



a
Licensed Continuing Care Retirement Community
of
Messiah Home

Location:
Messiah Lifeways at Messiah Village
100 Mt. Allen Drive
Mechanicsburg, Pennsylvania 17055
Telephone (717) 697-4666

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.

TABLE OF CONTENTS

Important Information to Prospective Residents	3
Summary of Disclosure Statement	4
Disclosure Statement	7
Name and Business Address	7
History and Organization	7
Controlling Parties & Description of Interest in or Occupation with the Provider	7
Disclosure of Related Party Contracts	8
Disclosure of Felony Convictions, Felony Charges, Civil Actions, Court Orders, License Suspensions, Etc.	8
Affiliations with Religious, Fraternal, Charitable, and Non-Profit Organizations	8
Description of Physical Property	10
Residential Living Fees	11
Payment of a One-Time Entrance Fee	11
Entrance Fee Plans	13
Refund Policy	14
Payment of Monthly Service Fee	15
Personal Care and Nursing Fees	16
Frequency and Average Dollar Amount of Increase in Periodic Rates for the Previous Five Years	20
Average Annual Cost of Providing Services	20
Escrow and Reserve Funds	20
Financial Statements	21
Residency Agreement	21
Right to Rescind	21
Resident Right to Organize	22

Exhibits

Exhibit "A"	Board of Directors and Officers
Exhibit "B"	Business Experience of Officers
Exhibit "C"	Residency Agreement
Exhibit "D"	Entrance Fees and Monthly Service Fees
Exhibit "E"	Table Showing Frequency & Average Dollar Amount of Each Increase in Periodic Rates for the Previous 5 Years
Exhibit "F"	Average Cost of Providing Care & Services During Most Recent 12 Months
Exhibit "G"	Projected Financial Analysis
Exhibit "H"	Financial Statements - Messiah Lifeways and Controlled Entities

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 Home. A copy of the Residency Agreement is attached. Your receipt of this Disclosure Statement creates no obligation on your part to execute and deliver the Residency Agreement to Messiah Home, nor does it create any obligation on the part of Messiah Home.

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 Home, d/b/a Messiah Lifeways at Messiah Village (“Messiah Village”), is a Pennsylvania, charitable 501(c)(3) nonprofit corporation that operates a continuing care retirement community (“CCRC”). Messiah Village is in a covenant relationship with the Brethren in Christ Church and was originally incorporated in 1896 for the purpose of addressing the needs of the aging as the Messiah Rescue and Benevolent Home. Operations began on Bailey Street in Harrisburg and later moved to a location on Paxton Street in Harrisburg. In 1964, an amendment to the Articles of Incorporation changed the legal name to Messiah Home. In 1978, Messiah Home moved to its present location in Upper Allen Township, Cumberland County, Pennsylvania. At that time Messiah Home began doing business as Messiah Village until broadening the brand name in February 2012 when it began doing business as Messiah Lifeways at Messiah Village. Effective July 1, 2012, Messiah Village underwent an internal corporate reorganization, whereby Messiah Lifeways, a newly created Pennsylvania nonprofit corporation, became the sole member and parent of Messiah Village.

Licensed Provider: The licensed provider is Messiah Home, located at 100 Mt. Allen Drive, Mechanicsburg, PA 17055. Phone: 717.591.7224.

Person to be Contacted to Discuss Living at Messiah Village:

Residential Living Welcome Center

100 Mt. Allen Drive

Mechanicsburg, PA 17055

Phone: 717.591.7224

Fax: 717.458.8722

Email: life@messiahlifeways.org

Web: MessiahLifeways.org

Description of Property: Messiah Village is located at 100 Mt. Allen Drive, Mechanicsburg, PA 17055 on 80 acres in a suburban area of Cumberland County. The Residential Living accommodations currently include 221 apartments and 154 cottages. The apartments are located in three separate areas on campus: Village Commons, which is the original apartment building, Village Square which opened in October 2017, and Bailey Street which opened in September 2023. The campus also has 163 personal care apartments and is licensed for a 139-bed skilled nursing center. A description of the services and facilities begins on page 7.

Age Requirements: The minimum entrance age for Residential Living at Messiah Village is 62 years of age prior to the date of occupancy.

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

Messiah Family Services (d/b/a Messiah Lifeways at Mount Joy Country Homes) is licensed as a CCRC and provides Residential Living services on approximately 31 acres of land in Mount Joy, Lancaster County, PA. Messiah Lifeways Community Support Services operates a home care agency, an adult day center, and two senior centers in Cumberland County.

The parent entity, Messiah Lifeways, elects the Messiah Home 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 Village supports the corporation's efforts to provide a network of services for older adults that includes resident communities, enrichment opportunities, and community support services. Messiah Lifeways provides administrative, accounting, human resources, gift development, information technology, and marketing services to Messiah Home through a Management Agreement for which Messiah Home pays a monthly fee.

Neither the Brethren in Christ Church, nor any other person or entity, is responsible for the liabilities of Messiah Home (except for Messiah Lifeways, Messiah Family Services, and Messiah Lifeways Community Support Services) or the fulfillment of its anticipated contractual obligations to its residents.

Current Resident Population: Residents by type of accommodation as of October 1, 2023:

<u>Messiah Village Campus</u>	<u>Units/Beds</u>	<u>Residents</u>
Residential Living Cottages	154	205
Residential Living Village Commons Apartments	124	141
Residential Living Village Square Apartments	84	108
Bailey Street Apartments	13	0
Nursing Care	139	113
Personal Care	163/238	137

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

	Cottages	Apartments - Village Commons	Apartments - Village Square	Apartments - Bailey Street
Entrance Fee (0% Option)	\$188,900 - \$447,200	\$187,500 - \$288,400	\$273,700 - \$412,300	\$150,000
Monthly Fee	\$1,642 - \$2,253	\$1,914 - \$2,440	\$2,863 - \$4,321	\$1,800

The monthly fee is increased for double occupancy by \$389.00 on Village Commons Apartments, Bailey Street Apartments and Cottages, and by \$565.00 on the Village Square Apartments.

Taxable Status: Messiah Home 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 Home, d/b/a Messiah Lifeways at Messiah Village (“Messiah Village”), is a Pennsylvania, charitable 501(c)(3) nonprofit corporation that operates a continuing care retirement community (“CCRC”). Messiah Village is located at 100 Mt. Allen Drive, Mechanicsburg, PA 17055 on 80 acres in a suburban area of Cumberland County. Phone: 717.591.7224. Messiah Village is an affiliated entity of Messiah Lifeways, Messiah Family Services, and Messiah Lifeways Community Support Services.

History and Organization

Messiah Village is in a covenant relationship with the Brethren in Christ Church and was originally incorporated in 1896 for the purpose of addressing the needs of the aging as the Messiah Rescue and Benevolent Home. Operations began on Bailey Street in Harrisburg and later moved to a location on Paxton Street in Harrisburg. In 1964, an amendment to the Articles of Incorporation changed the legal name to Messiah Home. In 1978, Messiah Home moved to its current location in Upper Allen Township, Cumberland County, Pennsylvania. At that time Messiah Home began doing business as Messiah Village until broadening the brand name in February 2012 when it began doing business as Messiah Lifeways at Messiah Village. Effective July 1, 2012, Messiah Village underwent an internal corporate reorganization, whereby Messiah Lifeways, a newly created Pennsylvania nonprofit corporation, became the sole member and parent of Messiah Village.

As an affiliate of Messiah Lifeways, bylaws for Messiah Village were amended and restated, effective July 1, 2012. The Board of Directors of Messiah Village will be composed of no more than 9 members and each shall be elected by Messiah Lifeways. 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 Village 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 Village is governed by a Board of Directors. Under the amended and restated bylaws effective July 1, 2012, Directors are elected by Messiah Lifeways, except that the President and Chief Financial Officer of Messiah Lifeways are not elected but serve as Directors of Messiah Village by virtue of their employment by Messiah Lifeways. The Board shall at all times include

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 names and business addresses of the Directors are attached as **Exhibit A**.

A description of the background and experience of management personnel of Messiah Village 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 Village or in an entity that has provided \$500 or more in goods or services to Messiah Village.

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

Neither the Provider, nor its board members have (a) 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.

Affiliations with Religious, Fraternal, Charitable, and Non-Profit Organizations

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

Messiah Lifeways is a Pennsylvania non-profit corporation headquartered in Mechanicsburg, Pennsylvania that provides a network of services for adults 55 and older living in south central Pennsylvania with roots tracing back to 1896, when the Brethren in Christ Church founded Messiah Home in Harrisburg, Pennsylvania to serve older adults with Christ-like love. A covenant relationship between Messiah Lifeways (and its affiliates) and the Brethren in Christ Church continues to the present time.

At least 51% of the Messiah Lifeways Board of Directors must be active members of a Brethren in Christ Church congregation and approved by the Brethren in Christ Church's General Conference Board. The Messiah Lifeways Board of Directors appoints the Board of Directors of Messiah Village, MFS and MLCSS. The Brethren in Christ Church is not responsible for any of the financial obligations, debt or contractual obligations of any of the members of the consolidated corporation.

Messiah Lifeways operates exclusively for the support and benefit of Messiah Village, MFS, and MLCSS. Collectively, the consolidated corporation represents "Messiah Lifeways and Controlled Entities". Messiah Lifeways provides management, administrative and related services to the affiliated organizations. 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 services, wellness, lifelong learning and other services that directly or indirectly improve the safety and well-being of persons 55 and better.

Messiah Lifeways and Messiah Village have a Management Agreement in place for Messiah Lifeways to provide to Messiah Village administration, general management, human resources, information technology, marketing, gift development, construction services, and financial functions for which Messiah Village pays a monthly management fee. Messiah Village leases office space to Messiah Lifeways for the performance of these administrative functions through a Lease Agreement.

MFS is a 501(c)(3) Pennsylvania nonprofit corporation that is licensed as a CCRC that provides Residential Living services on its campus in Mount Joy, Pennsylvania. Messiah Lifeways provides administrative, accounting and marketing services to MFS through a Management Agreement for which MFS pays a monthly fee. Messiah Village provides certain maintenance services and is reimbursed on an hourly basis.

MLCSS is a 501(c)(3) Pennsylvania nonprofit corporation which provides home care services to residents of Messiah Village and MFS as well as the surrounding communities. MLCSS also operates an adult day center, two senior centers, and respite care.

Messiah Lifeways has a Management Agreement with MLCSS to provide administration, general management, human resources, information technology, marketing, gift development, and financial functions for which MLCSS pays a monthly management fee. Messiah Village also leases space and vehicles to MLCSS in exchange for a monthly rental payment.

Neither the Brethren in Christ Church nor any other person or entity is responsible for the liabilities of Messiah Village (except for Messiah Lifeways, Messiah Family Services, and Messiah Lifeways Community Support Services) or the fulfillment of its anticipated obligations to its residents.

Description of Physical Property

Messiah Village is located in Upper Allen Township of Cumberland County, near Mechanicsburg, Pennsylvania. The 80-acre campus is in a suburban area of Upper Allen Township in close proximity to shopping and cultural centers in the central Pennsylvania area and a PA Turnpike entrance.

The types of Residential Living accommodations available include 146 two-bedroom cottages, 8 one-bedroom cottages, 133 two-bedroom apartments, 77 one-bedroom apartments, and 11 studio apartments. The cottages are built as single-family residences, single level duplexes and quadruplexes. The apartments are located within three areas of campus: Village Commons, which consists of two connected mid-rise buildings; Village Square, which includes underground parking and common areas including wellness and enrichment centers along with two dining venues; and Bailey Street, which is located on the ground floor of Village Center, physically located below two floors of personal care.

Messiah Village offers Personal Care in 163 two-bedroom, one-bedroom and studio apartments in a three-story building located in Village Center (personal care occupies the upper two floors and the Bailey Street independent living apartments occupy the ground floor). Messiah Village offers various levels of Personal Care Services: Basic, Personal Support, Memory Support, Health Support, and Respite. The 84 apartments in the Laurel building provide Memory and Health Support, offering programs specifically designed and programmed for persons with Alzheimer's disease or related disorders. Included within the 163 are 26 personal care apartments in the Hopewell building that opened in December 2017.

Messiah Village offers skilled nursing care in a 139-bed skilled nursing care facility located in Village Center. An 18-bed neighborhood in the nursing care facility is specially designed and programmed for care of persons with Alzheimer's disease or related disorders. The facility also provides restorative care and rehabilitative services such as physical therapy, occupational therapy and speech therapy. Project Envision added two new nursing neighborhoods with 16 private accommodations each. The two new neighborhoods opened in August 2017. There was no net increase of skilled nursing beds as 32 semi-private rooms were renovated and converted to private rooms.

Other facilities and services available at Messiah Village include:

- Business Center
- Cable/Satellite TV
- Chapel
- Children's Daycare
- Community Rooms
- Craft Rooms
- Dining Venues
- Disc Golf Course
- Exercise Rooms
- Gift Shops
- Hobby Shops
- Libraries
- Nature Trail
- Home Health Services
- Pharmacy
- Physician Practice
- Picnic Pavilion
- Pond
- Professional Office Suite
- Rehabilitative Therapies
- Salons/Barber
- Security
- Shuffleboard
- Swimming Pool
- Telephone
- Transportation
- WiFi (Village Square and certain common areas on campus)

Residential Living Fees

Payment of a One-Time Entrance Fee

Continuing care services are provided to residents who occupy a Residential Living home 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 home as a CCRC resident.

A. Payment Schedule for Completed Residences

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

a. Reservation Fee

A resident will pay \$500.00 to Messiah Lifeways at Messiah Village, 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, then 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.

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.

B. Payment Schedule for Unbuilt Residences

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

a. Ten Percent (10%) Deposit of Entrance Fee

Resident will pay 10% of the entrance fee at the time of executing the Reservation Agreement.

b. Payment for Unbuilt Residence Upgrades

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

c. Balance of Entrance Fee and Structural Upgrades

At the time of Settlement, resident will pay the remaining balance of the entrance fee. This payment reflects the remaining balance of the total entrance fee less the 10% deposit fee.

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 14 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 14 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 remaining fifty percent (50%) of the entrance fee will be amortized on a decreasing basis over a period of fifty (50) months. 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 14 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 remaining ten percent (10%) of the entrance fee will be immediately amortized in full by Messiah Village and will not be available as a refund.

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

In the event that Messiah Village, subsequent to the execution of a Reservation Agreement for a new residence or a Residency Agreement for an existing residence, engages in marketing activities which include promotional offers whereby the type of residence 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). Messiah Village 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

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 a completed residence, Messiah Village will retain the reservation fee and, if applicable, the interim payment, and for unbuilt residences, Messiah Village shall retain the processing fee.

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 Messiah Village 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 Messiah Village, 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 Messiah Village 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 Messiah Village in accordance with Messiah Village's 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 14 of the Residency Agreement. Such refund is subject to deductions for any amounts deducted to cover costs incurred by Messiah Village 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 Messiah Village.

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

Payment of a Monthly Service Fee

Messiah Village reserves the right, at any time, upon thirty (30) days' notice to the resident, to adjust the Monthly Service Fees. The Monthly Service 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
- Maintenance of grounds/snow removal
- Repair, maintenance, and replacement of property and equipment provided by Messiah Village
- Insurance of the building
- Television service (basic)
- Real estate taxes
- Heat and air conditioning in Allegheny and Tuscarora Apartments
- All electric and gas including heat and air conditioning in Village Square Apartments
- Monthly Dining Dollar allowance, which may be used for purchasing food services at the campus dining venues for residents or their guests (applicable to those moving in after July 1, 2015)
- Limited scheduled local transportation
- Priority admission to the Personal Care and Nursing centers, as space is available, at the rates then applicable
- Use of common facilities, such as dining venues, lobbies, chapel, library and social areas
- Recreational facilities including the indoor swimming pool, wellness center and walking trails
- Pastoral Ministries, Activities, Security, and Social Services
- Open parking spaces
- Covered parking space (Village Square Apartments only)
- Housekeeping of all public areas
- Bi-monthly housekeeping in Village Square Apartments
- Guest Wi-Fi in Village Square and Certain common areas on campus

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

- Electricity in cottage homes and Allegheny and Tuscarora Apartments
- Heat and air conditioning and gas in the cottage homes

- Meals
- Telephone and internet service
- Redecoration, including interior paint and flooring
- Personal care and nursing care on a space-available basis
- Adult day services; respite services
- Licensed Nurse to triage medical concerns
- Home care services: Personal, In-Home and Technology Solutions
- Home Health services
- Salon/Barber services
- Off campus Transportation
- Podiatrist
- Rehabilitative Therapies (physical, occupational and speech therapy)
- Prescription drugs
- Audiology Services
- Psychiatry/Psychology Services
- Special Maintenance & Grounds projects

Reference should be made to the Residency Agreement for further information. A copy is attached at **EXHIBIT C**.

Personal Care and Nursing Fees

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.

The personal care and nursing care contracts signed by residents of Messiah Village are fee-for-service contracts. If a resident needs personal care or nursing care services, a new agreement is signed for that level of care.

Individuals entering Messiah Village's nursing and personal care centers pay a daily rate per person. Except for individuals entering Messiah Village's nursing center under a third-party payment arrangement, individuals entering Messiah Village's nursing and personal care homes who are not Residential Living residents of Messiah Village are also required to pay a non-refundable admission fee of \$500 for nursing or \$750 for personal care. The schedule on the next page summarizes the daily fees for Personal Care and Nursing Care effective July 1, 2023.

Personal Care		Daily Rate Per Person	
		Single	Double
Basic Services			
Juniata	(250 Sq. Ft.)	\$134	N/A
Delaware	(275 Sq. Ft.)	\$138	N/A
Ohio	(377 Sq. Ft.)	\$177	\$114
Susquehanna/Brandywine	(492 Sq. Ft.)	\$216	\$133
Winfield	(532 Sq. Ft.)	\$229	\$139
Bradford/Belmont	(592-608 Sq. Ft.)	\$249	\$149
Augusta	(767 Sq. Ft.)	\$308	\$178
Personal Support Services			
Juniata	(250 Sq. Ft.)	\$215	N/A
Delaware	(275 Sq. Ft.)	\$219	N/A
Ohio	(377 Sq. Ft.)	\$258	\$195
Susquehanna/Brandywine	(492 Sq. Ft.)	\$297	\$214
Winfield	(532 Sq. Ft.)	\$310	\$220

Bradford/Belmont	(592-608 Sq. Ft.)	\$330	\$230
Augusta	(767 Sq. Ft.)	\$389	\$259
Health Support Services and Respite			
Juniata	(250 Sq. Ft.)	\$267	N/A
Delaware	(275 Sq. Ft.)	\$271	N/A
Ohio	(377 Sq. Ft.)	\$310	\$247
Susquehanna/Brandywine	(492 Sq. Ft.)	\$349	\$266
Winfield	(532 Sq. Ft.)	\$382	\$272
Bradford/Belmont	(592-608 Sq. Ft.)	\$382	\$282
Augusta	(767 Sq. Ft.)	\$441	\$311

Health Support Plus			
Juniata	(250 Sq. Ft.)	\$288	N/A
Delaware	(275 Sq. Ft.)	\$292	N/A
Ohio	(377 Sq. Ft.)	\$331	\$268
Susquehanna/Brandywine	(492 Sq. Ft.)	\$370	\$287
Winfield	(532 Sq. Ft.)	\$383	\$293

Bradford/Belmont	(592-608 Sq. Ft.)	\$403	\$303
Augusta	(767 Sq. Ft.)	\$462	\$332

Memory Support			
Juniata	(250 Sq. Ft.)	\$291	N/A
Delaware	(275 Sq. Ft.)	\$295	N/A
Ohio	(377 Sq. Ft.)	\$334	\$271
Susquehanna/Brandywine	(492 Sq. Ft.)	\$373	\$290
Winfield	(532 Sq. Ft.)	\$386	\$296
Bradford/Belmont	(592-608 Sq. Ft.)	\$406	\$306
Augusta	(767 Sq. Ft.)	\$465	\$335

Nursing	Daily Rate Per Person	
	Semi-Private	Private
Long-Term Nursing Care	\$471	\$517-521
Memory Care Neighborhood	\$495	\$542

Frequency and Average Dollar Amount of Increase in Periodic Rates for the Previous Five Years

Messiah Village has been operating as a licensed CCRC since 1986. 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

Pursuant to the Continuing Care Provider Registration and Disclosure Act (“Act 82”), a provider must establish and maintain a specified dollar amount of liquid reserves.

Messiah Village has designated its Heritage Fund to meet the reserve requirements of Act 82. These funds (\$39,837,847 as of June 30, 2023) are invested in instruments which are easily converted to cash such as money market funds, marketable securities and mutual funds.

This reserve requirement is shown as a separate line item on the Balance Sheet. These funds are invested by PNC Investment Advisors in consultation with the Chief Financial Officer and the Finance and Shared Services Committee of the Messiah Lifeways Board of Directors.

The minimum liquid reserve amount for Messiah Village as of June 30, 2023 was determined to be \$3,300,000. Calculations establishing the reserve requirement are described below.

Budgeted debt service for fiscal year 2024:	
Principal	\$1,835,091
Interest	3,277,037
Total debt service requirements	5,112,128
Residents subject to entrance fee contracts	64.31%
Statutory Minimum Liquid Reserve	\$3,287,610

Entrance Fee Escrow Account

Any and all deposits made prior to the occupancy date by the resident toward the total entrance fee for a Residential Living unit 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, CPA, and is attached as **EXHIBIT G**.

Residency Agreement

The Residency Agreement governs the relationship and explains the mutual obligations between the resident and Messiah Village. 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 binding arbitration provision. Residents should review the Residency Agreement for further explanation. See **EXHIBIT C**.

Messiah Village also offers a Rental Agreement option to prospective residents seeking to reside in a Bailey Street apartment. The Rental Agreement provides for a monthly rental fee, but no entrance fee, and is not subject to review and approval by the Pennsylvania Insurance Department.

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 or apartment 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 Messiah Village. 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 of Messiah Village designated by a member of the Board of Directors will hold quarterly meetings with residents for purposes of free discussion of topics related to living at Messiah Village. 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 Messiah Village 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 MESSIAH VILLAGE
EXHIBIT "A"
Messiah Home Board of Directors

Name	Business Address
Karl Brummer, Chair	100 Mt. Allen Drive, Mechanicsburg, PA 17055
Kim Valvo, Vice Chair	100 Mt. Allen Drive, Mechanicsburg, PA 17055
Jarrod Leo, Corporate Secretary/ Treasurer	100 Mt. Allen Drive, Mechanicsburg, PA 17055
Mitch Martin	100 Mt. Allen Drive, Mechanicsburg, PA 17055

MESSIAH LIFEWAYS AT MESSIAH VILLAGE

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, Ms. Valvo 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 and US News and World Report. 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. She also supports campus services and dining at both campuses.

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, and Welcome Centers. 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 MESSIAH VILLAGE
EXHIBIT "C"
Residency Agreement

(Separate attachment)



**RESIDENTIAL LIVING
RESIDENCY AGREEMENT**

FOR

MESSIAH HOME

**D/B/A MESSIAH LIFEWAYS
AT MESSIAH VILLAGE**

August 2023

Table of Contents

	Page
Definitions of Words and Phrases	7
SECTION 1: Background	10
SECTION 2: Provisions for Residency	10
2.1 Age	10
2.2 Health and Safety	10
2.3 Financial	10
SECTION 3: Residential Residence	11
3.1 Settlement and Designated Occupancy Date	11
3.2 Extended Designated Occupancy Date	12
3.3 Right of Occupancy	12
SECTION 4: Entrance Fee Refund Options	12
SECTION 5: Entrance Fees	12
5.1 Payment Schedule for Completed Residences	13
(a) Reservation Fee	13
(b) Interim Payment for Structural Upgrades	13
(c) Payment for Finishing Upgrades	13
(d) Balance of Entrance Fee and Structural Upgrades	13
5.2 Payment Schedule for Unbuilt Residences	14
(a) Ten Percent (10%) Deposit of Entrance Fee	14
(b) Execution of Residency Agreement	14
(c) Payment for Unbuilt Apartment Upgrades	14
(d) Balance of Entrance Fee	14
5.3 Use of Entrance Fee	15
SECTION 6: Monthly Service Fee	15
6.1 Payment and Due Date	15
6.2 Other Charges	15
6.3 Responsibility for Monthly Service Fee	15
6.4 Service Charge for Late Payment	16
SECTION 7: Furnishings and Structural, Finishing and Unbuilt Apartment Upgrades After Occupancy	16
7.1 Furnishings	16
7.2 Structural, Finishing and Unbuilt Apartment Upgrades After Occupancy	16
SECTION 8: Common Areas	17

SECTION 9: Available Services	17
9.1 Food Service	17
9.2 Utilities	17
9.3 Assessments	18
9.4 Telephone Service	18
9.5 Cable Television	18
9.6 Maintenance and Repair of Equipment	18
9.7 Maintenance of Grounds	19
9.8 Insurance	19
9.9 Administration	19
9.10 Housekeeping	19
9.11 Transportation	19
9.12 Security & Response Call System	19
9.13 Parking	20
9.14 Additional Miscellaneous Services	20
9.15 Storage Facilities	20
9.16 Changes in Services	20
SECTION 10: The Messiah Village Continuum	20
10.1 Nursing Care and Personal Care at Messiah Village	21
(a) Limitation on Services Provided by Messiah Village	21
(b) Health Care Services & Liability for Healthcare Costs	22
(c) Liability for Health Services	22
(d) Temporary Transfer	22
(i) Single Occupancy	22
(ii) Double Occupancy	22
(e) Permanent Transfer	23
(i) Single Occupancy	23
(ii) Double Occupancy	23
10.2 Nursing or Companion Services	23
10.3 Hospitalization	24
10.4 Accident or Illness Away From Messiah Village	24
10.5 Decision to Transfer	24
SECTION 11: Financial Assistance	25
11.1 Future Services	25
11.2 Inability to Pay	25
11.3 Change in Financial Status	25
11.4 Disclosure of Financial Information	26
SECTION 12: Marriage and/or Additional Occupants	26
12.1 Non-Resident	26
12.2 Other Resident	26
12.3 Divorce/Separation	27
12.4 Separation of Unmarried Co-Residents	27

SECTION 13: Termination of Agreement	27
13.1 Termination by Resident	27
(a) Rescission Period	27
(b) Prior to Occupancy	28
(c) After Occupancy	28
13.2 Termination by Messiah Village	28
(a) Prior to Occupancy	28
(b) After Occupancy	28
(c) Termination by Death	29
(d) Termination Upon Permanent Transfer	29
(e) Surrender	30
(f) Further Obligations and Release Upon Termination	30
 SECTION 14: Refund of Entrance Fee	 30
14.1 Termination Before Occupancy	30
14.2 Termination After Occupancy	31
(a) Plan A - Zero Percent Refundable Plan	31
(b) Plan B - 50% Refundable Plan	31
(c) Plan C - 90% Refundable Plan	32
14.3 Double Occupancy-Limitation on Availability of Refund	32
14.4 No Accrual of Interest	32
14.5 Conditions and Due Date for Payment of Refund	32
14.6 Distribution of Refund Upon Death	33
(a) Single Occupancy	33
(b) Double Occupancy	33
(c) Resident Predeceases Spouse in Personal Care or Nursing Care	33
 SECTION 15: Option to Move to Another Residence	 33
15.1 Option After Occupancy	33
15.2 Costs of Election to Move	34
15.3 Option to Move Addendum	34
 SECTION 16: Arrangements for Guardianship and for Estate	 34
16.1 Legal Guardian	34
16.2 Powers of Attorney and Advance Directives	34
(a) Power of Attorney	34
(b) Living Will	35
 SECTION 17: Rights and Obligations of Resident	 35
17.1 Right of Self-Organization	35
17.2 Right to Receive Disclosure Statements	36
17.3 Guest Privileges	36
17.4 Rights to Property/Subordination	36
17.5 Inspection of Residence and Right of Entry	36
17.6 Housekeeping/Housecleaning Responsibilities	37
17.7 Health Insurance and Third-Party Payments	37

(a) Required Insurance	37
(b) Assignment of Required Insurance and Third-Party Payments	37
(c) Long-Term Care Insurance	38
17.8 Automobile Insurance	38
17.9 Reduction of Income or Other Resources	38
17.10 Medical Examinations	39
17.11 Responsibility for Property Damage to Messiah Village	39
(a) Responsibility for Condition of Residence Upon Termination	39
(b) Property Damages Caused by Resident	39
17.12 Release Regarding Conduct of Other Residents or Guests	39
17.13 Responsibility for Resident's Personal Property	39
17.14 Rules, Regulations, Policies and Procedures	39
17.15 Rights of Resident Are Personal and Non-Transferable	40
 SECTION 18: Average Annual Cost of Providing Services	 40
 SECTION 19: Casualty Loss	 40
 SECTION 20: Renovation of Residence	 41
 SECTION 21: Severability	 41
 SECTION 22: Acts of Forbearance	 41
 SECTION 23: Entire Agreement	 41
 SECTION 24: Indemnification	 42
 SECTION 25: Subrogation	 42
 SECTION 26: Notice	 42
 SECTION 27: Messiah Village Dispute Resolution Procedure	 43
27.1 Reporting Complaints	43
 SECTION 28: Miscellaneous Provisions	 43
28.1 Resident Continuing Disclosure Obligation	43
28.2 Receipt of Disclosure Statement and Resident Handbook	43
28.3 Messiah Village Modification of Agreement and Policies	43
28.4 Binding Effect	44
28.5 Governing Law	44
28.6 Non-Waiver	44
28.7 Limitations on Private Cause of Action	44
 AGREEMENT AUTHORIZATIONS AND SIGNATURES	 45

NOTICE OF RIGHT TO RESCIND	46
Attachment A: Messiah Village Conditions of Occupancy/Transfer Guideline Policy	47
Attachment B: Schedule of Upgrades	50
Attachment C: Statement on Stewardship and Financial Assistance	51
Attachment D: Costs of an Election to Move to Another Residence at Messiah Village	53
Attachment D1: Messiah Village Worksheet	54
Attachment D2: Messiah Village Worksheet	55
Attachment E1: Settlement Sheet – Completed Residences	56
Attachment E2: Settlement Sheet – Unbuilt Apartment Upgrades	57
Attachment F: Entrance Fee Refund Options and Descriptions	58
Attachment G: Voluntary Mediation and Binding Arbitration	59

DEFINITIONS OF WORDS AND PHRASES

ADDITIONAL OCCUPANT: An individual who, after Resident takes Occupancy, applies and is accepted for residency at Messiah Village to occupy the same Residence.

ANCILLARY FEE SCHEDULE: A publication reflecting current charges for ancillary and miscellaneous services rendered by Messiah Village and is subject to change from time to time.

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

BENEVOLENT CARE POLICY: Messiah Village's policy regarding the possibility of providing financial assistance or subsidy to Resident in accordance with this Agreement. Resident is obligated to comply with the Statement on Stewardship and Financial Assistance (See Attachment C).

CO-RESIDENT: One of two individuals who signs as Resident initially to occupy a Residential Residence.

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

CONTINUING CARE: The provision by Messiah Village of accommodations and services to Resident in a residential accommodation at Messiah Village, or in Personal Care or Nursing Care, until the termination of this Agreement.

DAILY RATE: The daily charge for routine Personal Care or Nursing Care services. It does not include charges for ancillary or miscellaneous services.

DESIGNATED OCCUPANCY DATE: The date designated by Messiah Village that Resident may accept Occupancy of the Residence.

DOUBLE OCCUPANCY: Two individuals initially residing in a Residence.

DOUBLE OCCUPANCY FEE: The additional fee for a second occupant of the Residence. This charge is reflected in the Monthly Service Fee.

ENTRANCE FEE: The charge for residency at Messiah Village. The amount of the Entrance Fee is based on the type of Residence, other features and the refund option selected.

FINISHING UPGRADES: Available options for a completed 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. The cost of Finishing Upgrades is non-refundable except if Resident terminates this Agreement during the seven (7) day rescission period.

INTERIM PAYMENT: An amount equal to twenty-five percent (25%) of the estimated cost of any Structural Upgrades for completed residences.

MEDICAL DIRECTOR: The physician designated by Messiah Village to supervise the medical affairs of Messiah Village.

MONTHLY SERVICE FEE: The monthly charge for Occupancy of a Residence at Messiah Village. The amount of the Monthly Service Fee is based on the number of occupants and style of Residence. In situations of Double Occupancy, it includes the Double Occupancy Fee.

NURSING CARE: The services provided in the licensed nursing care facility owned and operated by Messiah Village.

OCCUPANCY: The right of possession and use of the Residence, including the receipt of keys to the Residence. Resident must take Occupancy of the Residence within thirty (30) days of the Designated Occupancy Date.

PERSONAL CARE: The services provided in the licensed personal care home owned and operated by Messiah Village, which services include assistance with activities of daily living.

PROCESSING FEE: For unbuilt residences, an amount equal to Five Hundred Dollars (\$500) which is forfeited by Resident if Resident fails to pay in accordance with the terms and conditions of this Agreement.

RATE SCHEDULE: A publication reflecting current charges for services rendered by Messiah Village 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 Messiah Village.

RESERVATION AGREEMENT: For unbuilt residences, the agreement executed by Resident upon payment of the ten percent (10%) deposit.

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

RESIDENCE: The Residential apartment or cottage occupied by Resident under this Agreement.

RESIDENT: One or two individuals who sign this Residency Agreement to occupy initially one Residence at Messiah Village.

RESIDENT REVIEW COMMITTEE: The committee consisting of administrative and health care professionals who have the responsibility for implementing the policies and procedures relating to Resident level of living transfers.

RESIDENT HANDBOOK: A publication reflecting the general rules, policies and administrative procedures of Messiah Village. Resident is obligated to comply with Messiah Village rules, 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.

SETTLEMENT: Payment of final entrance fee payment prior to or on the Designated Occupancy Date.

SINGLE OCCUPANCY: One individual initially residing in the Residence.

STRUCTURAL UPGRADES: Available improvements to a completed 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 to occupy a Residential Living Accommodation (i.e. the Residence at Messiah Village, or an accommodation in Nursing or Personal Care at Messiah Village), to remove all possessions from it, and to return all keys, garage door opener, television remote, if applicable.

UNBUILT APARTMENT UPGRADES: Improvements to an unbuilt residence that are temporary or permanent in nature (i.e., flooring, trim, light fixtures, fireplace, and deck), which are not considered part of the Entrance Fee and will not be considered in calculating any applicable Entrance Fee refunds. The cost of Unbuilt Apartment Upgrades is non-refundable.



RESIDENCY AGREEMENT
100 Mt. Allen Drive
Mechanicsburg, Pennsylvania 17055

This Agreement, made this _____ day of _____, 20____, is between MESSIAH HOME, a Pennsylvania non-profit corporation d/b/a Messiah Lifeways at Messiah Village, (hereinafter referred to as “Messiah Village”) and _____ (hereinafter referred to as “Resident” and where two individuals sign this Agreement for Double Occupancy, they are called collectively “Resident” where the context permits and individually “Co-Resident”).

SECTION 1: BACKGROUND

Messiah Village operates a continuing care retirement community consisting of Residential Living cottages and apartments, Nursing Care, Personal Care and access to enrichment and community support services at the Messiah Village campus located at 100 Mt. Allen Drive, Mechanicsburg, Pennsylvania. Messiah Village is affiliated with the Brethren in Christ Church. The Brethren in Christ Church is not responsible for any of the financial or contractual obligations of Messiah Village.

SECTION 2: PROVISIONS FOR RESIDENCY

2.1 Age.

It is the policy of Messiah Village that each Resident must be at least sixty-two (62) years of age at the commencement of Occupancy of the Residence.

2.2 Health and Safety.

Each Resident must be capable of complying with the Conditions of Occupancy/Transfer Guideline Policy at the commencement of Occupancy so as to be able to live safely in the Residence, without posing a risk to themselves or others. The Conditions of Occupancy are reflected in the criteria specified on Attachment A.

2.3 Financial.

Resident must have annual income sufficient to pay the anticipated Monthly Service Fee for the Residence selected and to pay normal living expenses outside of the services to be

provided by Messiah Village. Additionally, Resident must have net worth, annual income or long-term care insurance that, in accordance with Messiah Village policy, is sufficient to pay the Entrance Fee and costs related to future care. A Confidential Application which includes a Financial Disclosure Statement must be completed by Resident and will become part of this Agreement. Resident agrees to supply sufficient documentation to substantiate net worth, annual income and long-term care insurance coverage when requested by Messiah Village.

Resident represents that the resources listed in the Application for Residency are and will remain available to pay for the housing, care and services at Messiah Village. Resident agrees to preserve sufficient assets and income to satisfy Resident's financial obligations to Messiah Village and hereby commits not to give, transfer or assign assets or income during Resident's residency to any person, trust or organization unless Resident has retained, in Resident's name, sufficient assets and income to satisfy Resident's financial obligations to Messiah Village for the duration of Resident's residency in Messiah Village.

SECTION 3: RESIDENTIAL RESIDENCE

This Agreement applies to the following Residence at Messiah Village, which has been selected by Resident:

Address _____

Style _____

Designated Occupancy Date _____

Expected Settlement Date _____

Messiah Village shall provide Resident with the Residence, common facilities and services specified in this Agreement, beginning on the Designated Occupancy Date provided to Resident by Messiah Village or the actual occupancy date, whichever is earlier, and continuing until the termination of this Agreement.

3.1 Settlement and Designated Occupancy Date.

The Residence is expected to be available for Occupancy on or about _____, 20__ (the "Designated Occupancy Date"). Resident and Messiah Village shall complete Settlement by that date and the Resident may take possession of the Residence on that date. In the event that the Resident fails to complete Settlement by the Designated Occupancy Date and the Residence is available for Occupancy, then Messiah Village in its sole and absolute discretion may elect to terminate this Agreement in accordance with the termination and refund provisions. If the Residence is available for Occupancy before the Designated Occupancy Date, Resident may take possession on

the first available date. The obligation to pay the Monthly Service Fee shall begin upon Occupancy, and the Entrance Fee must be paid in full at the time of Settlement.

3.2 Extended Designated Occupancy Date.

The Designated Occupancy Date and Settlement may be extended by Messiah Village, in its sole discretion, for a period not to exceed six (6) months (i.e., the “Extended Occupancy Date”). Resident shall be provided notice of any extension of the Designated Occupancy Date by certified mail, addressed to the address of Resident. If, however, the Residence is not ready for Occupancy by the Designated or Extended Occupancy Date, and such delay is due to strikes, fire, unusual delay in construction, act of God or any other cause beyond the control of Messiah Village, then the date of Occupancy shall be further extended for a period of time up to three (3) months. In the event of such an extension, the Extended Occupancy Date shall be treated as the Designated Occupancy Date for all obligations under this Agreement. In the event that Resident fails to take possession on the Extended Occupancy Date, then Messiah Village, in its sole and absolute discretion, may elect to terminate this Agreement in accordance with the termination and refund provisions.

3.3 Right of Occupancy.

Resident shall have the right to occupy the Residence at Messiah Village for so long as Resident satisfies the Conditions of Occupancy/Transfer Guideline Policy, which may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or conditions. Resident agrees to provide appropriate information regarding Resident’s ability to meet the Conditions of Occupancy, upon request. Resident will abide by Messiah Village’s Transfer Guideline Policy (See Section 10.5. “The Messiah Village Continuum” of this Agreement and Attachment A).

SECTION 4: ENTRANCE FEE REFUND OPTIONS

Messiah Village offers a choice of Entrance Fee Refund Options as set forth in Attachment F “Entrance Fee Refund Options and Descriptions”.

Resident has selected PLAN _____, which is the _____ percent refund option.

Messiah Village reserves the right to limit the number of Residency Agreements for any of the Entrance Fee Refund Options.

SECTION 5: ENTRANCE FEES

By signing this Agreement and choosing the Entrance Fee refund option referred to above, and having selected a Residence, the Resident has agreed to pay a base Entrance Fee price of:

Entrance Fee: \$ _____ [_____ *initials*]

This base Entrance Fee price that the Resident has agreed to pay for the Residence specified in this Agreement will not be increased by Messiah Village after this Agreement is signed by you and is approved by Messiah Village fully executed. However, in the event that the Resident selects upgraded features, makes structural changes, selects a Residence with a basement option or decides to finish the basement, or makes any additional changes that are outside of the base price for the selected Residence, the Resident agrees to pay the additional amount due to Messiah Village for these features and amenities. In accordance with Section 10.1(c) of this Agreement, the Entrance Fee and Monthly Service Fee do not include future health care services.

5.1 Payment Schedule for Completed Residences.

The payment schedule for the Entrance Fee shall be as follows:

(a) Reservation Fee.

Resident has paid the sum of Five Hundred Dollars (\$500) to Messiah Village, representing the amount of the Reservation Fee.

(b) Interim Payment for Structural Upgrades.

If Resident has selected any Structural Upgrades, then Resident 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. Resident will be notified by Messiah Village 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 the property of Messiah Village 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.

(c) Payment for Finishing Upgrades.

If Resident has selected any Finishing Upgrades, then Resident 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 Resident selects 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.

(d) Balance of Entrance Fee and Structural Upgrades.

At the time of Settlement, Resident 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.

5.2 Payment Schedule for Unbuilt Residences.

The payment schedule for the Entrance Fee shall be as follows:

(a) Ten Percent (10%) Deposit of Entrance Fee.

Resident has paid the sum of \$ _____ [*initials*], representing ten percent (10%) of the Entrance Fee, at the time of executing the Reservation Agreement.

(b) Execution of Residency Agreement.

Resident shall execute this Agreement at the time of Settlement. Failure to execute this Agreement for reasons other than death, illness, injury or incapacity, will result in forfeiture of the Processing Fee and the termination of the Reservation Agreement.

(c) Payment for Unbuilt Apartment Upgrades.

If Resident has selected any Unbuilt Apartment Upgrades, then Resident shall pay the non-refundable sum of \$ _____ [*initials*], representing one hundred percent (100%) of the estimated cost of any Unbuilt Apartment Upgrades, upon the commencement of construction or when Resident selects the Unbuilt Apartment Upgrades, whichever is later. Unbuilt Apartment Upgrades will be set forth on Attachment B. The charge or value of any Unbuilt Apartment 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.

At the time of Settlement, Resident shall pay the sum of \$ _____ [*initials*], representing the remaining balance of the Entrance Fee. This

payment reflects the remaining balance of the total Entrance Fee less the ten percent (10%) of the Entrance Fee deposited. 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 the termination of this Agreement.

5.3 Use of Entrance Fee.

Entrance Fees are available to Messiah Village for any corporate purpose and in any manner that is deemed appropriate by Messiah Village in its sole and absolute discretion. No portion of the Entrance Fee shall be held in trust for Resident.

SECTION 6: MONTHLY SERVICE FEE

Resident agrees to pay Messiah Village a Monthly Service Fee in the amount of \$_____ [_____ *initials*] per month for the first person occupying the Residence, plus an additional \$_____ [_____ *initials*] per month for the Double Occupancy Fee. The Monthly Service Fee may be revised periodically as determined by Messiah Village. Messiah Village will provide at least thirty (30) days advance written notice of any changes in the Monthly Service Fee.

6.1 Payment and Due Date.

Messiah Village will mail Resident, on a monthly basis, a billing statement reflecting the Monthly Service Fee. Invoice amounts are due and payable upon receipt of the Monthly Statement. If any Monthly Service Fee or other charges for care or for miscellaneous or ancillary services are not paid by the end of the month in which the billing statement is received, then Messiah Village may elect to exercise its available rights and remedies under this Agreement, including termination. Messiah Village reserves the right to change from time to time how and when its charges are computed, billed or become due, and to bill the Monthly Service Fee in advance for accommodations or services anticipated to be provided.

6.2 Other Charges.

The monthly invoice shall reflect all other charges incurred during the previous month by Resident for services in addition to those included in the Monthly Service Fee. Invoice amounts are due and payable upon receipt of the Monthly Statement.

6.3 Responsibility for Monthly Service Fee.

In situations of Double Occupancy, each Co-Resident 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, transfers to another level of living or moves from Messiah Village, 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 Nursing Care, 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.

6.4 Service Charge for Late Payment.

A service charge of one percent (1%) per month will be added to amounts past due at the end of the month in which the billing statement is received, and Resident is obligated to pay any service charges. Resident shall be obligated to pay all actual attorneys' fees and costs incurred by Messiah Village relative to the collection of any amounts past due in excess of ninety (90) days.

SECTION 7: FURNISHINGS AND STRUCTURAL, FINISHING AND UNBUILT APARTMENT UPGRADES AFTER OCCUPANCY

7.1 Furnishings.

Messiah Village shall include in the Residence a range, refrigerator, dishwasher, garbage disposal, microwave oven, washer and dryer, heating and air conditioning subject to the provisions of this Agreement. If, however, Resident resides in a Conestoga studio, the Residence shall include a range, refrigerator, garbage disposal, microwave oven, heating and air conditioning, and Resident shall have access to communal washers and dryers subject to the provisions of this Agreement. If, however, Resident resides in a Bailey Street apartment, the Residence shall include a range, refrigerator, microwave oven, heating and air conditioning, and Resident shall have access to communal washers and dryers subject to the provisions of this Agreement.

7.2 Structural, Finishing and Unbuilt Apartment Upgrades After Occupancy.

Structural, Finishing and Unbuilt Apartment Upgrades may be made to the Residence after Occupancy according to the policy of Messiah Village with approval of management staff for Messiah Village. Any Structural Upgrades will be outlined in Attachment B and will be added to the base Entrance Fee price of the selected Residence and will become the property of Messiah Village. Such changes will be added to the Interim Payment described in Section 5 of this Agreement. Any Finishing or Unbuilt Apartment Upgrades will be outlined in Attachment B and will not be added to the base Entrance Fee price of the selected Residence and will become the property of Messiah Village. The cost of any upgrades made subsequent to Occupancy will be the responsibility of Resident. Maintenance of such upgrades will be the responsibility of Messiah Village. If Resident supplies their own appliance, Messiah Village is not responsible for the maintenance of the appliance.

SECTION 8: COMMON AREAS

Resident may use common areas provided by Messiah Village, subject to rules and regulations as provided in the Resident Handbook. Unless otherwise specified in the Resident Handbook or Ancillary Fee Schedule, access to and use and maintenance of these common areas is included in the Monthly Service Fee.

SECTION 9: AVAILABLE SERVICES

9.1 Food Service.

Meals will be served on a daily basis in a variety of dining venues at Messiah Village. In accordance with the Resident Handbook, and as part of the Monthly Service Fee, Resident will receive a Messiah Lifeways Dining Dollars allowance equal to \$ _____ [*initials*] per month and \$ _____ [*initials*] per month for a second occupant which may be used for purchasing food services on the campus dining venues for themselves and for their guests. The Dining Dollars allowance may be used in any dining venue on the campus. Dining Dollars do not have any actual cash value and the amount may be revised periodically as determined by Messiah Village. Any balance remaining on the last day of each month expires and does not carry forward to the next month. If Resident chooses to opt-out of the Dining Dollars allowance, then Resident shall receive a \$ _____ [*initials*] per month credit against the Monthly Service Fee in situations of Single Occupancy or a \$ _____ [*initials*] per month credit against the Monthly Service Fee in situations of Double Occupancy, which applicable credit will be reflected on the Monthly Statement, and which credit is subject to change from time to time. Residents have the ability to update their Dining Dollars status periodically.

Resident elects to **opt-in** [*initials*] or **opt-out** [*initials*] of the Dining Dollars allowance.

9.2 Utilities.

Messiah Village shall provide the following utilities included in the Monthly Service Fee:

Allegheny and Tuscarora Apartments:

- Water, sewer, and refuse collection
- Basic cable
- Heat and air conditioning
- The following are not included in the Monthly Service Fee and are the responsibility of Resident: electricity for lights, HVAC fans and appliances, telephone and internet

Village Square Apartments:

- Water, sewer, and refuse collection
- Basic cable channels

- All electric including heat and air conditioning is included
- The following are not included in the Monthly Service Fee and are the responsibility of Resident: telephone and internet

Cottages:

- Water, sewer, and refuse collection
- Basic cable
- The following are not included in the Monthly Service Fee and are the responsibility of Resident: electric, gas, telephone and internet

Bailey Street Apartments:

- Water, sewer, and refuse collection
- Basic cable
- All electric including heat and air conditioning is included
- The following are not included in the Monthly Service Fee and are the responsibility of Resident: telephone and internet

9.3 Assessments.

The charges for any real estate taxes or any other assessments against Messiah Village property are included in the Monthly Service Fee and are paid by Messiah Village. The real estate tax is an assessment against the property of Messiah Village. As a matter of notice, in the opinion of the legal counsel of Messiah Village, the portion of the Monthly Service Fee related to real estate taxes would not be deductible as a real estate tax payment on the Resident's federal, state or local tax return.

9.4 Telephone Service.

Messiah Village shall provide each Residence with access to telephone service. All telephone service charges, including connection charges, are not included in the Monthly Service Fee and shall be paid by Resident.

9.5 Cable Television.

Messiah Village shall provide each Residence with access to cable television connection(s) with basic cable service or to similar, alternative service providing for television signal. The cost of basic cable television service is included in the Monthly Service Fee.

9.6 Maintenance and Repair of Equipment.

Messiah Village shall provide necessary repairs, maintenance and replacement of Messiah Village property, equipment and appliances. Repairs, maintenance, and replacement of Resident's property and furnishings shall be the responsibility of Resident and fees for these repairs are not included in the Monthly Service Fee.

9.7 Maintenance of Grounds.

Messiah Village shall provide grounds keeping, lawn care, snow removal and grounds lighting. These services are included in the Monthly Service Fee.

9.8 Insurance.

Messiah Village shall provide insurance on Messiah Village property only. Resident is required to obtain and maintain at his/her expense, general liability insurance with coverage limits not less than Three Hundred Thousand Dollars (\$300,000), which amount is subject to change from time to time. Resident is also required to obtain and maintain at his/her expense personal property insurance in an amount sufficient to cover the loss of all property in the Residence. Copies of insurance coverage will be obtained at Settlement.

9.9 Administration.

Messiah Village shall provide administrative services to implement the provisions of this Agreement. Administrative services are included in the Monthly Service Fee.

9.10 Housekeeping.

Routine housekeeping services are available on a fee-for-service basis through Messiah Lifeways At Home, except that residents of Village Square will receive twice monthly housekeeping which is included in the Monthly Service Fee as outlined in the Resident Handbook.

Additional housekeeping services are available to residents of Village Square through Messiah Lifeways At Home for an additional fee based on availability.

9.11 Transportation.

Messiah Village will provide transportation services on campus and between Messiah Village and local commercial services according to the schedule established by Messiah Village. This limited transportation will be included in the Monthly Service Fee in accordance with Messiah Village policy in the Resident Handbook, which is subject to change from time to time. Messiah Village shall make available transportation services for other local destinations in accordance with the schedule established by Messiah Village for an additional fee as outlined in the advertised individual event details..

9.12 Security & Response Call System.

Messiah Village will provide 24-hour security on campus to respond to fire, security or other safety concerns. Resident may also utilize at their expense a response call system. While the response call system may be used to inform staff of a medical emergency, Messiah Village disclaims any and all responsibility for providing emergency medical

care services in the Residence. Messiah Village does not provide in-house Emergency Medical Services (“EMS”) or Emergency Medical Technicians. Physicians and medical personnel are not immediately available within Messiah Village for the purpose of handling medical emergencies. In the event of a medical emergency, Resident shall contact 911 to obtain medical assistance. If, however, the Resident utilizes a response call system to ask Messiah Village staff to call for emergency assistance, then staff will call 911 on resident’s behalf. It is the resident’s responsibility to have a back-up plan in place should a utility outage disable their response call system’s functioning.

9.13 Parking.

Motor vehicle registration is required by Messiah Village for all motor vehicles operated by Resident. Authorization for use and parking is contingent upon Resident registering the motor vehicle with Messiah Village and in compliance with the established rules and policies governing the operation of motor vehicles. Resident shall park any motor vehicle(s) in the garage and/or driveway of the Residence or in designated parking facilities. Street or curbside parking is to be used only in the event of overflow parking. While parking of recreational vehicles, trailers, campers, buses or large trucks is not permitted at Messiah Village, Messiah Village will assist Resident in identifying such parking options off campus.

Underbuilding parking at Village Square is included in the Monthly Service Fee.

9.14 Additional Miscellaneous Services.

Other miscellaneous services are available at an additional charge and are not included in the Monthly Service Fee.

9.15 Storage Facilities.

Storage facilities shall be available to apartment residents in a designated location. The use of the storage facilities shall be subject to the direction and supervision of Messiah Village. Apartment storage facility is included in the Monthly Service Fee.

9.16 Changes in Services.

Messiah Village reserves the right to alter services and will provide thirty (30) days advance notice of any changes in services or fees.

SECTION 10: THE MESSIAH VILLAGE CONTINUUM

Messiah Village is a Continuing Care Retirement Community (“CCRC”). Messiah Village offers Residential Living cottages and apartments, Nursing Care, Personal Care and access to enrichment and community support services. These services shall be available at an additional charge. Also, Resident shall have priority access to the continuum.

10.1 Nursing Care and Personal Care at Messiah Village.

Messiah Village provides Nursing and Personal Care services as licensed under Pennsylvania law. The Nursing and Personal Care facilities at Messiah Village shall be made available for temporary or permanent illnesses and rehabilitation on a priority access basis so long as Resident meets the financial and all other criteria for admission in accordance with Messiah Village policies. Resident is required to submit an updated Financial Disclosure Statement prior to transfer to Messiah Village's Nursing or Personal Care facilities. Nursing and Personal Care services are an additional charge and will be provided on a fee-for-service basis at rates established by Messiah Village at its sole discretion. In the event that Resident seeks admission on a temporary basis to the Nursing or Personal Care facilities at Messiah Village, the Resident shall sign an admission agreement upon transfer to either of these facilities, and said agreement will supplement the terms of this Agreement. Payment of the Monthly Service Fee will continue to be in effect upon temporary transfer to the Nursing or Personal Care facilities. If Resident seeks admission on a permanent basis to the Nursing or Personal Care facilities, this Agreement shall terminate and Resident shall sign an admission agreement upon transfer to either of these facilities. Upon permanent transfer and Surrender of the Residence, payment of the Monthly Service Fee will cease.

There is no guarantee that space will be available at Messiah Village at the time Resident may require Nursing or Personal Care services. In the event that space is not available, Resident may be transferred to another facility selected by Resident or Messiah Village with accommodations substantially equivalent to the accommodations at Messiah Village for a temporary period and until such time as a space becomes available. These services will be provided on a fee-for-service basis established by such facility at its sole discretion. Should this situation occur, Resident will be granted the next available space at Messiah Village in accordance with Messiah Village's priority admission policies.

(a) Limitation on Services Provided by Messiah Village.

Messiah Village is 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/Transfer Guideline Policy as determined by Messiah Village, contagious diseases, active alcohol or drug abuse, or other conditions requiring specialty care (including, without limitation, head injury or ventilator care). If Messiah Village determines that Resident's condition is such that Resident is either dangerous or detrimental to the life, health, or safety of Resident, or other residents or persons at Messiah Village, then Messiah Village may transfer Resident to an appropriate external care facility. In the event of temporary transfer to an external care facility, Resident shall continue to pay the Monthly Service Fee in order to reserve the Residence while Resident is away from Messiah Village. Resident shall be responsible for all costs associated with such transfer, including all charges for the care provided to the Resident in the other facility and transportation services. If Resident is discharged from the external care facility and subsequently is unable to meet the Conditions of

Occupancy/Transfer Guideline Policy, then Messiah Village reserves the right to discharge Resident from Messiah Village and to terminate this Agreement in accordance with Section 13.

(b) Health Care Services & Liability for Healthcare Costs.

Subject to Section 10.1(c) below, Resident remains responsible for his/her own Nursing Care, Personal Care and health care services while residing in the Residence. All Nursing Care, Personal Care and health care services of any kind provided to Resident under this Agreement are at an additional charge.

(c) 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 Messiah Village 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 Resident's payment of the Entrance Fee or Monthly Service Fee.

(d) Temporary Transfer.

(i) Single Occupancy.

During any period of temporary transfer, Resident shall be charged and shall pay the Daily Rate for Personal Care or Nursing Care services and any other additional charges for ancillary or miscellaneous services for Personal Care or Nursing Care at Messiah Village, and shall continue to pay the then current applicable Monthly Service Fee for Resident's Residence. There will be no reduction in the Monthly Service Fee upon temporary transfer. Messiah Village reserves the right to declare the transfer permanent at any time in accordance with the Messiah Village Transfer Guideline Policy (See Attachment A of this Agreement).

(ii) Double Occupancy.

During any period of temporary transfer, the Co-Resident in Personal Care or Nursing Care shall be charged and shall pay the then current Daily Rate for Personal Care or Nursing Care services, and any other additional charges for ancillary or miscellaneous services. The Monthly Service Fee for Double Occupancy shall continue to be due and payable. In situations where one Co-Resident temporarily transfers to Nursing Care, 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, each Co-Resident shall be charged and shall pay the Daily Rate for Personal Care or Nursing Care services and any additional charges for ancillary or miscellaneous services, and collectively shall be charged and shall pay the

then current Monthly Service Fee for Double Occupancy for their Residence at Messiah Village. Each Co-Resident remains jointly and severally liable for each other's charges. Messiah Village reserves the right to declare any transfer permanent at any time in accordance with the Messiah Village Transfer Guideline Policy (See Attachment A of this Agreement).

(e) **Permanent Transfer.**

(i) **Single Occupancy.**

Upon the permanent transfer of Resident to Personal Care or Nursing Care and Surrender of the Residence at Messiah Village, the obligation to pay the Monthly Service Fee at Messiah Village shall cease, and Resident shall pay only the Daily Rate for Personal Care or Nursing Care services, and any other additional charges for ancillary or miscellaneous services.

ii) **Double Occupancy.**

At the time one Co-Resident is permanently transferred to Personal Care or Nursing Care, the Monthly Service Fee for the Residence shall be reduced to the Monthly Service Fee for Single Occupancy. The Co-Resident in Personal Care or Nursing Care shall be charged and shall pay the applicable Daily Rate for Personal Care or Nursing Care services, and any other additional charges for ancillary or miscellaneous services, and the Co-Resident remaining in the Residence shall be charged and shall pay the Monthly Service Fee for Single Occupancy in the Residence. In situations where one Co-Resident permanently transfers to Nursing Care, 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 Personal Care or Nursing Care, each Co-Resident shall be charged and shall pay the Daily Rate for Personal Care or Nursing Care services, and any other additional charges for ancillary or miscellaneous services. Each Co-Resident remains jointly and severally liable for each other's respective charges. The obligation to pay the Monthly Service Fee of the Residence shall cease upon permanent transfer of both Co-Residents and Surrender of the Residence.

10.2 Nursing or Companion Services.

Subject to the approval of Messiah Village, Resident may utilize the services of private duty nurses, companions or individuals providing personal or nursing care services in the Residence so long as Resident is able to satisfy the Conditions of Occupancy. If required, such services must be approved in advance and documented in Resident's electronic record by Messiah Village. Resident is 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 the Resident's financial obligations to Messiah Village as reflected on Attachment C. In the event Resident requires continuous care (i.e., twenty-four (24) hours per day), then Messiah Village reserves the right to require that such care be provided to Resident in three (3) shifts. Messiah Village reserves 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 Messiah Village's approval, all private duty nurses or companions, except for family members, must provide Messiah Village's Residential Living Administrator 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, Resident 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, Resident is 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 Resident is able to satisfy the Conditions of Occupancy/Transfer Guideline Policy. In exchange for Messiah Village's consent to Resident's request for the services of a private duty nurse, companion, or other assistant, Resident shall execute, if requested by Messiah Village, an Aging-in-Place Addendum, which shall be attached to this Agreement and incorporated by reference. Messiah Village reserves the right to terminate Resident's authorization to utilize the services of private duty nurses, nurse assistants or companions in the event that Resident does not comply with the requirements of this section or the Aging-in-Place Addendum, or requires transfer to another level of care. If transfer to another level of care is required, then Messiah Village reserves the right to transfer Resident to another level of care within Messiah Village or to such other external care facility as Messiah Village deems appropriate.

10.3 Hospitalization.

Messiah Village does 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 the responsibility of Resident.

10.4 Accident or Illness Away From Messiah Village.

In the event Resident suffers an accident or illness while away from Messiah Village, and Resident relies on health care and support services available in the area where the accident or illness occurred, Resident's health insurance or other personal resources available to Resident must be used for payment for such services.

10.5 Decision to Transfer.

Messiah Village may transfer Resident from and between the Residence and Nursing Care or Personal Care or any other appropriate care facility if it determines that such a move should be made because the Resident no longer satisfies the Conditions of

Occupancy, or for the health and safety of the Resident, for the proper operation of Messiah Village, 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 Resident is transferred permanently to the Nursing or Personal Care facilities, or to any other appropriate care facility, Messiah Village may declare Resident's Residence vacant and terminate this Agreement. Messiah Village's decision regarding the temporary or permanent nature of any transfer may be made at any time deemed appropriate by Messiah Village. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by Messiah Village following consultation with Resident and Resident's family, and if requested and paid by Resident, Resident's physician pursuant to the Messiah Village Transfer Guideline Policy (see Attachment A).

SECTION 11: FINANCIAL ASSISTANCE

11.1 Future Services.

Messiah Village provides Personal Care and Nursing Care services on a fee-for-service basis. Resident is obligated, to the extent reasonably feasible, to plan to meet and pay the costs of any potential future care needs, recognizing that the cost of Personal Care and Nursing Care services is significantly higher than the Monthly Service Fee for the Residence. If Resident's resources become exhausted, Resident may request financial assistance in accordance with Messiah Village's Statement on Stewardship and Financial Assistance (See Attachment C) and must comply with Messiah Village's financial assistance application process, including the obligation to apply for Medical Assistance benefits, if applicable.

11.2 Inability to Pay.

Messiah Village's Benevolent Care Policy is only a policy and should not be construed as a contractual obligation or right to Resident. Since Messiah Village's Benevolent Care Policy is subject to many variables, it may be changed or amended or discontinued from time to time. The possibility of providing financial assistance should not be construed as an assurance or guarantee of life care by Messiah Village. 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.

11.3 Change in Financial Status.

Messiah Village may discontinue or reduce any financial assistance if there is a change in Resident's financial circumstances permitting Resident to bear all or an increased portion of the Monthly Service Fee or other charges for Personal Care or Nursing Care services, or if any factual representation by Resident made in the original Application for Residency and related documents or in support of a request for financial assistance is determined to have been materially false or inaccurate, or if the continuation of such

financial assistance will, in Messiah Village's opinion, impair the ability of Messiah Village to attain its objectives while operating on a sound financial basis. Messiah Village shall take into consideration future economic conditions and the ability of Resident's estate to satisfy financial obligations when making a determination regarding Resident's request for financial assistance under this Agreement.

11.4 Disclosure of Financial Information.

Messiah Village 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 Village to monitor and project financial assistance needs. Resident is required to update all previously disclosed financial information prior to transfer to Nursing Care or Personal Care.

SECTION 12: MARRIAGE AND/OR ADDITIONAL OCCUPANTS

12.1 Non-Resident.

In the event that a single Resident wishes to marry or have another individual share Resident's Residence, the proposed Additional Occupant must file a Confidential Application for Residency, including a Financial Disclosure Statement, to be approved by Messiah Village and must meet all age, financial and other requirements for Residency applicable to all other residents of Messiah Village. Admittance of an Additional Occupant shall be at the sole discretion of Messiah Village and shall be based on the current Admissions Policy of Messiah Village, which are incorporated by reference and are subject to change from time to time. In the event 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 Messiah Village, or Resident may exercise Resident's option to terminate this Agreement.

12.2 Other Resident.

In the event that Resident desires to marry or cohabit with another Resident of Messiah Village who resides at Messiah Village under a separate Residency Agreement, and together occupy one Residence, Resident shall select and designate in writing at least sixty (60) days in advance of the proposed move, which one of the two Residences will be occupied jointly and which of the Residences will be vacated. Resident may also designate another Residence that will be occupied jointly should such Residence be available and the admission criteria be satisfied for such Residence. The Residence not designated for joint occupancy must be surrendered on or before the date of the proposed move. Upon transfer, the Monthly Service Fee for Double Occupancy of the designated Residence shall be paid. The Residency Agreements shall be amended to reflect the change in the Residence, the change in the Monthly Service Fee, and any other matters reasonably necessary for the transfer of the Resident to the Residence. In the event the vacating Resident transfers to the Residence already occupied by other Resident, the

refund provisions shall be triggered, and the vacating Resident shall receive a refund, if applicable, in accordance with the refund provisions of this Agreement.

12.3 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 Messiah Village 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 Messiah Village must retain sufficient assets/resources to provide for his/her future care. Consultation with Messiah Village 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.

12.4 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 Messiah Village retains and maintains sufficient assets/resources to provide for his/her future care. Consultation with Messiah Village shall be necessary to determine the amount of resources needed for future care. As described in Section 6.3 and Section 13.2(f) of this Agreement, the departing Co-Resident will remain jointly and severally liable for the financial obligations of the remaining Co-Resident.

SECTION 13: TERMINATION OF AGREEMENT

13.1 Termination by Resident.

(a) Rescission Period.

Resident may terminate this Agreement within seven (7) days of execution of this Agreement by signing the attached Notice of Right to Rescind and delivering it to Messiah Village.

(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, Resident may terminate this Agreement by delivering written notice to Messiah Village prior to Occupancy. In the event of Resident's 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 Service Fee shall be reduced to the Monthly Service Fee for Single Occupancy.

(c) **After Occupancy.**

After Occupancy, Resident may terminate this Agreement by delivery of advance written notice to Messiah Village at least sixty (60) days prior to the effective date of termination. Resident must Surrender the Residence on or before the effective date of termination.

13.2 Termination by Messiah Village.

(a) **Prior to Occupancy.**

If for whatever reason Messiah Village elects to discontinue operations or for other just cause, Messiah Village may terminate this Agreement at any time prior to Occupancy by providing written notice to Resident prior to the Designated Occupancy Date. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement.

(b) **After Occupancy.**

Messiah Village may terminate this Agreement upon a determination of just cause and delivery of thirty (30) days written notice to Resident or Resident's 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 material false information in the application documents, the failure of Resident to maintain health care insurance, the failure of Resident to abide by the Messiah Village rules, regulations, policies and procedures, the breach of any of the other terms of this Agreement, including a change in the liquidity of Resident's assets, such as the purchase of an annuity that impairs Resident's ability to fulfill timely Resident's current financial obligations to Messiah Village as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in Resident's Application for Residency are no longer available in whole or in part to pay for Resident's care and services, or a good faith determination in writing signed by Messiah Village's Medical Director and Administrator that Resident's continued Occupancy in the Residence either creates a serious threat or danger to the Resident's life, health or safety or creates a serious threat or danger to the life, health, safety or peaceful enjoyment of other residents or persons at Messiah Village. If Resident substantially impairs his/her ability to fulfill timely his/her financial obligations to Messiah Village due to a change in the liquidity of Resident's assets or a transfer of assets to an irrevocable trust or any other transfer, then Messiah Village may terminate this Agreement following an

opportunity to cure. If Resident fails to cure or correct the non-compliance within a period as determined by Messiah Village and to Messiah Village's satisfaction, then Messiah Village 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 the Resident or other residents, only such notice as is reasonably practicable under the circumstances will be provided Resident or Resident's representative, and termination may be effective immediately. The refund provisions of this Agreement shall apply to terminations for just cause in the same manner as such provisions would apply to any other termination.

(c) **Termination by Death.**

Following the death of Resident, this Agreement shall terminate when the Residence has been surrendered to Messiah Village. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In situations of Double Occupancy, the death of one Co-Resident shall not terminate this Agreement. Upon the death of one Co-Resident, the Monthly Service Fee for Occupancy of the Residence shall be reduced to the Monthly Service Fee for Single Occupancy, and all other provisions of this Agreement shall remain in force.

(d) **Termination Upon Permanent Transfer.**

Messiah Village may terminate this Agreement if it determines the Resident should move permanently to Nursing Care or Personal Care or another appropriate facility because of the health and safety of the Resident, for the proper operation of Messiah Village, 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 other duly constituted authorities or agencies, or otherwise to meet the requirements of law. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by Messiah Village following consultation with Resident and Resident's family, and if requested and paid by Resident, Resident's physician. 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 Service 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.

(e) **Surrender.**

The obligation to pay the Monthly Service Fee shall continue until the Residence has been surrendered by Resident, or in the case of death, by the estate or family of Resident. Surrender of the Residence shall be complete when Resident has ceased to occupy it, has removed all possessions from it, and has turned the keys and other required items over to Messiah Village as indicated in the

Acknowledgement for Resident Residence and Belongings Release Form. Resident shall Surrender the Residence within sixty (60) days of death, discharge or permanent transfer. If the Resident fails to Surrender the Residence in accordance with this timing, Messiah Village may remove the Resident's possessions and the cost of such removal, storage and/or disposal shall be paid by the Resident or Resident's estate.

(f) Further Obligations and Release Upon Termination.

Upon termination of this Agreement, Messiah Village is released from any further obligations to Resident except for the delivery of personal property as limited by this Agreement, and the payment of any refund, if any refund is due. Resident is released from any further obligations to Messiah Village after all of Resident's financial and indemnification obligations have been met under this Agreement. The provisions of Section 6.3 addressing joint and several liability for the financial obligations of Co-Residents and the indemnification provision reflected in Section 23 survive the termination of this Agreement and shall remain in full force and effect.

SECTION 14: REFUND OF ENTRANCE FEE

Upon termination of this Agreement, Messiah Village shall refund the Entrance Fee in accordance with the following provisions:

14.1 Termination Before Occupancy.

Any Entrance Fee payments and, if applicable, any payments for Finishing Upgrades will be refunded in full if Resident rescinds this Agreement within seven (7) days in accordance with the Notice of Right to Rescind. In the event of termination of this Agreement by Resident's death before the Designated Occupancy Date or actual date of Occupancy, whichever is earlier; or in the event 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 Messiah Village will make a full refund of all Entrance Fee payments less any amounts deducted to cover expenses incurred by Messiah Village at the specific written request of Resident. If Resident does not terminate this 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 a completed residence, Messiah Village shall retain and Resident shall forfeit the Reservation Fee and, if applicable, the Interim Payment; and for an unbuilt residence, Messiah Village shall retain and Resident shall forfeit the Processing Fee. The balance of any Entrance Fee payments will be refunded to Resident in accordance with the refund provisions of this Agreement. 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 Messiah Village before the Designated Occupancy Date

or actual date of Occupancy, whichever is earlier; then Messiah Village shall make a full refund of all Entrance Fee payments and the Reservation Fee.

14.2 Termination After Occupancy.

(a) Plan A – Zero Percent Refundable Plan.

In the event of termination of this Agreement during the fifty (50) month amortization period, Resident will be entitled to a refund of the unamortized portion of the Entrance Fee. After the lapse of the fifty (50) month amortization period, Resident 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 Resident by Messiah Village, and/or any amounts necessary to cover costs incurred by Messiah Village to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at Resident's specific request, and/or any unpaid charges. All refunds shall be paid to Resident or Resident's estate in accordance with Section 14.5 of this Agreement.

(b) Plan B – 50% Refundable Plan.

In the event of termination of this Agreement during the fifty (50) month amortization period, Resident will be entitled to a refund of fifty percent (50%) of the Entrance Fee plus the unamortized portion. After the lapse of the fifty (50) month amortization period, Resident 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 Resident by Messiah Village, and/or any amounts necessary to cover costs incurred by Messiah Village to refurbish, restore or repair the Residence in the event of unreasonable wear and tear, and/or costs incurred at Resident's specific request, and/or any unpaid charges. All refunds shall be paid to Resident or Resident's estate in accordance with Section 14.5 of this Agreement.

(c) Plan C – 90% Refundable Plan.

Ten percent (10%) of the Entrance Fee shall be immediately amortized in full by Messiah Village upon the Designated Occupancy Date or Occupancy, whichever is earlier, and shall 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 Resident by Messiah Village, and/or any amounts necessary to cover costs incurred by Messiah Village to refurbish, restore or repair

the Residence in the event of unreasonable wear and tear, and/or costs incurred at Resident's specific request, and/or any unpaid charges. All refunds shall be paid to Resident or Resident's estate in accordance with Section 14.5 of this Agreement.

14.3 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 14.5 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 Nursing Care and becomes eligible for Medical Assistance, no potential refund shall be available to pay for nursing care services. If, however, the Department of Human Services ("DHS") construes any potential refund as an available resource, or if any court, administrative agency, or other appropriate tribunal having jurisdiction determines that Section 14.5 is contrary to law or Medical Assistance eligibility requirements, then Messiah Village 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 nursing care services for the particular Co-Resident.

14.4 No Accrual of Interest.

No interest will accrue to the benefit of Resident on any amounts required to be refunded under this Agreement, and no interest will be paid on termination.

14.5 Conditions and Due Date for Payment of Refund.

Prior to Occupancy, all applicable refunds will be made within thirty (30) days of the termination of this Agreement. After Occupancy, all applicable refunds will be made only after the Residence has been surrendered and re-occupied by another resident from whom Messiah Village has received full payment of the applicable Entrance Fee, and the termination of this Agreement. The amount of any refund due will be calculated by the date of the Surrender of the Residence. In the event that Resident permanently transfers to Personal Care or Nursing Care, the amount of any refund due will be calculated by reference to the date Messiah Village declares the transfer to be permanent. The surrender date shall be construed to be the last day of the month in which the Residence was effectively surrendered. As long as Resident continues to occupy any residence at Messiah Village, no refund shall be due under this Agreement and no refund shall be paid until the death, permanent transfer, discharge or voluntary departure of the Resident, or in situations of Double Occupancy, Surrender of the Residence by both Co-Residents.

14.6 Distribution of Refund Upon Death.

(a) Single Occupancy.

Subject to Section 14.6(c) below, refunds to Resident's estate shall be made to the duly appointed representative of the estate after proof of such appointment is

provided to Messiah Village in the form of a certified copy of the testamentary letters confirming such appointment.

(b) Double Occupancy.

In situations of Double Occupancy, any applicable refund shall be paid by Messiah Village to the estate of the last surviving Co-Resident unless otherwise agreed in writing.

(c) Resident Predeceases Spouse in Personal Care or Nursing Care.

In the event the Resident predeceases his/her spouse who is currently residing in Personal Care or Nursing Care, and such spouse was not a party to this Agreement, then no refund of any applicable portion of the Entrance Fee will be due or paid to Resident's estate at that time. Instead, an amount equal to the refund that otherwise would be payable to Resident's estate as determined by the applicable Entrance Fee Refund Option specified in Section 4 will be established as a credit. The credit shall be available to pay the charges for the spouse's care in Personal Care and Nursing Care. Messiah Village shall continue to apply the credit to pay any outstanding charges until the termination of the spouse's applicable admission agreement(s), unless such credit is exhausted prior to termination. In the event the credit is exhausted prior to termination, then the spouse shall utilize any other available assets to pay in full the charges for such spouse's care in Personal Care and/or Nursing Care. Any portion of the credit remaining upon the termination of the spouse's admission agreement due to such spouse's death, transfer, discharge or voluntary departure from Messiah Village shall become available as a refund to the spouse or the spouse's estate.

SECTION 15: OPTION TO MOVE TO ANOTHER RESIDENCE

15.1 Option After Occupancy.

After Occupancy, Resident may request to exercise an option to move to another Residence, if and when another Residence becomes available, in accordance with the terms and conditions set forth in this section. Messiah Village reserves the right to disapprove Resident's request to move. In the event Resident desires to exercise the option to move to another Residence, Resident must notify Messiah Village in writing of the Residence desired.

15.2 Costs of Election to Move.

In the event Resident moves from one Residence to another, the Resident shall pay a Refurbishment Fee for the Residence the Resident is moving to. Messiah Village shall calculate the amount of the Refurbishment Fee and the amount of the Entrance Fee

Refund associated with a move to a Residence with a lower Entrance Fee, if applicable. Messiah Village shall also calculate the adjustments to the guaranteed refund amount, if any; and the adjustments to the Entrance Fee amortization schedule, if any, all in accordance with the methodology set forth in Attachment D of this Agreement.

15.3 Option to Move Addendum.

In the event Resident receives approval from Messiah Village to move to another Residence, Resident shall sign an Addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Service Fee for the selected Residence and the amortization schedule for the selected Residence.

SECTION 16: ARRANGEMENTS FOR GUARDIANSHIP AND FOR ESTATE

16.1 Legal Guardian.

If, in the opinion of Messiah Village, Resident becomes incapacitated or unable to properly care for self or property or both, and no representative has been lawfully designated to act on behalf of Resident or the lawfully designated representative is unavailable or unable to act on behalf of Resident, then Messiah Village shall have the option to institute legal proceedings to adjudicate Resident incapacitated and have a guardian appointed for Resident's estate. Resident authorizes Messiah Village to nominate a legal guardian to serve, subject to court approval, and Resident releases Messiah Village from any liability related to the nomination. All costs of such legal proceedings, including actual legal fees, shall be paid by Resident or the legally appointed guardian of Resident's estate.

16.2 Powers of Attorney & Advance Directives.

(a) Power of Attorney.

Resident shall furnish Messiah Village, no later than the date of Occupancy, a durable, Financial Power of Attorney executed by Resident, which shall be maintained in the files of Messiah Village. Resident is encouraged but not required to furnish Community, no later than the date of Occupancy, a durable Health Care Power of Attorney executed by Resident, which shall also be maintained in the files of Messiah Village. The name and address of the designated Power of Attorney is:

Resident: _____

Co-Resident: _____

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

(b) Living Will.

If Resident has executed an advance 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, Resident shall provide a copy of the living will to Messiah Village, and a copy of any revisions or changes made to the document during Resident's term of Occupancy. In the event of transfer to Nursing Care or Personal Care, Messiah Village will attempt to comply with the instructions or requests of Resident as reflected in Resident's living will, if Resident's advance instructions/requests are consistent with law and Messiah Village's policy, as such policy may change from time to time. If Messiah Village cannot comply with Resident's advance directive as reflected in Resident's living will, then Messiah Village shall assist in arranging for the transfer of Resident to another health care provider, if reasonably available, which will comply with Resident's advance directive. The transfer and cost of care in another health care facility shall be an additional cost, and Resident shall be responsible to pay such costs.

SECTION 17: RIGHTS AND OBLIGATIONS OF RESIDENT

17.1 Right of Self-Organization.

Residents of Messiah Village shall have the right of self-organization. A representative designated by the Board of Directors of Messiah Village shall hold quarterly or more frequent meetings with the residents of Messiah Village for the purpose of free discussion of various topics as they apply to Messiah Village. At least seven (7) days notice shall be given prior to such meetings.

17.2 Right to Receive Disclosure Statements.

Messiah Village shall make available to Resident at the time of the execution of this Agreement, and at least annually thereafter, a copy of its Disclosure Statement required by the Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984 ("Act 82").

17.3 Guest Privileges.

Resident shall be authorized to entertain and accommodate guests in accordance with Messiah Village guest policy as reflected in the Resident Handbook. This policy is subject to change from time to time.

17.4 Rights to Property/Subordination.

The rights and privileges granted to Resident do not include any right, title or interest in any part of the personal property, land, buildings and improvements owned or administered by Messiah Village or any of its affiliates or subsidiaries. Resident 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 Messiah Village or its affiliates or subsidiaries. Any rights, privileges, or benefits under this Agreement 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 Messiah Village or its affiliates or subsidiaries and to all amendments, modifications, replacements, or refinancing of any existing or subsequent mortgages or deeds of trust or any other comparable interests. Upon request Resident shall execute and deliver any document that is required by Messiah Village, or by the holder of any such mortgages or deeds of trust or similar interests, to effect such subordination or to evidence the same.

17.5 Inspection of Residence and Right of Entry.

Resident shall permit Messiah Village, or its agents, or any representative of any holder of a mortgage or similar interest on the property, or, when authorized by Messiah Village, the employees of any contractor, utility company, municipal agency or others, to enter the Residence for the purpose of making reasonable inspections and repairs and replacements. Such entry will be made only with reasonable advance notice, except in emergency situations. Messiah Village shall have the right to enter the Residence to perform routine maintenance and for other reasonably necessary purposes, including response to an emergency event, having due regard for Resident's privacy.

17.6 Housekeeping/Housecleaning Responsibilities.

Resident shall maintain the Residence (including porch, patio, balcony, deck, garage and immediate area) in a clean, sanitary, and orderly condition. If Resident does not maintain the Residence in a reasonable manner as determined by Messiah Village, then after notice to Resident, Messiah Village shall have the right to maintain the Residence, and the cost of such additional cleaning or maintenance shall be charged to Resident.

17.7 Health Insurance and Third-Party Payments.

(a) **Required Insurance.**

Messiah Village expects that some of the cost of medicines, medical or nursing services or equipment provided for Resident 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”). Resident is encouraged to carry health care insurance for protection from medical risks and is required to obtain prior to Occupancy and maintain in force at Resident’s 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 co-pay 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 Messiah Village. For a resident under age 65, a substitute basic insurance coverage policy is required. If proceeds from Medicare and the co-pay health insurance policies are allowable for nursing or related care provided by Messiah Village, those proceeds shall be paid to Messiah Village directly if billed directly by Messiah Village. Proof of such insurance must be provided at the time of application and prior to residency. In the event Resident fails to maintain in force, because of failure to make premium payments, such health care insurance after Occupancy, Messiah Village reserves the right to make such payments for purposes of maintaining such insurance in force for Resident’s benefit. The payment by Messiah Village of Resident’s insurance premium shall not be construed as a waiver of Messiah Village’s right to terminate this Agreement if Resident refuses or fails to maintain the required insurance. Resident is obligated to reimburse Messiah Village for such payments made on behalf of Resident and the cost of such premium shall be added to the amount of the Monthly Service Fee.

(b) **Assignment of Required Insurance and Third-Party Payments.**

If Resident becomes eligible to receive payments from any third party for services provided under this Agreement by Messiah Village, Resident shall at all times cooperate fully with Messiah Village and each third-party payor so that Messiah Village may make claim for and receive any applicable third party payments. Messiah Village has the right to any applicable benefits payable to Messiah Village under the insurance coverages required by this Agreement.

(c) **Long-Term Care Insurance.**

In the event that the Resident has a long-term care insurance policy, as reflected on the application documents, the Resident shall maintain such policy in full force and effect unless Resident receives Messiah Village’s consent to cancel the policy. Resident agrees to name Messiah Village 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.

17.8 Automobile Insurance.

Residents who drive motor vehicles shall maintain their own automobile liability insurance to cover liability and medical expenses arising from injury to themselves and others.

17.9 Reduction of Income or Other Resources.

Resident shall make every reasonable effort to meet his/her financial obligations to Messiah Village. Resident 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, and shall not make any such transfer or gifts after Occupancy, including a transfer of assets to an irrevocable trust, or change the liquidity of Resident's assets in any manner, including the purchase of an annuity, which would substantially impair Resident's ability to fulfill timely Resident's financial obligations to Messiah Village or the ability of Resident's estate to satisfy Resident's financial obligations to Messiah Village. Voluntary or irresponsible depletion of resources represented to be available to pay for Resident's housing and future care may adversely affect Resident's application for financial assistance as well as Resident's priority access privileges to the services available at Messiah Village. In the event Resident substantially impairs his/her ability to fulfill timely his/her financial obligations to Messiah Village, then Messiah Village may terminate this Agreement for just cause following an opportunity to cure. If Resident fails to cure or correct the non-compliance within a period as determined by Messiah Village and to Messiah Village's satisfaction, then Messiah Village may terminate this Agreement for just cause upon thirty (30) days written notice to Resident or Resident's representative. If Resident fails to cure within the afforded time and Messiah Village decides not to terminate this Agreement, then Resident shall not have access to or the ability to transfer to another level of care within Messiah Village's community, and Resident 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.

17.10 Medical Examinations.

Messiah Village encourages Resident to submit the results of a medical examination to Messiah Village after Occupancy and every two (2) years thereafter. Resident is responsible for paying the cost of such medical examinations.

17.11 Responsibility for Property Damage to Messiah Village.

(a) **Responsibility for Condition of Residence Upon Termination.**

Upon termination of this Agreement, Resident shall vacate and Surrender the Residence and 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, the costs of repair shall be the obligation of Resident and such costs shall be billed directly to Resident or Resident's estate, or alternatively, deducted from any refund that may be due.

(b) **Property Damages Caused by Resident.**

Any loss or damage to real or personal property of Messiah Village caused by Resident or Resident's guests shall be paid for by Resident or Resident's estate.

17.12 Release Regarding Conduct of Other Residents or Guests.

Messiah Village assumes no liability for the conduct of Resident or any other residents or guests, and Resident hereby releases and discharges Messiah Village from any claims for personal injury to Resident or damages to Resident's personal property caused by the conduct of other residents or guests.

17.13 Responsibility for Resident's Personal Property.

Messiah Village shall not be responsible for the loss or damage due to fire, theft, or other causes of any property belonging to Resident or Resident's estate or Resident's guests, including motor vehicles. Resident shall have the responsibility to provide such insurance, as Resident deems necessary to protect against any such losses. No personal property insurance is provided to Resident of Messiah Village, and Resident bears the risk of any damage or loss to personal property held in storage by Messiah Village.

17.14 Rules, Regulations, Policies and Procedures.

Resident shall cooperate fully with Messiah Village to maintain the Residence and common facilities in a neat and orderly manner, and shall comply with all rules, regulations, policies and procedures established by Messiah Village. Messiah Village's rules, regulations, policies and procedures are set forth in the Resident Handbook, and other publications or documents of Messiah Village, and are subject to change from time to time.

17.15 Rights of Resident Are Personal and Non-Transferable.

The rights and privileges of Resident under this Agreement are personal to Resident and cannot be transferred or assigned. No person other than Resident may occupy or use the Residence covered by this Agreement unless approval is obtained in writing from Messiah Village.

SECTION 18: 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 Messiah Village's Disclosure Statement, which is made available to Resident on an annual basis.

SECTION 19: CASUALTY LOSS

In the event the Residence occupied by Resident 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, Messiah Village will endeavor in good faith to rebuild and replace the Residence and/or building with substantially similar accommodations unless doing so would threaten its financial viability. In the unlikely event that Messiah Village determines that rebuilding threatens its financial viability so as to preclude replacement of the Residence or building, then Messiah Village will strive to develop an alternative restoration plan in which Messiah Village will exercise its best efforts to locate, identify or provide, if financially feasible as determined by Messiah Village, reasonable alternative accommodations for any resident affected by such a catastrophic loss. If Messiah Village elects to terminate this Agreement, written notice of termination shall be given to Resident as soon as is reasonably possible from the date of the damage to the Residence. Any applicable refund due to Resident in accordance with Section 14 shall be paid to Resident 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, Messiah Village shall be obligated to rebuild or repair the damage to the Residence as soon as reasonably possible for Occupancy by Resident, and this Agreement shall remain effective unless the parties may otherwise mutually agree. In the event Resident is unable to occupy the Residence for any period of time during any reasonably necessary period of restoration of the Residence, the Monthly Service 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 Resident. Resident shall relocate, with reasonable administrative and coordinating assistance from Messiah Village, to temporary housing or an alternative Residence during any reasonably necessary period of repairs. Resident shall pay the costs associated with the temporary housing or Residence. Messiah Village will seek to mitigate such costs through its casualty loss insurance coverage and shall pay to Resident an allocable portion, if any, of such insurance coverage so designated and actually paid by the applicable insurance carrier to Messiah Village. Messiah Village 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 20: RENOVATION OF RESIDENCE

Messiah Village reserves the right to relocate Resident to another residence within the Community in the event the Residence occupied by Resident or the building in which the Residence is located is subject to renovation. In such an event, Resident shall relocate to a residence that is substantially similar to the Residence designated under this Agreement. In the event of such relocation, Messiah Village shall assume responsibility for Resident's reasonable

moving costs. During temporary occupancy of the other residence, Resident shall pay the Monthly Service Fee applicable to that residence. Upon completion of the renovations, Resident may, subject to Messiah Village's approval, elect to remain in the residence Resident has occupied on a temporary basis, or return to the renovated Residence or the renovated building in which the Residence is located. If Resident, subject to Messiah Village's approval, chooses to remain in the residence Resident has been occupying, then Resident shall continue to pay the applicable Monthly Service Fee, and any applicable refund due to Resident upon the termination of this Agreement shall be based on the Surrender of that residence. In the event Resident, subject to Messiah Village's approval, chooses to return to the renovated Residence or the building in which the Residence is located, resident shall sign an Addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Service Fee for the selected Residence and the amortization schedule for the selected Residence-see sections 15.2 and 15.3.

SECTION 21: 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 22: ACTS OF FORBEARANCE

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

SECTION 23: ENTIRE AGREEMENT

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

SECTION 24: INDEMNIFICATION

Resident shall indemnify and hold Messiah Village harmless from and against, and is responsible to pay for, any damages, including Messiah Village's attorneys' fees and reasonable costs, including those incident to establishing the right to indemnification, resulting from any injury to or death of any person or other resident, or resulting from any damage to or loss of the property of any person or resident, caused by Resident's acts or omissions, to the fullest extent permitted by law.

SECTION 25: SUBROGATION

In the event Resident is physically injured by an individual or entity not a party to this Agreement, Resident grants to Messiah Village a right of subrogation, and authorizes Messiah Village to bring such demands, claims or legal proceedings in the name of or on behalf of Resident for purposes of recovering from any third party or third party’s insurer responsible for Resident’s injury, the dollar value of all care provided by Messiah Village to Resident as a result of any such injury. Resident shall cooperate and sign any documents necessary to facilitate Messiah Village’s ability to exercise its subrogation right.

SECTION 26: 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 Messiah Village:

Messiah Lifeways at Messiah Village
100 Mt. Allen Drive
Mechanicsburg, PA 17055

To Resident (Before Occupancy):

To Co-Resident (Before Occupancy):

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

SECTION 27: MESSIAH VILLAGE DISPUTE RESOLUTION PROCEDURE

27.1 Reporting Complaints.

If Resident believes that he/she is being mistreated in any way or Resident's rights have been or are being violated by staff or another resident, Resident shall make his or her complaint known to the management staff of Messiah Village and follow Messiah Village's grievance procedure as described in the Messiah Village Resident Handbook or other similar documents made available by Messiah Village. Resident must first notify Messiah Village of any such complaints, and provide Messiah Village with sixty (60) days to resolve the complaint satisfactorily to Resident before Resident may pursue mediation and/or arbitration as reflected on Attachment G.

SECTION 28: MISCELLANEOUS PROVISIONS

28.1 Resident Continuing Disclosure Obligation.

The information regarding Resident's age and financial affairs and Resident's ability to meet the Conditions of Occupancy/Transfer Guideline Policy submitted by Resident in the forms and related application documents constitutes a material part of this Agreement, and that information is incorporated as a part of this Agreement. Resident acknowledges that the submission of false information shall constitute grounds for the termination of this Agreement. Resident must disclose any material changes in the Resident's financial situation or Resident's ability to meet the Conditions of Occupancy/Transfer Guideline Policy before and after Occupancy. Messiah Village may from time to time request verified financial statements and copies of tax returns from Resident. The failure to make such disclosure may, in our judgement, constitute grounds to terminate this Agreement.

28.2 Receipt of Disclosure Statement and Resident Handbook.

Resident acknowledges receiving a copy of Messiah Village's 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 Messiah Village or granting any contractual rights to Resident.

28.3 Messiah Village Modification of Agreement and Policies.

Messiah Village reserves the right to modify unilaterally this Agreement to conform to changes in law or regulation, and to make modifications in its rules, regulations, policies and procedures.

28.4 Binding Effect.

This Agreement shall bind and serve to benefit the legal representatives, successors and assigns of Messiah Village, and the heirs, executors, administrators and assigns of Resident.

28.5 Governing Law.

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

28.6 Non-Waiver of Act 82.

No act, agreement or statement of Resident, or of an individual purchasing care for Resident under this Agreement or any agreement to furnish care to the Resident, shall constitute a valid waiver of any provision of Act 82 which is intended for the benefit or protection of the Resident or the individual purchasing care for the Resident.

28.7 Limitations on Private Cause of Action.

Resident may not file or maintain an action under Act 82 if Resident, before filing the action, received an offer, approved by the Insurance Commissioner, to refund all amounts paid by Resident to Messiah Village, the facility or person alleged to have violated Act 82 together with interest from the date of payment, less the reasonable value of care and lodging provided prior to receipt of the offer and Resident failed to accept the offer within thirty (30) days of its receipt.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURES ON FOLLOWING PAGE]**

AGREEMENT AUTHORIZATIONS AND SIGNATURES

Resident hereby acknowledges 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, Messiah Village has caused this Agreement to be signed by its authorized representative, and the Resident has hereunto affixed his/her/their signature(s), the day and year first above written.

Attest:

**MESSIAH HOME D/B/A MESSIAH
LIFEWAYS AT MESSIAH VILLAGE**

By: _____

Title: _____

Resident

Co-Resident

NOTICE OF RIGHT TO RESCIND

Date rescission period begins (at time of Reservation): _____.
Resident may rescind and terminate this Residency Agreement without penalty or forfeiture within seven (7) days of the above date. No other agreement or statement you sign shall constitute a waiver of your right to rescind this Agreement within this seven (7) day period.

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

Messiah Lifeways at Messiah Village
100 Mt. Allen Drive
Mechanicsburg, PA 17055
Fax: (717) 790-8200
Email: life@messiahlifeways.org

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

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

Date: _____

Resident's Signature

Attachment A:

Messiah Village Conditions of Occupancy/Transfer Guideline Policy

FROM THE RESIDENCE

Messiah Village may transfer Resident from and between the Residence and Nursing Care or Personal Care or any other appropriate care facility if it determines that such a move should be made because of the health and safety of the Resident or other persons, for the proper operation of Messiah Village, 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 Resident is transferred permanently to the Nursing or Personal Care facilities of Messiah Village, or to any other appropriate facility authorized under this Agreement, Messiah Village may declare Resident's Residence vacant and terminate this Agreement. Messiah Village's decision regarding the temporary or permanent nature of any transfer may be made at any time deemed appropriate by Messiah Village. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by Messiah Village following consultation with Resident and Resident's family, and Resident's physician.

FROM THE HEALTH AND WELLNESS PHILOSOPHY

Residents of Messiah Village are individuals who have the right to make their own choices and decisions regarding their health care. It is the intent of Messiah Village to promote the overall well-being of its 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 Messiah Village.

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 Messiah Village 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 expectations 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 independently or with assistance from Co-Resident or caregiver to ensure your safety and the safety of others in the case of an emergency.
- Ability to manage household tasks.

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, well-being, or peaceful enjoyment 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 ensure 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 10.2 of this Agreement, Resident, subject to the approval of Messiah Village, 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/Transfer Guideline Policy. Additionally, in accordance with Section 10.2 of this Agreement, Resident shall execute, if requested by Messiah Village, 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 Messiah Village as incurred under the terms of this Agreement.

Attachment B:
Schedule of Upgrades
As Requested on _____

Item/Description	Structural Upgrade Amount (Adds to Entrance Fee)	Upgrade Amount (out-of-pocket expense, non-refundable)	Unbuilt Apartment Upgrades (out-of-pocket expense, non-refundable)
TOTAL			
	x 25%		
INTERIM PAYMENT			

(A)+(B)+(C) = _____ Payment Due _____
Total Payment Date

Resident Messiah Village

Co-Resident Title

Attachment C: Statement on Stewardship and Financial Assistance

As a ministry of the Brethren in Christ Church and as a charitable institution, Messiah Village provides care to Residents who are unable to pay fully for services. Messiah Village also accepts payments from the Medicare and Medical Assistance Programs that are often less than Messiah Village's established private-pay rates. It is Messiah Village's policy that a Resident will not be discharged solely because of the financial inability to pay the monthly service fees or other charges, if the Resident can justify the need for financial assistance and the financial assistance can be granted or continued without impairing the ability of Messiah Village to attain its objectives while operating on a sound financial basis. While providing care on a benevolent basis is part of the mission of Messiah Village, the conditions associated with a request for financial assistance are evaluated by Messiah Village in its sole discretion.

Messiah Village is a fee-for-service continuing care retirement community that provides services in exchange for the payment for such services. As Residents progress through the continuum of care, the costs of providing more extensive services often increase. Similarly, the fees associated with these services also increase. Resident (and their families or responsible parties in certain circumstances) commits to pay for services provided by Messiah Village. Resident also commits to apply for financial assistance in a timely fashion. Messiah Village differentiates between bad debts and the provision of care on a subsidized or benevolent basis. Accordingly, Messiah Village reserves the contractual right, under certain circumstances, to discharge Residents for failure to pay for services.

Since Messiah Village's Benevolent Care Policy is subject to many variables, it may be changed or amended from time to time. The possibility of providing financial assistance should not be construed as an assurance or guarantee of life care by Messiah Village. If financial assistance is granted, there is no guarantee that such assistance can or will continue indefinitely, or for any specific period of time. Messiah Village may also discontinue or reduce any financial assistance if there is a change in a Resident's financial circumstances permitting the Resident to bear all or an increased portion of the Monthly Service Fee or other charges, or if representations made by the Resident are determined to have been materially false or inaccurate.

Disclosure of Financial Resources

From time to time, Messiah Village may request financial statements and copies of tax returns from the Resident if the Resident has requested or has received financial assistance from Messiah Village. The Resident will comply with such requests made by Messiah Village. Messiah Village will require updated financial disclosure prior to a transfer to Nursing Care or Personal Care.

Acknowledgment

The Resident acknowledges that the Resident has read and understands this Statement on Stewardship and Financial Assistance. The Resident further understands that the Resident is responsible to be a good steward of the financial resources the Resident has at the time of admission so as not to impair the Resident's ability to satisfy the Resident's financial obligations to Messiah

Village for future care. Financial Assistance may be available to residents who have depleted their assets after a reasonable spend-down as determined by Messiah Village.

Resident

Co-Resident

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**Attachment D:
Costs of an Election to Move to Another Residence at
Messiah Village**

1. 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 “D1”. 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 14.5 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 “F”.

(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 “D2”. 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 “F”.

2. Option to Move Addendum.

In the event Resident receives approval from Messiah Village to move to another Residence (i.e. another Residence or apartment unit), Resident shall sign an addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Service Fee for the selected Residence, the amortization schedule for the selected Residence and adjustments to the guaranteed refund amount, if any and the amount of any refunds of the initial Entrance Fee, if any, as calculated in Attachment D of this Agreement.

Attachment D1:

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 D2:

Cost 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 E1: Settlement Sheet – Completed Residences

At the time of Settlement, Resident 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 Village Representative

Co-Resident

Date

Attachment E2: Settlement Sheet – Unbuilt Apartment Upgrades

At the time of Settlement, Resident shall pay the remaining sum of the Entrance Fee. This payment reflects the remaining balance of the total Entrance Fee less the ten percent (10%) of the Entrance Fee deposited. 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 the termination of this Agreement.

A. Entrance Fee **A:** _____

B. Unbuilt Apartment Upgrades from Attachment B.

Please specify:

Item/Description	\$ Amount

B: _____

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

Total Payment: _____

Amount Amortized: _____

Resident

Messiah Village Representative

Co-Resident

Date

Attachment F: Entrance Fee Refund Options and Descriptions

Messiah Village offers the following Entrance Fee Refund Options as outlined below:

A. Plan A - Zero Percent Refundable Plan

If Plan A is chosen, upon termination of this Agreement, Resident will receive the unamortized portion of the Entrance Fee, if any, which will be amortized at 2% per month for 50 months and will be fully amortized after 4 years and 2 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. Should this Agreement be terminated before the 4-year, 2-month amortization period expires, Resident will receive the unamortized portion of the Entrance Fee in accordance with and subject to the refund provisions of this Agreement. Should the Agreement be terminated after the 4-year, 2-month amortization period, Resident will not receive a refund.

B. Plan B - 50 Percent Refundable Plan

If Plan B is chosen, upon termination of this Agreement, 50% of the Entrance Fee will be refunded to Resident in accordance with and subject to the refund provisions of this Agreement. The remaining 50% of the Entrance Fee will be amortized at 2% per month for 50 months and will be fully amortized after 4 years and 2 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. Should this Agreement be terminated before the 4-year, 2-month amortization period expires, Resident will receive the 50% refund plus the additional unamortized portion of the Entrance Fee in accordance with the refund policy set forth in Section 14 of this Agreement.

C. Plan C - 90 Percent Refundable Plan

If Plan C is chosen, 10% of the Entrance Fee will be immediately amortized in full by Messiah Village, and will not be available as a refund. Upon termination of this Agreement, the remaining 90% of the Entrance Fee will be refunded to Resident in accordance with and subject to the refund provisions of this Agreement.

Attachment G: Voluntary Mediation and Binding Arbitration

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 Messiah Village, which shall be at Messiah Village or at a site within a reasonable distance of Messiah Village, 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 can 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.

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. Resident or, in the event of Resident’s incapacity, Resident’s authorized representative has the right to rescind this arbitration clause in accordance with the terms and conditions specified in Section (h) of this Attachment G.

(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 the alleged incapacity of the Resident; (2) collection actions initiated by Messiah Village for non-payment of stay which results in a financial loss to Messiah Village; and (3) disputes involving amounts in controversy of less than Twelve Thousand Dollars (\$12,000), shall be resolved exclusively by arbitration. **This means that the Resident will not be able to file a lawsuit in any court to resolve any disputes or claims that the Resident may have against Messiah Village. It also means that the Resident is relinquishing or giving up all rights that the Resident may have to a jury trial to resolve any disputes or claims against Messiah Village.** It also means that Messiah Village is giving up any rights it may have to a jury trial or to bring claims in a court against the Resident. Subject to Section (f) below, 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. **Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up his or her right 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 the Resident may have against Messiah Village for any personal injuries sustained by the Resident arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Messiah Village shall be resolved exclusively by arbitration. **This means that the Resident will not be able to file a lawsuit in any court to bring any claims that the Resident may have against Messiah Village for personal injuries incurred while residing in Messiah Village. It also means that the Resident is relinquishing or giving up all rights that the Resident 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 Messiah Village.** Subject to Section (f) below, 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. **Resident acknowledges and understands that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up his or her right to a jury trial on any claims for damages arising from personal injuries to the Resident, 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 Messiah Village 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 Resident nor Messiah Village is 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.**

Resident has the right to be represented by legal counsel, at his/her own cost, in any proceedings initiated under this arbitration provision. **Because this arbitration provision addresses important legal rights, Messiah Village encourages and recommends that Resident 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 Messiah Village or at a site within a reasonable distance of Messiah Village.

(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 (a)-(b) of this Attachment. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which Resident and Messiah Village, 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 Messiah Village 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. Messiah Village 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 Messiah Village, 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 (a)-(m) of this Attachment).

Resident or, in the event of Resident's incapacity, Resident's authorized representative has the right to rescind this arbitration clause by notifying Messiah Village in writing within thirty (30) days of the execution of this Agreement. Such notice must be sent via certified mail to Messiah Village, and the notice must be postmarked within thirty (30) days of the execution of this Agreement. The notice may also be hand-delivered to Messiah Village 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 Resident or Resident's 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 Messiah Village.

(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 Messiah Village, 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.

(m) 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.

Resident

Messiah Village Representative

Co-Resident

Date

MESSIAH LIFEWAYS AT MESSIAH VILLAGE
EXHIBIT "D"

Entrance Fees and Monthly Service Fees Effective 7/1/2023

	Cottage Type	Bed-rooms	Baths	Living Sq. Ft.	Garage	Entrance Fee ⁽¹⁾	Monthly Fee ⁽²⁾
Cottages							
Franklin	Quadruple	1	1	730	–	\$114,500	\$1,424
Cumberland I	Duplex	2	1	940	1	\$188,900	\$1,642
Lancaster	Quadruple	2	1	910	1	\$205,400	\$1,662
Cumberland II	Duplex	2	2	1,300	1	\$246,700	\$1,702
Chester	Duplex	2	2	1,245	1	\$264,400	\$1,702
Washington	Terrace	2	2	1,545	1	\$311,500	\$1,793
Jefferson	Terrace	2	2	1,516	1	\$297,200	\$1,753
Chester II	Duplex	2	2	1,496	1	\$328,200	\$1,740
Northampton I	Duplex	2	2	1,640	1	\$334,000	\$1,887
Northampton II	Duplex	2	2	1,640	1	\$342,200	\$1,887
Northampton III	Single	2	2	1,640	1	\$358,700	\$1,976
Cambria	Single	3	2	1,635	1	\$369,400	\$1,976
Somerset I	Duplex	2	2	1,856	1	\$380,000	\$2,108

Somerset II	Duplex	2	2	1,887	2	\$416,600	\$2,142
Somerset III	Single	2	2	1,893	2	\$447,200	\$2,253
Village Commons Apartments							
Conestoga		Studio	1	420	–	\$81,000	\$1,282
Tioga		1	1	575	–	\$120,400	\$1,512
Tioga II		1	2	788	–	\$165,600	\$1,678
Lycoming		2	1	880	–	\$187,500	\$1,914
Lehigh		2	2	880	–	\$187,500	\$1,914
Clarion		2	2	880-1,048	–	\$203,800	\$1,982
York		2	2	1,003	–	\$208,500	\$2,013
Montgomery		2	2	1,100	–	\$231,600	\$2,301
Cameron I		2	1.5	1,188	–	\$238,500	\$2,365
Cameron II		2	2	1,173	–	\$238,500	\$2,365
Clearfield		2	2	1,200	–	\$254,700	\$2,191
Westmoreland		2	2	1,472	–	\$288,400	\$2,440
Village Square Apartments							
Crimson I		1	1	793	–	\$186,200	\$1,971
Crimson II		1	1	793	–	\$190,800	\$1,971

Seneca I		1	1.5	980	–	\$231,800	\$2,445
Seneca II		1	1.5	980	–	\$235,100	\$2,445
Chapman		1	1.5	1,098	–	\$263,400	\$2,745
Hudson		2	2	1,145	–	\$273,700	\$2,863
Wellington		2	2	1,224	–	\$293,200	\$3,065
Brooks		2	2	1,300	–	\$308,900	\$3,257
Park Hill		2	2.5	1,365	–	\$328,300	\$3,422
Vista		2	2.5	1,394	–	\$335,100	\$3,496
North Star I		2	2.5	1,719	–	\$406,700	\$4,321
North Star II		2	2.5	1,719	–	\$412,300	\$4,321
Bailey Street Apartments							
Adams		Studio	1	275		\$50,100	\$850
Dauphin		1	1	495		\$92,000	\$1,300
Erie		2	2	825		\$150,000	\$1,800

- (1) 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%.

- (2) A second person fee of \$389.00 per month will be charged for double occupancy in cottages, Village Commons apartments, and Bailey Street apartments and a second person fee of \$565.00 per month will be charged for double occupancy in Village Square apartments.

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 MESSIAH VILLAGE

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)

	<u>7/1/19</u>	<u>7/1/20</u>	<u>7/1/21</u>	<u>7/1/22</u>	<u>7/1/23</u>
Residential Living - Monthly Charge	\$63	\$62	\$62	\$109	\$110
	3.5%	4%	3.5%	6%	6%
Personal Care Daily Rate - Basic Services	\$5	\$5	\$8	\$0	\$7
	3.5%	3.5%	4.5%	%0	4%
Personal Care Daily Rate - Personal Support	\$6	\$7	\$10	\$16	\$9
	3.5%	3.5%	4.5%	6.5%	4%
Personal Care Daily Rate - Memory and Health Support (ended 12/31/21)	\$7	\$10	\$13	NA	NA
	3.5%	3.5%	4.5%	NA	NA
Health Support (started 1/1/22)	NA	NA	NA	\$14	\$11
				4.5%	4%
Health Support Plus (started 1/1/22)	NA	NA	NA	\$34	\$11
				12%	4%
Memory Support (started 1/1/22)	NA	NA	NA	\$37	\$12

Nursing Care Daily Rate	\$14	\$17	\$20	13%	4%
				\$28	\$19

Messiah Lifeways at Messiah Village received its Certificate of Authority during the fiscal year ending June 30, 1986 and is licensed to operate as a Continuing Care Retirement Community.

MESSIAH LIFEWAYS AT MESSIAH VILLAGE

EXHIBIT "F"

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

Total Residential Living Operating Expenses	\$10,875,743
Resident Days	166,893
Average Annual Cost per Resident Day	\$65.17
Average Annual Cost per Resident	\$23,787

MESSIAH LIFEWAYS AT MESSIAH VILLAGE
EXHIBIT "G"
Projected Financial Analysis

MESSIAH VILLAGE
BUDGETED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE BUDGET YEAR ENDING JUNE 30, 2024

	Messiah Village
REVENUES	
Net Resident Services Revenues	\$ 45,272,150
Other Revenue	1,215,930
Grant Revenue	38,589
Contributions and Releases From Restriction	1,663,605
TOTAL REVENUES WITHOUT DONOR RESTRICTION	48,190,274
EXPENSES	
Salaries, Wages and Benefits	19,296,595
Fees, Purchased Services and Supplies	17,329,147
Building Operations and Maintenance	3,291,082
Administration	529,196
Depreciation and Amortization	7,339,991
Insurance and Real Estate Taxes	1,659,230
Interest Expense	3,233,966
TOTAL EXPENSES	52,679,207
OPERATING INCOME (LOSS)	(4,488,933)
NONOPERATING GAINS (LOSSES)	
Investment Return	1,719,000
Unrestricted Contributions	30,000
Change in Value of Derivative	-
Gain (Loss) on Disposal of Assets	-
Other Non-Operating Gains (Losses)	-
REVENUES IN EXCESS OF (LESS THAN) EXPENSES	(2,739,933)
NET ASSETS RELEASED FROM RESTRICTION FOR PP&E	-
CHANGE IN UNRESTRICTED NET ASSETS	(2,739,933)
NET ASSETS WITH DONOR RESTRICTIONS	
Contributions:	
Purpose Restricted	28,000
Held in Perpetuity	227,750
Investment Return	742,000
Change in Value of Life Insurance (Net of Expenses)	-
Change in Value of Split Interest Agreements	-
Net Assets Released From Restriction Used For	
Operations	(1,453,861)
Purchase of Property and Equipment	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(456,111)
CHANGE IN NET ASSETS	(3,196,044)
NET ASSETS, BEGINNING OF THE PERIOD	45,993,452
NET ASSETS, END OF PERIOD	\$ 42,797,408

MESSIAH LIFEWAYS AT MESSIAH VILLAGE
EXHIBIT "H"
Financial Statements

Messiah Lifeways and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

June 30, 2023 and 2022

Messiah Lifeways and Controlled Entities

Table of Contents
June 30, 2023 and 2022

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Supplementary Information	
Consolidating Schedule, Balance Sheet	26
Consolidating Schedule, Statement of Operations and Changes in Net Assets (Deficit)	28

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

	<u>2023</u>	<u>2022</u>
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Total assets	<u>\$ 198,423,846</u>	<u>\$ 192,909,200</u>
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Total net assets	52,035,867	47,634,341
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 198,423,846</u>	<u>\$ 192,909,200</u>

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

	<u>2023</u>	<u>2022</u>
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	<u>1,636,876</u>	<u>1,398,881</u>
Total revenues without donor restrictions	<u>51,666,819</u>	<u>50,975,541</u>
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	<u>2,199,004</u>	<u>2,106,410</u>
Total expenses	<u>54,834,462</u>	<u>52,257,862</u>
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	<u>-</u>	<u>12,905</u>
Revenues in excess of (less than) expenses	2,508,082	(4,284,804)
Net Assets Released From Restriction Used for Property and Equipment		
	<u>1,000</u>	<u>46,839</u>
Change in net assets without donor restrictions	<u>2,509,082</u>	<u>(4,237,965)</u>
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	<u>(1,000)</u>	<u>(46,839)</u>
Change in net assets with donor restrictions	<u>1,892,444</u>	<u>(4,900,089)</u>
Change in net assets	4,401,526	(9,138,054)
Net Assets, Beginning	<u>47,634,341</u>	<u>56,772,395</u>
Net Assets, Ending	<u>\$ 52,035,867</u>	<u>\$ 47,634,341</u>

See notes to consolidated financial statements

Messiah Lifeways and Controlled Entities

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

	<u>2023</u>	<u>2022</u>
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	<u>7,535,681</u>	<u>10,782,289</u>
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	<u>(4,882,376)</u>	<u>(2,907,147)</u>
Net cash used in investing activities	<u>(6,163,265)</u>	<u>(3,902,373)</u>
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	<u>(1,780,445)</u>	<u>(2,673,492)</u>
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	<u>19,842,483</u>	<u>15,636,059</u>
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	<u>\$ 19,434,454</u>	<u>\$ 19,842,483</u>
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	<u>4,723,023</u>	<u>4,617,562</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 19,434,454</u>	<u>\$ 19,842,483</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 3,272,269</u>	<u>\$ 3,145,378</u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for the acquisition of property and equipment	<u>\$ 1,026,601</u>	<u>\$ 116,942</u>

See notes to consolidated financial statements

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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 fee 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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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	<u>\$ 20,010,146</u>	<u>\$ 12,167,820</u>	<u>\$ 9,498,610</u>	41,676,576
Amortization of entrance fees				<u>5,602,963</u>
Total				<u>\$ 47,279,539</u>

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	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	<u>\$ 19,035,936</u>	<u>\$ 12,831,383</u>	<u>\$ 8,980,389</u>	40,847,708
Amortization of entrance fees				<u>4,763,006</u>
Total				<u>\$ 45,610,714</u>

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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	<u>\$ 61,382,691</u>	<u>\$ 59,235,263</u>	<u>\$ 2,147,428</u>
Derivative financial instruments	<u>\$ 1,555,877</u>	<u>\$ -</u>	<u>\$ 1,555,877</u>

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	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
	<u>\$ 55,598,235</u>	<u>\$ 53,647,186</u>	<u>\$ 1,951,049</u>
Derivative financial instruments	<u>\$ (25,239)</u>	<u>\$ -</u>	<u>\$ (25,239)</u>

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	<u>(3,378,000)</u>	<u>(2,880,000)</u>
Investments	<u>\$ 60,873,399</u>	<u>\$ 55,362,202</u>

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Investment Return

Investment return without donor restrictions is comprised of the following:

	<u>2023</u>	<u>2022</u>
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	<u>3,103,299</u>	<u>(10,086,957)</u>
Total	<u>\$ 4,205,474</u>	<u>\$ (7,146,801)</u>

Investment return with donor restrictions is comprised of the following:

	<u>2023</u>	<u>2022</u>
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	<u>1,465,525</u>	<u>(5,296,216)</u>
Total	<u>\$ 2,224,634</u>	<u>\$ (3,799,100)</u>

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:

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

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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:

	<u>2023</u>	<u>2022</u>
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	<u>(22,170,791)</u>	<u>(20,278,347)</u>
Total	<u>\$ 54,827,210</u>	<u>\$ 51,515,652</u>

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:

	<u>2023</u>	<u>2022</u>
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	<u>1,073,300</u>	<u>1,097,338</u>
Total	213,731,136	212,309,189
Less accumulated depreciation	<u>107,682,731</u>	<u>101,165,782</u>
Total	106,048,405	111,143,407
Construction-in-progress	<u>3,366,013</u>	<u>373,458</u>
Property and equipment, net	<u>\$ 109,414,418</u>	<u>\$ 111,516,865</u>

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Long-Term Debt Summary

Long-term debt is as follows at June 30:

	<u>2023</u>	<u>2022</u>
2018 Bonds	\$ 6,870,000	\$ 7,150,000
2015B Bonds	52,929,247	53,416,817
2015A Bonds	<u>17,415,000</u>	<u>18,405,000</u>
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	<u>(955,118)</u>	<u>(1,052,528)</u>
Long-term debt, net	<u>\$ 75,268,391</u>	<u>\$ 77,143,317</u>

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

	<u>Debt Maturities</u>	<u>Amortization of Bond Premium</u>
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	<u>67,108,396</u>	<u>385,753</u>
Total	<u>\$ 77,214,247</u>	<u>\$ 981,597</u>

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:

	<u>2023</u>	<u>2022</u>
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	<u>519,248</u>	<u>376,214</u>
Total	<u>\$ 3,022,633</u>	<u>\$ 2,738,178</u>

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

8. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Charity care	\$ 4,977,612	\$ 4,181,836
Lifeways Connection, capital and other	459,490	391,540
	<u>5,437,102</u>	<u>4,573,376</u>
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
	<u>16,733,689</u>	<u>15,704,971</u>
Total	<u>\$ 22,170,791</u>	<u>\$ 20,278,347</u>

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.

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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

Messiah Lifeways and Controlled Entities

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

	<u>Messiah Lifeways</u>	<u>Messiah Village</u>	<u>Mount Joy Country Homes</u>	<u>Community Support Services</u>	<u>Eliminations</u>	<u>Consolidated</u>
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	<u>\$ 4,050,065</u>	<u>\$ 184,171,333</u>	<u>\$ 14,233,667</u>	<u>\$ 317,094</u>	<u>\$ (4,348,313)</u>	<u>\$ 198,423,846</u>

Messiah Lifeways and Controlled Entities

Consolidating Schedule, Balance Sheet

June 30, 2023

	<u>Messiah Lifeways</u>	<u>Messiah Village</u>	<u>Mount Joy Country Homes</u>	<u>Community Support Services</u>	<u>Eliminations</u>	<u>Consolidated</u>
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
	<u>1,079,743</u>	<u>10,014,155</u>	<u>828,452</u>	<u>2,986,363</u>	<u>(4,348,313)</u>	<u>10,560,400</u>
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
	<u>1,079,743</u>	<u>134,464,548</u>	<u>12,205,638</u>	<u>2,986,363</u>	<u>(4,348,313)</u>	<u>146,387,979</u>
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
	<u>2,970,322</u>	<u>49,706,785</u>	<u>2,028,029</u>	<u>(2,669,269)</u>	<u>-</u>	<u>52,035,867</u>
Total liabilities and net assets (deficit)	<u>\$ 4,050,065</u>	<u>\$ 184,171,333</u>	<u>\$ 14,233,667</u>	<u>\$ 317,094</u>	<u>\$ (4,348,313)</u>	<u>\$ 198,423,846</u>

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

	<u>Messiah Lifeways</u>	<u>Messiah Village</u>	<u>Mount Joy Country Homes</u>	<u>Community Support Services</u>	<u>Eliminations</u>	<u>Consolidated</u>
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)
	<u>(34)</u>	<u>1,886,569</u>	<u>350</u>	<u>5,559</u>	<u>-</u>	<u>1,892,444</u>
Change in net assets with donor restrictions	<u>(34)</u>	<u>1,886,569</u>	<u>350</u>	<u>5,559</u>	<u>-</u>	<u>1,892,444</u>
Change in net assets (deficit)	(172,756)	4,197,195	489,769	(112,682)	-	4,401,526
Net Assets (Deficit), Beginning	<u>3,143,078</u>	<u>45,509,590</u>	<u>1,538,260</u>	<u>(2,556,587)</u>	<u>-</u>	<u>47,634,341</u>
Net Assets (Deficit), Ending	<u>\$ 2,970,322</u>	<u>\$ 49,706,785</u>	<u>\$ 2,028,029</u>	<u>\$ (2,669,269)</u>	<u>\$ -</u>	<u>\$ 52,035,867</u>