

10. Functional Expenses

The Corporation provides housing, healthcare and other related services to residents within its geographic location. The consolidated financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are approximately as follows:

	2023			
	Program Service	General and Administrative	Fundraising	Total
Salaries and wages	$ 15,315,339	$ 2,030,567	$ 140,337	$ 17,486,243
Employee benefits	3,567,798	439,830	23,296	4,030,924
Fees, purchased services and supplies	14,141,369	1,350,797	20,427	15,512,593
Depreciation and amortization	7,374,763	391,388	20,287	7,786,438
Interest	3,283,970	-	-	3,283,970
Building operations and maintenance	3,212,228	-	-	3,212,228
Other operating expenses	646,058	665,501	11,503	1,323,062
Insurance	510,911	102,691	4,255	617,857
Real estate taxes	1,360,620	202,854	17,673	1,581,147
Total	$ 49,413,056	$ 5,183,628	$ 237,778	$ 54,834,462

	2022			
	Program Service	General and Administrative	Fundraising	Total
Salaries and wages	$ 14,647,436	$ 2,164,165	$ 149,976	$ 16,961,577
Employee benefits	5,619,237	450,677	34,975	6,104,889
Fees, purchased services and supplies	11,198,888	785,643	10,894	11,995,425
Depreciation and amortization	7,680,223	535,503	26,342	8,242,068
Interest	3,070,409	-	-	3,070,409
Building operations and maintenance	2,616,443	-	5	2,616,448
Other operating expenses	590,935	561,593	8,108	1,160,636
Insurance	469,200	94,424	3,917	567,541
Real estate taxes	1,324,552	197,111	17,206	1,538,869
Total	$ 47,217,323	$ 4,789,116	$ 251,423	$ 52,257,862

11. Medical Malpractice Claims Coverage

The Corporation maintains professional liability coverage on a claims-made basis through commercial insurance carriers. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Corporation's insurance coverages or will have a material adverse effect on the consolidated financial statements. The Corporation has a line of credit and a letter of credit with a financial institution in the amounts of $1,000,000 and $36,171, respectively, to their insurance coverage. There was no balance outstanding at June 30, 2023 and 2022 on the line of credit. The line of credit bears interest at LIBOR plus 1.75% and expires August 12, 2024. Effective August 19, 2021, the benchmark interest rate was amended to SOFR.

12. Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements primarily with Medical Assistance, Medicare and various commercial insurance companies.

The Corporation maintains cash accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

13. Contingencies

Real Estate Taxes

As a not-for-profit corporation in the Commonwealth of Pennsylvania, the Village is an organization which receives an exemption from real property taxes relating to portions of its property. However, a number of cities, municipalities and school districts in the Commonwealth of Pennsylvania have challenged and continue to challenge the real estate tax exemption of not-for-profit corporations. The possible future financial effect of this matter on the Village, if any, is not determinable.

Senior Living Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future effects of this matter on the Corporation, if any, are not determinable.

Messiah Lifeways and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2023

	Messiah Lifeways	Messiah Village	Mount Joy Country Homes	Community Support Services	Eliminations	Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 1,170,478	$ 12,982,674	$ 452,246	$ 106,033	$ -	$ 14,711,431
Current portion of assets whose use is limited	-	1,980,189	-	-	-	1,980,189
Accounts receivable:						
Residents, net	-	881,149	961	115,783	-	997,893
Other	10,537	398,473	-	6,268	-	415,278
Affiliate	2,167,814	2,166,365	-	14,134	(4,348,313)	-
Prepaid expenses and other current assets	651,236	566,616	36,708	12,922	-	1,267,482
Total current assets	4,000,065	18,975,466	489,915	255,140	(4,348,313)	19,372,273
Assets Whose Use is Limited, Net	-	2,733,608	9,226	-	-	2,742,834
Investments	-	58,299,887	2,573,512	-	-	60,873,399
Act 82 Reserve	-	3,300,000	78,000	-	-	3,378,000
Property and Equipment, Net	-	98,269,450	11,083,014	61,954	-	109,414,418
Contract Acquisition Costs, Net	-	196,780	-	-	-	196,780
Derivative Financial Instruments	-	1,555,877	-	-	-	1,555,877
Other Assets	50,000	840,265	-	-	-	890,265
Total assets	$ 4,050,065	$ 184,171,333	$ 14,233,667	$ 317,094	$ (4,348,313)	$ 198,423,846

Messiah Lifeways and Controlled Entities

Consolidating Schedule, Balance Sheet
June 30, 2023

	Messiah Lifeways	Messiah Village	Mount Joy Country Homes	Community Support Services	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Current maturities of long-term debt	$ -	$ 1,972,335	$ -	$ -	$ -	$ 1,972,335
Accounts payable:						
Trade	480,509	1,364,204	27,930	6,263	-	1,878,906
Construction	-	1,017,581	9,020	-	-	1,026,601
Entrance fees	-	38,879	87,500	-	-	126,379
Affiliate	207,412	1,069,165	215,422	2,856,314	(4,348,313)	-
Accrued expenses	391,822	2,507,025	-	123,786	-	3,022,633
Current portion of split-interest obligations	-	43,212	-	-	-	43,212
Refundable entrance fees	-	2,001,754	488,580	-	-	2,490,334
Total current liabilities	1,079,743	10,014,155	828,452	2,986,363	(4,348,313)	10,560,400
Long-Term Debt, Net	-	75,268,391	-	-	-	75,268,391
Refundable Entrance Fees and Deposits	-	14,546,976	6,878,898	-	-	21,425,874
Deferred Revenues From Entrance Fees	-	34,463,603	4,498,288	-	-	38,961,891
Split-Interest Obligations, Net	-	171,423	-	-	-	171,423
Total liabilities	1,079,743	134,464,548	12,205,638	2,986,363	(4,348,313)	146,387,979
Net Assets (Deficit)						
Without donor restrictions	2,954,262	27,595,609	2,000,727	(2,685,522)	-	29,865,076
With donor restrictions	16,060	22,111,176	27,302	16,253	-	22,170,791
Total net assets (deficit)	2,970,322	49,706,785	2,028,029	(2,669,269)	-	52,035,867
Total liabilities and net assets (deficit)	$ 4,050,065	$ 184,171,333	$ 14,233,667	$ 317,094	$ (4,348,313)	$ 198,423,846

Messiah Lifeways and Controlled Entities

Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended June 30, 2023

	Messiah Lifeways	Messiah Village	Mount Joy Country Homes	Community Support Services	Eliminations	Consolidated
Revenues Without Donor Restrictions						
Net resident service revenues	$ -	$ 45,636,469	$ 1,643,070	$ -	$ -	$ 47,279,539
Other revenues	5,950,792	1,126,772	-	1,639,101	(6,216,635)	2,500,030
Grant revenue	-	250,289	-	85	-	250,374
Contributions and net assets released from restriction used for operations	34	1,636,301	-	541	-	1,636,876
Total revenues without donor restrictions	5,950,826	48,649,831	1,643,070	1,639,727	(6,216,635)	51,666,819
Expenses						
Salaries, wages and benefits	3,090,557	17,076,630	-	1,380,456	(30,476)	21,517,167
Fees, purchased services and supplies	1,947,846	18,999,731	244,576	316,015	(5,995,575)	15,512,593
Depreciation and amortization	20,030	7,162,395	586,790	17,223	-	7,786,438
Interest	-	3,283,970	-	-	-	3,283,970
Building operations and maintenance	29,199	2,938,427	365,821	69,365	(190,584)	3,212,228
Other operating expenses	677,108	623,082	5,750	17,122	-	1,323,062
Insurance and real estate taxes	351,077	1,659,209	188,718	-	-	2,199,004
Total expenses	6,115,817	51,743,444	1,391,655	1,800,181	(6,216,635)	54,834,462
Operating (loss) income	(164,991)	(3,093,613)	251,415	(160,454)	-	(3,167,643)
Nonoperating Gains (Losses)						
Investment return	(7,761)	3,967,955	245,280	-	-	4,205,474
Contributions	30	20,513	-	42,213	-	62,756
Change in value of split-interest obligations	-	(13,189)	-	-	-	(13,189)
Change in fair value of derivative financial instruments	-	1,581,116	-	-	-	1,581,116
Loss on disposal of property and equipment	-	(153,156)	(7,276)	-	-	(160,432)
Revenues (less than) in excess of expenses	(172,722)	2,309,626	489,419	(118,241)	-	2,508,082
Net Assets Released From Restriction Used for Property and Equipment	-	1,000	-	-	-	1,000
Change in net assets (deficit) without donor restrictions	(172,722)	2,310,626	489,419	(118,241)	-	2,509,082

Messiah Lifeways and Controlled Entities

Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)
Year Ended June 30, 2023

	Messiah Lifeways	Messiah Village	Mount Joy Country Homes	Community Support Services	Eliminations	Consolidated
Net Assets With Donor Restrictions						
Contributions:						
Purpose restricted	$ -	$ 77,872	$ 350	$ 6,100	$ -	$ 84,322
Held in perpetuity	-	1,028,718	-	-	-	1,028,718
Investment return	-	2,224,634	-	-	-	2,224,634
Change in value of split-interest obligations	-	30,264	-	-	-	30,264
Change in cash surrender value of life insurance and agency endowment, net of expense	-	31,360	-	-	-	31,360
Net assets released from restriction used for:						
Operations	(34)	(1,505,279)	-	(541)	-	(1,505,854)
Property and equipment	-	(1,000)	-	-	-	(1,000)
Change in net assets with donor restrictions	(34)	1,886,569	350	5,559	-	1,892,444
Change in net assets (deficit)	(172,756)	4,197,195	489,769	(112,682)	-	4,401,526
Net Assets (Deficit), Beginning	3,143,078	45,509,590	1,538,260	(2,556,587)	-	47,634,341
Net Assets (Deficit), Ending	$ 2,970,322	$ 49,706,785	$ 2,028,029	$ (2,669,269)	$ -	$ 52,035,867