

DISCLOSURE STATEMENT

November 27, 2025

St. Joseph of the Pines
Belle Meade | Pine Knoll

100 Gossman Drive, Suite B, Southern Pines, NC 28387

Telephone Number

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Facsimile Number

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DISCLOSURE STATEMENT UNDER THE PROVISIONS OF ARTICLE 64 OF CHAPTER 58 OF THE GENERAL STATUTES OF NORTH CAROLINA

This Statement is required to be delivered to a contracting party before the execution of a contract for the provision of continuing care as required under said Article.

This Statement has been filed with the Department of Insurance of the State of North Carolina but has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

Copies of the standard forms of contract for continuing care used by St. Joseph of the Pines, Inc. for Belle Meade and Pine Knoll are attached hereto as a part of this Statement.

**The last day through which this statement may be delivered if not earlier revised is
November 27, 2026**

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I. Organization Information

A. Sponsor

St. Joseph of the Pines, Inc. (“SJP” or “St. Joseph” or “Corporation”) is a not-for-profit corporation that owns and operates two retirement communities on separate campuses and eight affordable housing facilities in North Carolina. SJP was incorporated in 1948 and has been in continuous operation since that time. The mission of the Corporation, a part of Trinity Health, is “to serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.”

Trinity Health is a multi-institutional, Catholic health organization with 92 hospitals and 101 continuing care locations, the second largest PACE program in the country, and many other health and well-being services. It is a family of 133,000 colleagues and nearly 38,900 physicians and clinicians caring for diverse communities across 25 states.

The Corporation is affiliated with the Roman Catholic Church. The sole member of the Corporation is Trinity Continuing Care Services, a Michigan nonprofit corporation (“TCCS”). The sole member of TCCS is Trinity Health Corporation, an Indiana nonprofit corporation (“Trinity”).

A Board of Directors governs SJP and is responsible for oversight of the corporation consistent with its fiduciary obligations. Trinity maintains a high level of authority over the entire health system and exercises this authority through certain reserved powers identified within SJP's corporate bylaws. Action such as approval of SJP's mission, strategic plans and budgets are among the powers reserved to Trinity.

St. Joseph is dedicated to the care of the sick and needy and operates on the philosophy that all people, regardless of race, color, or creed, are entitled to high quality care in the attainment and maintenance of good health. St. Joseph has grown to include a wide variety of health care services and facilities.

B. Not-for-Profit Status

St. Joseph is classified by the Internal Revenue Service as a 501(c)(3) organization. This not-for-profit classification exempts the corporation from corporate income taxes and allows St. Joseph to receive charitable contributions that are tax deductible by the donor. Under Internal Revenue Service regulations, no earnings of the Corporation may be used for the benefit of, nor be distributed to, corporate directors, officers, or other private individuals. It is the intention that all excess funds remain with St. Joseph for use in its programs and services to residents.

C. Associations

St. Joseph maintains active membership in Leading Age.

D. Conflicts of Interest

There are no conflicts of interest that require disclosure in accordance with N.C.G.S. 58-64-20(a)(3)(b). No member of the board, officer or person managing the community on a day-to-day basis has a 10% or greater interest in any other entity or if any other entity has a 10% or greater interest in any member of the board, officer or person managing the community on a day-to-day basis has or will provide \$500 or more in goods or services to the community. (Unless disclosed, no Board member or individual responsible for daily management shall operate business ventures which provide any good or services to the facility). N.C.G.S. 58-64-20(a)(3)(b).

E. Licensures

Belle Meade and Pine Knoll are licensed by the North Carolina Department of Insurance as a Continuing Care Retirement Community (CCRC). St. Joseph of the Pines, Inc. is certified by Medicare/Medicaid and licensed by the North Carolina Department of Health and Human Services for the Health Center and Coventry.

II. Facilities Introduction and Information

A. A brief description of SJP entities is as follows:

- **Belle Meade Campus** (“Belle Meade”) is located at 100 Waters Drive and consists of two-hundred fifteen (215) available independent living residential apartments in three-story buildings, cottages, homes, and a community center with common areas and amenities. As of June 30, 2025, Belle Meade had approximately 206 occupied residential living units.
- **The Pine Knoll Campus** (“Pine Knoll”) began its operations in 1984 as St. Joseph of the Pines Villas. The 19-acre campus is located in Southern Pines at 590 Central Drive and is approximately one-point-five miles from Belle Meade. It consists of eighty-six (86) available independent living apartments and cottage homes and a community commons area with amenity space. As of June 30, 2025, Pine Knoll had approximately 82 occupied residential living units.
- **The Health Center** (“Health Center”), located at 103 Gossman Drive, is licensed for (ninety) 90 available nursing beds including a Rehabilitation Unit and is adjacent to Belle Meade.

- **The Coventry** (“Coventry”), located at 105 Gossman Drive, is licensed as a (sixty) 60 bed Adult Care Home and is adjacent to Belle Meade.

B. Biographical Information of St. Joseph of the Pines’ Management

Stacey Johnson, Chief Operating Officer

Stacey Johnson serves as Chief Operating Officer for Trinity Health Senior Communities, where she has progressed through regional and national clinical roles, including Chief Nursing Officer, since 2013. Stacey holds a B.S.N. degree from Indiana University, an M.S.N. degree from Bethel College, and a D.N.P. with a focus on public health leadership from Indiana State University. In 2023, she received the LeadingAge Michigan Leadership in Action Award, was an Age of Excellence Honoree, and was recognized as a featured Standard of Excellence Team Member by the Institute of Post Acute Care.

Marcus Bowens, Chief Financial Officer

Marcus Bowens joined Trinity Health in 2022 as Chief Financial Officer of National Health Ministries. The National Health Ministries encompasses Trinity Health’s home care and hospice, senior living communities, and its Programs for the All-inclusive Care of the Elderly. Marcus has comprehensive experience in all facets of accounting and financial management, reporting, and policy development and implementation critical to advancing performance and achieving objectives in continuing care.

Prior to joining Trinity Health, Marcus served as CFO at the Avante Group in Orlando, FL: a provider of skilled nursing, assisted living, home health care services, and a physicians group practice. Marcus holds a bachelor’s degree in business administration from North Georgia College & State University and a Master of Accounting and financial management degree from DeVry University’s Keller Graduate School of Management.

Paul Barber, Vice President

Mr. Barber joined St. Joseph of the Pines in November 2025. He has served in senior administration roles at both Trinity Health Senior Communities and Heritage Community of Kalamazoo. He is a Licensed Nursing Home Administrator and has served on the Boards of the National Association of Long-Term Care Administrators and State of Michigan Board of Nursing Home Administrators.

Scott Brewton, Vice President (retiring December 2025)

Mr. Brewton joined St. Joseph of the Pines in October 2020. Prior to joining SJP, he served as senior vice presidents and general manager of

Pinehurst Resort and Country Club for sixteen years, where he was responsible for the operations of three hotels, eight restaurants, a spa, and conference center. A trusted and visionary leader, Scott has extensive experience in overseeing successful capital improvement projects and campus enhancements and is committed to investing in staff education and customer satisfaction training.

Kimberly Wessell, Director of Sales and Marketing

Mrs. Wessell is a Hamlet native who joined SJP in June 2017, bringing with her more than two decades of sales and marketing experience. Prior to her arrival, Mrs. Wessell spent 10 years as a national integrated media sales executive for Valassis, Inc., where she consistently exceeded her annual sales quota and won numerous company awards. Mrs. Wessell earned a Bachelor of Science Degree in Early Childhood Education with Reading Certification from East Carolina University, where she also studied Fashion Merchandising.

C. Board of Directors

The Board of Directors (“Board”) governs the Corporation as a not-for-profit corporation. The members of the Board are the same individuals who serve as the directors of TCCS’s board and serve on the Board as long as they are also on TCCS’s board.

The 2025 Board members are:

Dan J. Drake

President and Chief Executive Officer, Continuing Care Trinity Health

Ray Anderson

Executive Vice President and Chief Strategy Officer, Trinity Health

Benjamin Carter

Executive Vice President and Chief Operating Officer, Trinity Health

Corinne Francis

Executive Vice President and Chief Mission Integration Officer, Trinity Health

Daniel P. Isacksen

Executive Vice President and Chief Financial Officer, Trinity Health

Joshua Moore

Senior Vice President, Deputy General Counsel Legal Services, Trinity Health

Daniel J. Roth, MD

Executive Vice President and Chief Clinical Officer, Trinity Health

Marcus Bowens

Chief Financial Officer, Continuing Care Trinity Health

Christine N. Seppala

General Counsel, Trinity Health

The Board has appointed an advisory board made up of local community members in the area of SJP's facilities (the "Community Board"). Community Board members may serve for up to three 3-year terms. The Community Board provides advice and direction to the board on community relations, quality management, patient staff, and employee safety, and philanthropic efforts, among other matters.

Marcus Bowens

100 Gossman Drive, Suite B
Southern Pines, NC 28387

Dr. Jenifir Bruno (Vice Chair)

P.O. Box 3000
Pinehurst, NC 28374

Brian Canfield, MHA, MBA, MA, FACHE

P.O. Box 7005
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Mitchell Capel, Sr.

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Matthew Prestwood

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Tony Price (Chair)

211 Trimble Plant Rd.
Southern Pines, NC 28387

Matt West

P.O. Box 5868
Pinehurst, NC 28374

D. Criminal Violation Statement

No board member or individual responsible for the management of SJP has been convicted of a felony, pleaded no contest to a felony charge, or been held liable in a civil action by final judgment in cases in which the felony or civil charge has involved fraud, embezzlement, misappropriation, or fraudulent conversion of property. Likewise, no board member or individual responsible for the management of SJP is subject to a current injunctive or restrictive court order or within the past five (5) years have had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department involving the business activity of operating a retirement home, assisted living or skilled nursing facility.

E. Location and Description of Physical Property

The Belle Meade campus is located on a 100-acre property off Camp Easter Road at 100 Waters Drive in Southern Pines, North Carolina. The property has been owned and maintained by St. Joseph of the Pines, Inc. since 1991. Belle Meade opened in 1999 and includes a clubhouse, four buildings housing a total of 170 apartment residences, 28 cottage duplexes, and 20 freestanding homes.

The Pine Knoll campus is located on a 19-acre property at 590 Central Drive in Southern Pines, North Carolina. The property has been owned and maintained by

St. Joseph of the Pines, Inc. since 1948. The Pine Knoll campus, formally St Joseph of the Pines Villas, opened in 1984 and currently includes 68 apartment residences and 22 cottage units.

Assisted living and skilled nursing home services for Belle Meade and Pine Knoll residents are provided in the Coventry and Health Center, respectively, located adjacent to Belle Meade.

F. Residents Association

All residents are eligible for membership in the Resident Association. The Residents Association meets periodically and is often joined by Management. Management works closely with the residents through its committees. Each department manager meets routinely with the appropriate resident committees.

III. Facility Policies

A. Resident Health Criteria

Prior to the occupancy date, a prospective resident will submit a physical examination report made by his/her personal physician. The report must state that the resident is in good health, can move about independently, and is able to take care of him or herself in daily living without assistance from the St. Joseph of the Pines staff.

SJP may require the prospective resident to undergo a second physical examination by a physician approved by SJP. The resident will be responsible for the cost of such physical examination. If the results of the examination report(s) differ materially from the information disclosed in the Application for Residency Form and Personal Health History Form, SJP retains the right to decline residency and to terminate the Residency Agreement.

B. Financial and Insurance Criteria

All residents must have sufficient assets and income to pay the financial obligation under the Residency Agreement and to meet ordinary current and future living expenses of the resident. Beyond the Confidential Financial Statement, SJP may require the prospective Resident to furnish additional financial information as may be needed. All Residents must secure and keep in force during the term of the Residency Agreement health insurance approved by

SJP (e.g., supplemental insurance). Residents eligible for Medicare/Medicaid must apply for and secure the maximum benefits available under Medicare Parts A and B and provide copies of policies and/or Medicare coverage upon admission or upon eligibility.

C. Execution of Certain Forms

Residents will, from time to time as appropriate, take such action and execute such forms as are necessary to secure the payment to any hospital, skilled nursing facility, or other provider of services, or to any physician (including reimbursement to the corporation for services rendered) of any and all amounts payable in respect of services to Resident and for which benefits, such as Medicare and Medicaid, are available, or may be available in the future.

D. Execution of Power of Attorney

Residents will grant to a family member or other responsible individual a durable power of attorney to act on behalf of the resident with respect to the resident's other rights and obligations under the Residency Agreement. Evidence of such provision will be made available to a representative of SJP prior to the resident's occupancy.

E. Age Requirements

Admission is restricted to persons sixty-two (62) years of age or older; if the Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of occupancy.

F. Cancellation/Termination in Relation to Refunds

1. Termination Prior to Occupancy

You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. You are not required to move into the Residential Unit before the expiration of the 30-day period.

If You die before physically occupying a unit in the facility, or if, on account of illness, injury, or incapacity, before physically occupying a unit in the facility, You are precluded from ever physically occupying a Residential Unit under the terms of the Agreement for continuing care, this Agreement is automatically canceled.

For rescinded or canceled Agreements under this section, You or Your legal representative shall receive a refund of the Deposit and Entrance Fee paid or Membership Fee paid to the Corporation, as applicable, less (i) periodic charges specified in this Agreement and applicable only to the period a Residential Unit was actually occupied by You; (ii) those nonstandard costs specifically incurred by the Corporation at Your request and described in the Agreement (i.e. including but not limited to costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit) ; (iii) nonrefundable fee of \$250 which is a processing fee of the Deposit; and (iv) a reasonable service charge not to exceed the greater of one thousand dollars (\$ 1,000) or two percent (2%) of the Entrance Fee paid or Membership Fee, as applicable.

2. Voluntary Termination After Occupancy

You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. Also, at any time after occupancy, the Resident may terminate the Residency Agreement by giving SJP thirty (30) days written notification. The Refund Option selected as indicated on the Residency Agreement will determine the amount refunded to the Resident.

a. Standard Refund Option

The Resident will receive a refund amount equal to the Entrance Fee paid less two percent (2%) for each month of residency during the first 49 months of occupancy and less an administrative charge of the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You; and less any other unpaid fees. Any refund due to You will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund.

b. 50% Refund Option

The Resident will receive a refund equal to the Fifty Percent (50%) Refund Entrance Fee less two percent (2%) for each month of residency for up to twenty-four (24) months of occupancy; and less an administrative charge of the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You; and less any other unpaid fees. The refund will never be less than Fifty Percent (50%) of the Fifty Percent Refund Entrance Fee, less the periodic charges specified in the Agreement, and applicable only to the period of occupancy by You.

Upon termination of the Agreement, any refund will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of closing date.

c. 90% Refund Option

The Resident will receive a refund amount equal to the Ninety Percent (90%) Refund Entrance Fee less two percent (2%) for each month of residency for up to four months of occupancy and less an administrative charge of the greater of one thousand dollars (\$1,000.00) or two percent (2%) of the Entrance Fee; and less the periodic charges specified in the Agreement and applicable only to the period of occupancy by You. The refund will never be less than Ninety Percent (90%) of the Ninety Percent Refund Entrance Fee, less the periodic charges specified in the Agreement, and applicable only to the period of occupancy by You, and less any other unpaid fees. Upon termination of the Agreement, any refund due will be made no later than Your Residential Unit having been reserved by a prospective Resident, and such prospective Resident having paid the Entrance Fee. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of closing date.

3. Termination Upon Death

In the event of a Resident's death after occupancy, the Residency Agreement will terminate, and the refund of the Entrance Fee paid will be determined by the arrangements made by the Resident as indicated on the signed Residency Agreement.

4. Termination by St. Joseph

SJP may terminate the Residency Agreement if there has been a material misrepresentation or omission made by the Resident in his or her Application for Residency and associated forms; if the Resident fails to make payment of any fees or expenses due SJP within sixty (60) days of due date; if the Resident does not abide by the rules and regulations adopted by the community; or if the Resident breaches any of the terms and conditions of the Residency Agreement. In the event of termination by any of these causes, the refund will be determined by the arrangements made with the Resident upon entering into the Residency Agreement.

G. Moves

The resident may transfer from one residence to another or from independent living to assisted living or skilled nursing, on a permanent or temporary basis. SJP must approve all changes in the accommodations, and all decisions are binding. A transfer fee may be assessed for resident moves between independent living units.

In the event that two Residents occupy a residence under the terms of the Residency Agreement, upon the permanent transfer to the Health Center, the Coventry or other health care facility, or in the event of the termination of the Residency Agreement with respect to one of such Residents, the Residency Agreement will continue in effect as to the remaining or surviving Resident who will have the option of retaining the same residence, in which event there will be no addition to or refund of the entrance fee, or the surviving resident may move to a less spacious residence. If a co-Resident terminates the Residency Agreement by death or otherwise, the remaining Resident will pay the monthly fee for single occupancy associated with the occupied residence.

SJP will have authority to determine if a Resident should be transferred from an independent living residence to assisted living or skilled nursing care or from one level of care to another level of care. Such determination will be based on the professional opinion of Management and a physician approved by SJP and will be made only after consultation to the extent practical with the Resident and/or a representative of the family.

H. Marriage During Occupancy/New Second Occupant

1. Resident

In the event that a Resident wishes to marry and share a residence with another Resident, or share a residence with another Resident, they may occupy either residence and choose to surrender the other residence, subject to the approval of SJP. A refund will be payable with respect to the residence surrendered, based on the selected refund option for such surrendered residence less the current second person fee/periodic charge applicable only to the period the non-surrendered residence was actually occupied by the surrendering Resident as prorated on a per-diem basis.

2. Non-Resident

In the event that a Resident wishes to marry and share a residence with a non-Resident, or share a residence with a non-Resident, the non-Resident spouse/occupant may occupy the residence with the Resident only if he or she meets the current residency criteria, executes a Residency Agreement, and pays the subsequent second person entrance fee as determined by

Management. Upon entry, the Resident and the new spouse/occupant will pay the double occupancy monthly fee associated with the occupied residence. Should the new spouse/occupant not meet the requirements for entry, the non-Resident spouse/occupant must vacate the residence within 30 days.

I. Financial Hardship

It is the intent of SJP to permit a resident to reside in the community if the resident is no longer capable of paying the prevailing fees and charges as a result of financial hardship occurring after occupancy, provided such difficulties are not the result of willful or unreasonable dissipation of the resident's finances. SJP will give careful consideration to subsidizing the fees and charges payable by the resident so long as such subsidies can be made without impairing the ability of SJP to attain its objectives while operating on a sound financial basis. SJP may request that the resident make every effort to obtain assistance from all available resources both private and public. When a resident dies, the estate, if any, will be liable to SJP for the full amount of the subsidy received during the resident's time of residency.

IV. Facility Services

A. Independent Living Services

Residents are entitled to enjoy the following services, programs, amenities, and common areas, which are supported by the initial Entrance Fee and an ongoing Monthly Fee.

a. Amenities/Programs:

Belle Meade

- Public and private dining rooms for parties and other functions
- A lounge area for use by residents for social and other activities
- A swimming pool and fitness room equipped with exercise equipment
- A beauty salon/barber shop
- A library where an assortment of books and current periodicals can be checked out by residents
- A game room for cards, chess, and other table games
- A multi-purpose room, art room and woodworking shop, where residents can participate in private or group activities
- A branch office of a local FDIC insured bank
- Paved sidewalks for resident exercise and a wellness trail
- An ecumenical chapel for worship
- A putting green, practice golf range, shuffleboard, and croquet courts

- A pickle ball court for resident use
- Golf membership at ten local golf courses available for a nominal monthly fee

Pine Knoll

- Public and private dining rooms for parties and other functions
- A lounge area for use by residents for social and other activities
- A fitness room equipped with exercise equipment
- A beauty salon/barber shop
- A library where an assortment of books and current periodicals can be checked out by residents
- A billiard room
- A theater
- A game room for cards, chess, and other table games
- A multi-purpose room, where residents can participate in private or group activities
- Paved sidewalks for resident exercise and a wellness trail
- An ecumenical chapel for worship
- Golf membership at ten local golf courses available for a nominal monthly fee

b. Services:**Belle Meade**

- A monthly discretionary credit allowance
- All utilities
- Emergency call devices will be provided and twenty-four (24) hour emergency call response.
- Housekeeping service
- Trash removal
- Interior and exterior maintenance of Residence and common areas
- Scheduled transportation to medical appointments
- Health and exercise programs in the indoor pool, fitness center and in other open areas
- Scheduled activities
- Receptionist/Concierge
- Routine landscaping
- Lighted parking areas
- Guest parking
- Personal storage space
- General liability and property insurance coverage (residents are encouraged to consider personal property insurance coverage)

Pine Knoll

- A monthly discretionary credit allowance
- All utilities
- Emergency call devices will be provided and twenty-four (24) hour

- emergency call response
- Housekeeping service
- Trash removal
- Interior and exterior maintenance of Residence and common areas
- Scheduled transportation to medical appointments
- Scheduled activities
- Receptionist/Concierge
- Routine landscaping
- Lighted parking areas
- Guest parking
- General liability and property insurance coverage (residents are encouraged to consider personal property insurance coverage)

C. Healthcare Benefit

If you are in need of temporary care in the Health Center or in Assisted Living, it will be provided after a qualifying medical stay or for a physician order for up to fourteen (14) days of a stay in any calendar year in the Health Center or Assisted Living after consultation between the Corporation's Health Evaluation Team, Your physician, You, and Your spouse (if any) or immediate family. During such period, You shall continue to pay the Monthly Fee for the Residential Unit.

The Corporation offers two Healthcare Benefit Options as part of the Residency Agreement for Belle Meade and Pine Knoll, as set forth below.

1. **Extensive Benefit:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and You will no longer pay the Monthly Fee for Your Residential Unit. Instead, You shall receive a fifty percent (50%) discount from the published per diem fee at the time You transfer to either Assisted Living or nursing care. Resident's short- and long-term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.
3. **Fee-for-service:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and You will no longer pay the Monthly Fee for Your Residential Unit and, instead, shall pay the then current, published per diem fee for either assisted living or nursing care. Resident's short- and long-term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

You agree that the Corporation will have the right and ability to file for any health care reimbursement available to You on Your behalf.

D. Services Available at Extra Charge

In addition to the standard services included in the Monthly Fee, SJP will make available: delivery of meals to residences, catering for special occasions, beauty salon/barber shop services, additional housekeeping and maintenance services, and transportation at additional costs.

Independent Living Ancillary Charges

Beauty/barber shop	varies upon selection
Additional housekeeping	\$60/hour
Additional housekeeping	\$60/hour
Catering	varies upon selection
Meal delivery to resident	\$6 per meal

E. Continuum Services Available

a) Assisted Living

Assisted living is available for residents who need assistance with activities of daily living. Residents will receive three meals a day, snacks, assistance with bathing and dressing, medication, medical treatments, support services, housekeeping, and laundry services.

Coventry	Qty	Square Footage	2026	2025	2024	2023	2022
Studio - 1st Floor	40	301	\$ 7,724	\$ 7,573	\$ 7,317	\$ 6,903	\$ 6,574
Apartment - 2nd Floor	10	651	\$ 8,634	\$ 8,465	\$ 8,179	\$ 7,716	\$ 7,349
	50 % Change		2.0%	3.5%	6.0%	5.0%	4.0%

There are currently 60 licenses available for Assisted Living.

b) Skilled Nursing Services

The Health Center is licensed to provide services in 90 skilled nursing beds. Residents' short- and long- term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

Health Center	Quantity	2026	2025	2024	2023	2022
Private Pay Daily Room Rate	90	390	390	390	390	\$ 368
	% change	0.0%	0.0%	0.0%	6.0%	5.1%

V. Facility Fees

A. Residency Agreement Deposit

Upon submission of Residency Agreement, a prospective resident is required to make a deposit equal to 10 percent (10%) of the Standard Entrance Fee described in the Residency Agreement. The Residency Agreement Deposit is fully refundable for thirty (30) days, less an administrative charge of two hundred and fifty dollars (\$250), from the execution date of the Residency Agreement or the receipt of a disclosure statement that meets the requirement of North Carolina General Statutes, whichever is later.

B. Entrance Fee and Monthly Fee

Residents will pay an initial Entrance Fee and an ongoing Monthly Fee, both of which are partially tax-deductible under current tax law. The entrance fee is a payment that assures the resident a place in the community for life; payment of a membership fee provides this same assurance. A membership fee is an option detailed in the Residency Agreement; this option affords a lower entry fee counterbalanced with a higher monthly fee.

Schedule of past Independent Living Monthly Fees with % and dollar amount of annual increases:

Belle Meade	Quantity	Square Footage	2026	2025	2024	2023	2022
Bristol	3	800	\$3,237	\$3,083	\$2,979	\$2,824	\$2,664
Somerset	26	962	\$3,605	\$3,433	\$3,317	\$3,144	\$2,966
Wellington	23	1,205	\$4,136	\$3,939	\$3,806	\$3,608	\$3,404
Cotswold	55	1,366	\$4,494	\$4,280	\$4,135	\$3,919	\$3,697
Avington	21	1,454	\$4,576	\$4,358	\$4,211	\$3,991	\$3,765
Dorset I	11	1,518	\$4,582	\$4,364	\$4,216	\$3,996	\$3,770
Dorset II	21	1,620	\$4,843	\$4,612	\$4,456	\$4,224	\$3,985
Keswick	4	1,906	\$5,561	\$5,296	\$5,117	\$4,850	\$4,575
Combo	6	2,323	\$6,213	\$5,917	\$5,717	\$5,419	\$5,112
Prescott Cottage	11	2,060	\$5,521	\$5,258	\$5,080	\$4,815	\$4,542
Essex Cottage	13	1,973	\$5,919	\$5,637	\$5,446	\$5,162	\$4,870
Sterling Cottage	14	2,322	\$6,477	\$6,169	\$5,960	\$5,649	\$5,329
Windsor Home	2	1,632	\$5,304	\$5,051	\$4,880	\$4,626	\$4,364
Hampstead Home	8	1,799	\$5,646	\$5,377	\$5,195	\$4,924	\$4,645
	218						
		% change	5.0%	3.5%	5.5%	6.0%	4.0%
		Average \$ change	\$227	\$153	\$228	\$235	\$151
Second Person Fee			\$1,796	\$1,710	\$1,477	\$1,477	\$1,477

Pine Knoll	Quantity	Square Footage	2026	2025	2024	2023	2022
Halsford	7	384	\$1,886	\$1,796	\$1,735	\$1,645	\$1,552
Lampford	18	573	\$2,252	\$2,145	\$2,072	\$1,964	\$1,853
Upton	15	720	\$2,560	\$2,438	\$2,356	\$2,233	\$2,107
Newland	8	836	\$2,838	\$2,703	\$2,612	\$2,476	\$2,336
Ashmore	8	1,295	\$3,973	\$3,784	\$3,267	\$3,097	\$2,922
Scotsgrove	4	1,344	\$4,070	\$3,876	\$3,342	\$3,168	\$2,989
Kingston	8	1,618	\$4,404	\$4,194	\$3,567	\$3,381	\$3,190
Woodleigh	8	1,211	\$3,918	\$3,731	\$3,605	\$3,417	\$3,224
Bickleigh	10	1,322	\$4,048	\$3,855	\$3,725	\$3,531	\$3,331
Ashleigh	1	1,347	\$4,090	\$3,895	\$3,763	\$3,567	\$3,365
Kingsford	1	1,381	\$4,156	\$3,958	\$3,824	\$3,625	\$3,420
Dunsford	1	1,443	\$4,190	\$3,990	\$3,855	\$3,654	\$3,447
Fernhill	1	1,733	\$4,684	\$4,461	\$4,310	\$4,085	\$3,854
	90						
		% change	5.0%	6.6%	5.5%	6.0%	4.0%
		Average \$ change	\$152	\$198	\$148	\$152	\$98
Second Person Fee			\$ 1,467	\$ 1,397	\$ 1,350	\$ 1,280	\$ 1,208

C. Adjustments in the Monthly Fee

SJP retains the right to adjust the Monthly Fee, fee-for-service charges, and any other fees and charges, as necessary to meet the financial obligations of the Corporation. In the event that it should be determined that SJP is required to pay sales tax or ad valorem taxes upon its property, the Monthly Fee may be adjusted to reflect the amount of such taxes. SJP may make any such adjustments in the Monthly Fee or other charges upon sixty (60) days written notice to residents.

D. Fee Change Policies

Fees are generally changed once annually but may be changed at any time. At least sixty (60) days' notice is provided to residents before new fees take effect. The objective in setting fees is to keep them at the lowest feasible rates consistent with sound fiscal practices and maintenance of the quality of service. Notification of any adjustment in the Monthly Fee will be given to all residents at least sixty (60) days prior to the actual adjustment.

E. Options Costs

Residents may request structural changes to their units and, if approved, must make an advance deposit of the construction cost, and upon move out the Resident may be required to return the unit to its original condition. The Corporation may charge (with advance notice to You upon your selection of custom features) a nonrefundable "upfit fee" to You as a result of Your custom features, in the sole discretion of the

Corporation. The upfit fee shall correlate to the anticipated cost of returning the Residential Unit to its original condition upon vacating of the Unit by You.

VI. Financial Information

A. Financial Statement Summary

St. Joseph of the Pines, Inc. ended fiscal year 2025 with net operating income of \$0.8 Million. A copy of the audited financial statements is included.

B. Compliance with Operating Reserve Requirement

North Carolina State law requires that existing CCRCs provide for a minimum operating reserve. The North Carolina Department of Insurance requires that an operating reserve calculated on the total operating costs of the facility forecasted for the 12-month period following the period reported in the most recent disclosure statement shall be maintained.

SJP Independent Living and Assisted Living occupancy was ninety-two percent (92%) as of June 30, 2025. The Pine Knoll Independent Living campus ended 2024 with an occupancy of ninety-four percent (94%) with 81 of the 86 available units occupied/unoccupied but reserved, the Belle Meade Independent Living campus ended 2024 ninety-four percent (94%) occupied with 202 of 215 available units occupied/unoccupied but reserved, the Coventry Assisted Living building was sixty-five percent (65%) occupied. SJP is expected to continue to exceed the ninety (90%) occupancy target in this coming fiscal year.

SJP is required to maintain a minimum operating reserve of \$3.232 million for the 2026 fiscal year.

Total Forecasted 2026 Operating Costs for Belle Meade & Pine Knoll (in thousands of dollars)

Total Operating Costs:	\$15,037
Plus Principal Payment	871
Less Debt Service Reserve Amount	0
Less Depreciation & Amortization Expense	<u>2,981</u>
Total Adjusted Cost	\$12,927

Operating Reserve Requirement
(in thousands of dollars)

Projected FY26 Adjusted Operating Costs	\$12,927
Multiplied by Required Percentage	<u>x 25%</u>
Total Operating Reserve Required	<u>\$3,232</u>

The invested funds identified to meet the operating reserve requirement are managed through the Treasury Services department of Trinity. The Treasury Services department is responsible for managing approximately \$16.2 billion in investments and contracts with experienced consultants that assist with the oversight of the various fund managers.

C. Amortization of Entrance Fees

Entrance Fees are fees used to help cover costs of providing services to a resident over ones' lifetime. As such, the Entrance Fee is not recorded as revenue in the year it is paid, but rather is deferred over time and recognized as income over the estimated life expectancy of the residents in accordance with generally accepted accounting principles.

D. Contracts for Continuing Care

An estimated 386 independent living residents of the facility are provided services by SJP pursuant to contracts for continuing care.

E. 2025 Variances from Previous Forecast

St. Joseph of the Pines operations consists of four lines of service:

Independent Living	Assisted Living
Skilled Nursing	HUD Property Management

Operating Margin

St. Joseph of the Pines operating income was \$0.8 million, which is favorable to the 2025 forecasted operating income of \$0.3 million.

Total Operating Revenues

Total operating revenues were forecasted at \$37.0 million. Actual operating revenues were \$36.7 million. The unfavorable variance is primarily due to Health Center lower than forecasted reimbursement rates and payor mix.

Total Operating Expenses

Total operating expenses were forecasted at \$36.8 million. Actual operating expenses were \$35.9 million. The organization was favorable to forecasted expenses as a result of lower than anticipated health care occupancy.

Independent & Assisted Living Revenues

- Monthly Service Fee income was forecasted at \$21.5 million, while actual Service Fee income for 2025 was slightly unfavorable at \$21.3 million.
- Entrance Fee amortization income forecast was \$3.5 million, and actual amortization was \$3.4 million. Fee amortization is the portion of the entrance fee that is recognized into revenue annually as the entrance fee amortization may not be fully realized upon entrance.

St. Joseph of the Pines
Comparison 2025 Forecast to 2025 Actuals
Statement of Operations (In Thousands of Dollars)

Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.

	2025 Forecast	2025 Actual	\$ Variance	% Variance	Footnote
Revenues, gains and other support:					
Monthly fees	21,516	21,318	\$ (198)	-1%	
Amortization of entrance fees	3,545	3,419	(126)	-4%	
Health Care Revenues	10,635	10,284	(351)	-3%	
Contributions and gifts	30	22	(8)	-27%	
Other operating revenues	1,331	1,691	360	27%	C
Total unrestricted revenues, gains and other support	37,057	36,734	(323)	-1%	
Expenses:					
Health Care	9,690	9,308	(382)	-4%	
Dietary	7,074	6,899	(175)	-2%	
Administrative	6,107	6,017	(90)	-1%	
Maintenance	5,372	5,188	(184)	-3%	
Laundry (Linen)	93	104	11	12%	
Housekeeping	1,899	1,921	22	1%	
Depreciation and amortization	4,246	4,215	(31)	-1%	
Interest	1,635	1,690	55	3%	
Other operating expenses	654	600	(54)	-8%	
Total expenses	36,770	35,942	(828)	-2%	
Operating (loss) income	287	792	505	176%	
Equity changes (rel from rest capital & equity xfer)	(255)	(200)	55	-22%	
Non-operating gains (losses)	638	1,128	490	77%	C
Increase (Decrease) in Unrestricted Net Assets	670	1,720	1,050	157%	
Increase (Decrease) in Restricted Net Assets	0	(147)	(147)	100%	
Net assets (deficit), beginning of year	1,438	1,438	-	0%	
Net assets (deficit), end of year	2,108	3,011	903	43%	

Based on material variance of 10% in main category with floor of \$200,000

St. Joseph of the Pines
Comparison 2025 Forecast to 2025 Actuals

**Material Variances of greater
of 10% and greater than
\$200,000 are itemized and
explained on Notes page.**

Balance Sheet (In Thousands of Dollars)

	2025 Forecast	2025 Actual	\$ Variance	% Variance	Footnote
Current Assets:					
Cash & cash equivalents	86	\$ 42	\$ (44)	-51%	
Investments	8,298	8,656	358	4%	
Related party receivable	5,969	8,841	2,872	48%	A,D
Patient accounts receivable (AR), net	1,785	1,281	(504)	-28%	B
Prepaid expenses, inventories and other current asse	248	275	27	11%	
Total current assets	16,386	19,095	2,709	17%	
Assets Limited as to Use:					
Statutory Operating Reserve Investments	3,344	3,602	258	8%	
Other Restricted Investments	2,068	837	(1,231)	-60%	H
	5,412	4,439	(973)	-18%	
Property, Plant and Equipment					
Less: accumulated depreciation	146,292	145,653	(639)	0%	
Net Property, Plant and equipment	98,419	98,389	(30)	0%	
	47,873	47,264	(609)	-1%	
Other Assets:					
Other long-term assets	755	733	(22)	-3%	
Total other assets	755	733	(22)	-3%	
Total assets	70,426	71,531	1,105	2%	
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long term debt	871	871	-	0%	
Accounts Payable (AP) and accrued expenses	3,864	3,786	(78)	-2%	
Other accrued liabilities	0	-	-	0%	
Total current liabilities	4,735	4,657	(78)	-2%	
Deferred revenues - refundable					
Deferred revenues - nonrefundable	3,384	2,884	(500)	-15%	E
Long-term debt	19,228	20,015	787	4%	
Other long-term liabilities	40,962	40,964	2	0%	
Total deferred revenues and long-term liabilities	10	-	(10)	-100%	
	63,584	63,863	279		
Total liabilities	68,319	68,520	201	0%	
Net Assets (Deficit)					
Unrestricted	1,375	2,424	1,049	76%	F
Temporarily restricted	733	587	(146)	-20%	
Permanently restricted	0	-	-	0%	
Total net assets (deficit)	2,108	3,011	903	43%	
Total liabilities and net assets (deficit)	70,426	71,531	1,104	2%	

Based on material variance of 10% in main category with floor of \$200,000

St. Joseph of the Pines Comparison 2025 Forecast to 2025 Actuals Statement of Cash Flows (In Thousand of Dollars)					Material Variances of greater of 10% and greater than \$200,000 are itemized and explained on Notes page.
	2025 Forecast	2025 Actual	\$ Variance	% Variance	Footnote
Changes in net assets	\$ 670	\$ 1,573	\$ 505	75%	
Adjustments to reconcile changes in nets assets to cash:					
Net entrance fees received	3,523	4,366	843	24%	E
Amortization of entrance fees	(3,545)	(3,419)	126	-4%	
Depreciation and amortization	4,246	4,215	(31)	-1%	
Changes in operating assets and liabilities:					
Patient accounts receivable	(77)	427	504	-656%	B
Related party receivable	-	(2,871)	(2,871)	100%	A,D
Prepaid expenses inventory and other assets	(7)	(34)	(27)	370%	
Accounts payable and accrued expenses	113	(625)	(738)	-655%	D
Other LT liabs	(0)	(9)	(9)	2900%	
Net cash provided by operating activities	4,922	3,623	(1,688)	-34%	
Cash flows from investing activities:					
Change in investments and assets limited as to use	(769)	(154)	615	-80%	H
Acquisitions of property and equipment	(3,300)	(2,661)	639	-19%	G
Net cash used in investing activities	(4,069)	(2,815)	1,254	-31%	
Cash flows from financing activities:					
Payments on Long term debt	(837)	(836)	1	0%	
Net cash used in financing activities	(837)	(836)	1	0%	
Net increase (decrease) in cash and cash equivalent:	16	(28)	(44)	-274%	
Cash and cash equivalents, beginning	70	70	-	0%	
Cash and cash equivalents, ending	86	42	\$ (44)	-51%	
Cash payments for interest	1,731	1,756	\$ 25	1%	

Based on material variance of 10% in main category with floor of \$200,000

St. Joseph of the Pines
Comparison 2025 Forecast to 2025 Actuals
Footnotes

Material Variances of greater of 10% and over \$200,000 are itemized and explained on Notes page.

- A - Increase in funds held at parent to facilitate payroll and payable disbursements
- B - Implementation of accounts receivable process improvement initiatives
- C - Higher than anticipated performance of investment earnings
- D - Primarily due to timing of AP and payroll disbursements
- E - Census mix reflects increase in standard amortizing refundable contracts
- F - Improved net income
- G - Lower capital acquisitions than forecasted
- H - Decrease in board designated assets

ST. JOSEPH OF THE PINES, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025



ST. JOSEPH OF THE PINES, INC.

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Independent Auditor's Report

To the Board of Trustees
St. Joseph of the Pines, Inc.
Southern Pines, North Carolina

Opinion

We have audited the financial statements of St. Joseph of the Pines, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph of the Pines, Inc. as of June 30, 2025, and the results of its operations, changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the United States of America 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 financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 St. Joseph of the Pines, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Joseph of the Pines, Inc.'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.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 4, 2025

ST. JOSEPH OF THE PINES, INC.
Statement of Financial Position
June 30, 2025

<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 41,574
Patient accounts receivable, net of allowance for credit loss of \$751,719	1,281,021
Other receivables	8,841,290
Prepaid expenses, inventories and other current assets	274,810
Total current assets	<u>10,438,695</u>
Assets Limited as to Use:	
Operating reserve	3,602,479
Board designated	249,830
Donor designated	587,135
Total assets limited to use	<u>4,439,444</u>
Investments	<u>8,655,577</u>
Property, Plant and Equipment:	
Property, plant and equipment	142,893,978
Construction in progress	2,759,264
	<u>145,653,242</u>
Less: accumulated depreciation	98,388,597
Total property, plant and equipment	<u>47,264,645</u>
Other Assets:	
Other long-term assets	733,030
Total other assets	<u>733,030</u>
Total assets	<u><u>\$ 71,531,391</u></u>
<u>Liabilities and Net Assets</u>	
Current Liabilities:	
Current portion of long-term debt	\$ 870,755
Accounts payable and accrued expenses	3,786,672
Total current liabilities	<u>4,657,427</u>
Deferred Revenues and Long-Term Liabilities:	
Deferred revenues - refundable	2,884,197
Deferred revenues - nonrefundable	20,014,606
Long-term debt	40,963,849
Total deferred revenues and long-term liabilities	<u>63,862,652</u>
Total liabilities	<u>68,520,079</u>
Net Assets:	
Without donor restrictions	2,424,177
With donor restrictions	587,135
Total net assets	<u>3,011,312</u>
Total liabilities and net assets	<u><u>\$ 71,531,391</u></u>

See Notes to Financial Statements

ST. JOSEPH OF THE PINES, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2025

Net Assets Without Donor Restrictions:

Revenue, Gains, and Other Support:

Resident service revenue	\$ 21,318,415
Amortization of entrance fees	3,418,641
Health care	10,283,817
Investment income	364,714
Contributions and gifts	22,242
Other operating revenues	1,326,376
Total unrestricted revenue, gains and other support	<u>36,734,205</u>

Expenses:

Salaries and wages	13,224,133
Employee benefits	3,077,467
Contract labor	286,757
Supplies	3,097,995
Medical and professional fees	52,800
Purchased services	6,718,347
Depreciation and amortization	4,215,185
Occupancy	2,952,592
Interest	1,689,775
Insurance	354,740
Other expenses	272,679
Total expenses	<u>35,942,470</u>

Income from continuing operations	<u>791,735</u>
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Other changes in net assets without donor restrictions:

Nonoperating income	1,127,772
Net assets released from restrictions	288,107
Funding for pension plan and system development fund	(336,888)
Other expenses	(150,673)
	<u>928,318</u>
Increase in net assets without donor restrictions	<u>1,720,053</u>

Net Assets With Donor Restrictions:

Contributions and grants	139,259
Investment gain	2,606
Net assets released from restrictions	(288,107)
Decrease in net assets with donor restrictions	<u>(146,242)</u>

Change in net assets	1,573,811
Net assets, beginning	1,437,501
Net assets, ending	<u><u>\$ 3,011,312</u></u>

ST. JOSEPH OF THE PINES, INC.**Statement of Cash Flows****Year Ended June 30, 2025**

Cash flows from operating activities:

Change in net assets	\$ 1,573,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Entrance fees received	5,582,372
Amortization of advance fees received	(3,418,641)
Depreciation	4,215,185
(Increase) decrease in:	
Accounts receivable	427,173
Other receivables	(2,871,749)
Other current assets	(33,997)
Increase (decrease) in:	
Accounts payable and accrued expenses	(625,421)
Other long-term liabilities	(9,631)
Net cash provided by operating activities	<u>4,839,102</u>

Cash flows from investing activities:

Net change in investments and assets limited as to use	(153,944)
Purchases of property	<u>(2,661,396)</u>
Net cash used in investing activities	<u>(2,815,340)</u>

Cash flows from financing activities:

Payments on long-term debt	(836,016)
Refund of advance fees	<u>(1,215,831)</u>
Net cash used in financing activities	<u>(2,051,847)</u>

Decrease in cash and cash equivalents	(28,085)
Cash and cash equivalents at beginning of year	<u>69,659</u>
Cash and cash equivalents at end of year	<u>\$ 41,574</u>

Supplemental disclosure of cash flow information:

Cash paid for interest	<u>\$ 1,689,775</u>
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ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

St. Joseph of the Pines, Inc. (the "Organization and SJP") is a charitable not-for-profit health care organization, incorporated under the laws of North Carolina, primarily providing long-term care and senior housing. SJP consists of two independent living facilities, Belle Meade with 218 units, and Pine Knoll with 90 units. The independent living communities are located on separate campuses. SJP also provides assisted living services at The Coventry, a 60 unit assisted living facility located on the Belle Meade campus; and nursing services at the Health Center, a 176 bed licensed nursing center located adjacent to Belle Meade.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates market value. The Organization maintains cash balances with banks in excess of FDIC-insured limits.

Accounts Receivable

The Organization records accounts receivable at the total unpaid balance less an allowance for credit loss. The Organization determines past-due status based on the billing dates and does not charge interest on overdue accounts. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to bad debt expense.

Investments and Assets Limited as to Use

The Organization's investments, including those classified as assets limited as to use, are pooled with other related entities that are held by and administrated by Trinity Health, a not for profit Catholic health care system, which are recorded and reported at the net asset value per share, which closely approximates fair value. Investment income from the investment pool, including interest, dividends, realized and unrealized gains or losses are distributed to the Organization based on weighted value of the Organization's investment to the overall value of the pool.

Assets limited as to use includes designated assets set aside by the Board of Directors for future capital improvements to the extent funds are available, over which the Board retains control and may, at its discretion, subsequently use for other purposes; operating reserve required by State statute; and the amount associated with donor restricted investments.

ST. JOSEPH OF THE PINES, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Reserves

In accordance with the requirements of North Carolina General Statute 58, Article 64-33, management computes an annual operating reserve for its continuing care retirement communities licensed in North Carolina. The operating reserve must be an amount at least equal to 25% to 50% of operating expenses (net of depreciation and amortization) plus debt service, for the projected year ended June 30, 2025, for those facilities depending on occupancy levels of each facility.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets. The Organization capitalizes property and equipment with an estimated useful life of greater than three years and a cost of more than \$500. Depreciation is computed using the straight-line method over its estimated useful life of the related assets.

Building	40 years
Fixture equipment	10 years
Other	5 - 10 years

The Organization periodically assesses the value of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held and used, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

Deferred Revenue from Advance Fees

Fees paid by a resident upon entering into a continuing care contract, net of the portion thereof that is contractually refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of each resident, or couple, adjusted on an annual basis. Fifteen percent and four percent of the advance fee is earned by the Organization upon admission to Pine Knoll and Belle Meade, respectively. Upon termination (moving away from the community or death), Pine Knoll and Belle Meade residents are entitled to a refund of a pro-rated portion of their advance fee. The various contract terms are as follows:

Standard refund option - The refund for death or withdrawal is reduced by 4% in the first month and then 2% for the next 48 months. There is no refund after 49 months of occupancy.

50% refund option - The refund for death or withdrawal is reduced by 4% in the first month and then 2% for the next 23 months. The refund is never less than 50% of the advance fee, which is refundable upon re-occupancy of the unit by another resident or within 180 days after the resident has vacated the unit, whichever occurs first.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue from Advance Fees (Continued)

90% refund option - The refund for death or withdrawal is reduced by 4% in the first month and then 2% for the next 3 months. The refund is never less than 90% of the advance fee, which is refundable upon re-occupancy of the unit by another resident or within 180 days after the resident has vacated the unit, whichever occurs first.

The refundable percentage is reduced monthly, according to the terms of the contract, until there is no refund due or the minimum refundable amount guaranteed under the contract has been reached. Refundable fees and nonrefundable fees are classified as refundable fees and deferred revenue from advance fees, respectively.

Revenue Recognition

The Organization generates revenues, primarily by providing housing, amenities (recreational, dining, etc.) and access to health care services to its residents and participants. The various life care contract streams of revenue are recognized as follows:

Entrance fees: The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment under the life care contract and included in liabilities in the statement of financial position until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the expectant life of the resident as the performance obligation is associated with access to future services. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the statement of financial position.

Health care services: The Organization also provides assisted and nursing care to residents who are covered by government and commercial payers. The Organization is paid fixed rates from government and commercial payers. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the estimated net realizable amounts from patients, third-party payors, and others for services rendered while in the health care unit, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically such adjustments for the Organization have been immaterial in relation to the financial statements as a whole.

Monthly service fees: The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Obligation to Provide Future Services

The Organization annually calculates the present value of net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No liability has been recorded at June 30, 2025, because the present value of the estimated net costs of future services and use of facilities for the years then ended is less than deferred revenue from advance fees. The obligation is discounted 4.8% for June 30, 2025, which is based on the expected long-term rate of return on government obligations.

Net Patient Service Revenues

Third-party payors (Medicare, Medicaid and commercial insurance payors) provide payments to skilled nursing facilities at amounts different from their established rates. Payment arrangements include prospectively determined rates based on RUG scores, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is the estimated amount to be realized for services rendered, including retroactive adjustments. Net patient service revenues from the Medicare and Medicaid programs, exclusive of managed care, accounted for approximately 47% of total net patient service revenues.

Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and adjusted in future periods upon final settlements. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that adequate provision has been made for adjustments that may result from reviews by their third-party payors.

Operating Income

The statement of activities and changes in net assets includes operating income. Changes in unrestricted net assets which are excluded from the operating income, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, unrestricted contributions of long-lived assets (including assets required using contributions which, by donor restriction were to be used for the purpose of acquiring such assets) and the cumulative effect of change in accounting principle.

Social Accountability Costs

The Organization has a policy of providing health services to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Organization does not expect payment from these patients, estimated charges for charity care are not included in net patient service revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recorded as revenue and are considered to be available for unrestricted use, unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

The Organization reports gifts of property and equipment (or other long-lived assets) as unrestricted 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. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization examined the restrictions related to all their permanently restricted assets and, with legal counsel, determined certain gifts could be reclassified as unrestricted and temporarily restricted.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2025.

Risks and Uncertainties

The Organization's investments consist of various combinations of fixed income securities, money market funds, equity securities and mutual funds held as part of a pooled investment fund. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the Organization's investment balance reported in the financial statements.

ST. JOSEPH OF THE PINES, INC.**Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Functional Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expense that is primarily allocated include salaries and benefits which are allocated on the basis of estimates of time and effort.

Defined Contribution Plan

The Organization participates in the Trinity Health Senior Communities 403(b) Retirement Savings Plan for substantially all of its employees and makes an annual contribution to the plan on behalf of the employees (See Note 6).

Subsequent Events

The Organization has evaluated subsequent events through November 4, 2025, the date on which the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment at year end is as follows:

Land and land improvements	\$ 7,039,681
Buildings and improvements	120,571,496
Equipment	13,180,041
Vehicles	1,026,982
Other capitalized assets	1,075,778
	<u>\$ 142,893,978</u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors is as follows at year end:

Medicare	32%
Medicaid	8%
Commercial insurance	17%
Patients	43%

ST. JOSEPH OF THE PINES, INC.**Notes to Financial Statements**

NOTE 4 - FUNCTIONAL EXPENSES

The Organization provides general health care services to residents within their geographical location including long-term nursing care, hospice, short-term recuperative care, and rehabilitation. Expenses from continuing operations related to providing general health care services are as follows:

	Program Services	General and Administrative	Total
Salaries and wages	\$ 10,877,145	\$ 2,346,988	\$ 13,224,133
Employee benefits	2,531,286	546,181	3,077,467
Contract labor	286,757	-	286,757
Supplies	3,058,902	39,093	3,097,995
Medical and professional fees	52,800	-	52,800
Purchased services	4,674,898	2,043,449	6,718,347
Depreciation and amortization	3,861,647	353,538	4,215,185
Occupancy	2,224,483	728,109	2,952,592
Interest	1,548,049	141,726	1,689,775
Insurance	219,939	134,801	354,740
Other expenses	72,594	200,085	272,679
	<u>\$ 29,408,500</u>	<u>\$ 6,533,970</u>	<u>\$ 35,942,470</u>

NOTE 5 - LONG-TERM DEBT

The Organization entered into a related party debt agreement with Trinity Health with a maturity date of February 2051. Principal payments range from \$113,137 to \$5,058,987 and carries a variable interest rate (4.00% at June 30, 2025).

Maturities of the bonds outstanding are as follows at year end:

2026	\$ 870,755
2027	923,746
2028	1,061,223
2029	1,176,898
2030	1,227,228
Thereafter	36,574,754
	<u>\$ 41,834,604</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

In addition to the investments administered by Trinity Health and the long term debt with Trinity Health, the Organization has the following related party transactions for the year ended with Trinity Health: purchased services of \$2,670,905; insurance of \$354,740; contribution for pension and system development funding of \$336,888; and receivable of \$5,909,510. The Organization also has related party receivable with several Providence Place independent living facilities in the amount of \$246,108.

ST. JOSEPH OF THE PINES, INC.**Notes to Financial Statements**

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of year end:

Resident Assistance	\$ 37,995
Expansion Fund	1,537
Endowment Fund	204,272
Scholarship	171,611
Other	74,459
Mobile Rural Health	97,261
	<u>\$ 587,135</u>

NOTE 8 - CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse of statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 9 - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 23,258,906
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted for refundable contracts	2,884,197
Restricted by donor with purpose restrictions	587,135
Assets limited as to use:	
Board designations - Quasi-endowment fund for long-term investing	<u>249,830</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,537,744</u>

The Organization is substantially supported by healthcare and residential/assisted living revenues. As part of the Organization's liquidity, management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Determination of the source of liquidity is based on an analysis of the underlying cost of capital for each source of liquidity including the use of long term assets with Board approval.

ST. JOSEPH OF THE PINES, INC.**Notes to Financial Statements**

NOTE 9 - LIQUIDITY (Continued)

In addition, the Organization invests cash in excess of daily requirements in various investments held in assets limited as to use as board designated quasi-endowment funds for long term investing. These funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

ST. JOSEPH OF THE PINES, INC.

COMPILED FORECAST

**FOR THE YEARS ENDING
JUNE 30, 2026, 2027, 2028, 2029, AND 2030**



ST. JOSEPH OF THE PINES, INC.
Compiled Forecast
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To the Board of Directors
St. Joseph of the Pines, Inc.
Southern Pines, North Carolina

Management is responsible for the accompanying forecast of St. Joseph of the Pines, Inc. (the "Corporation"), which comprise the forecasted statements of financial position as of June 30, 2026, 2027, 2028, 2029 and 2030, and the forecasted statements of activities and changes in net assets, and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information contained in the forecasted schedules of operating expenses by location is presented for purposes of additional analysis and is not a required part of the forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 24, 2025

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Financial Position
June 30, 2026, 2027, 2028, 2029, and 2030

(in thousands of dollars)

	2026	2027	2028	2029	2030
Assets					
Current Assets:					
Cash and cash equivalents	\$ 255	\$ 192	\$ 194	\$ 310	\$ 320
Investments	10,956	13,156	15,356	17,556	20,056
Patient accounts receivable, net	1,339	1,399	1,462	1,528	1,596
Related party receivable	8,841	8,841	8,841	8,841	8,841
Prepaid expenses, inventories and other current assets	283	292	300	310	319
Total current assets	21,674	23,880	26,153	28,545	31,132
Assets Limited as to Use:					
Operating reserve	3,232	3,351	3,489	3,626	3,750
Other restricted investments	837	837	837	837	837
	4,069	4,188	4,326	4,463	4,587
Property, Plant and Equipment:					
Property, plant and equipment	148,953	152,253	155,553	158,853	162,153
Less: accumulated depreciation	102,564	106,864	111,294	115,856	120,555
Total property, plant and equipment	46,389	45,389	44,259	42,997	41,598
Other Assets:					
Other long-term assets	755	777	802	824	850
Total other assets	755	777	802	824	850
Total assets	<u>\$ 72,887</u>	<u>\$ 74,234</u>	<u>\$ 75,540</u>	<u>\$ 76,829</u>	<u>\$ 78,167</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of long-term debt	\$ 924	\$ 1,061	\$ 1,177	\$ 1,227	\$ 1,277
Accounts payable and accrued expenses	3,900	4,017	4,137	4,261	4,389
Total current liabilities	4,824	5,078	5,314	5,488	5,666
Deferred Revenues and Long-Term Liabilities:					
Deferred revenues - refundable	2,884	2,884	2,884	2,884	2,884
Deferred revenues - nonrefundable	20,015	20,015	20,015	20,015	20,015
Long-term debt	40,040	38,979	37,802	36,575	35,298
Total deferred revenues and long-term liabilities	62,939	61,878	60,701	59,474	58,197
Total liabilities	67,763	66,956	66,015	64,962	63,863
Net Assets					
Without donor restrictions	4,537	6,691	8,938	11,280	13,717
With donor restrictions	587	587	587	587	587
Total net assets	5,124	7,278	9,525	11,867	14,304
Total liabilities and net assets	<u>\$ 72,887</u>	<u>\$ 74,234</u>	<u>\$ 75,540</u>	<u>\$ 76,829</u>	<u>\$ 78,167</u>

ST. JOSEPH OF THE PINES, INC.**Forecasted Statements of Activities and Changes in Net Assets****For the Years Ending June 30, 2026, 2027, 2028, 2029, and 2030***(in thousands of dollars)*

	2026	2027	2028	2029	2030
Unrestricted Net Assets					
Revenues, gains and other support:					
Monthly fees	\$ 22,414	\$ 23,311	\$ 24,243	\$ 25,213	\$ 26,221
Amortization of entrance fees	3,522	3,627	3,736	3,848	3,964
Health care	10,675	10,995	11,325	11,665	12,015
Contributions and gifts	41	42	43	45	46
Other operating revenues	1,426	1,469	1,513	1,558	1,605
Total unrestricted revenues, gains and other support	38,078	39,444	40,860	42,329	43,851
Expenses:					
Health care	9,484	9,911	10,357	10,823	11,310
Dietary	7,002	7,317	7,646	7,990	8,350
Administration	6,099	6,312	6,502	6,697	6,898
Maintenance	5,224	5,459	5,677	5,905	6,141
Laundry (linen)	169	174	180	186	193
Housekeeping	1,918	1,976	2,045	2,116	2,190
Depreciation and amortization	4,175	4,300	4,430	4,562	4,699
Interest	1,696	1,659	1,618	1,572	1,523
Other operating	613	630	642	656	669
Total expenses	36,380	37,738	39,097	40,507	41,973
Other changes in net assets:					
Funding for system development fund	(255)	(255)	(255)	(255)	(255)
Non-operating gains	670	703	739	775	814
	415	448	484	520	559
Changes in net assets	2,113	2,154	2,247	2,342	2,437
Net assets, beginning of year	3,011	5,124	7,278	9,525	11,867
Net assets, end of year	<u>\$ 5,124</u>	<u>\$ 7,278</u>	<u>\$ 9,525</u>	<u>\$ 11,867</u>	<u>\$ 14,304</u>

ST. JOSEPH OF THE PINES, INC.
Forecasted Statements of Cash Flows
For the Years Ending June 30, 2026, 2027, 2028, 2029, and 2030

(in thousands of dollars)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Cash flows from operating activities:					
Changes in net assets	\$ 2,113	\$ 2,154	\$ 2,247	\$ 2,342	\$ 2,437
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Entrance fees received	3,500	3,605	3,711	3,826	3,938
Amortization of entrance fees	(3,522)	(3,627)	(3,736)	(3,848)	(3,964)
Depreciation and amortization	4,175	4,300	4,430	4,562	4,699
Changes in operating assets and liabilities:					
Patient accounts receivable, net	(58)	(60)	(63)	(66)	(68)
Prepaid expenses, inventories and other current assets	(8)	(9)	(8)	(10)	(9)
Accounts payable and accrued expenses	114	117	120	124	128
Net cash provided by operating activities	<u>6,314</u>	<u>6,480</u>	<u>6,701</u>	<u>6,930</u>	<u>7,161</u>
Cash flows from investing activities:					
Change in investments and assets limited as to use	(1,930)	(2,319)	(2,338)	(2,337)	(2,624)
Purchases of property and equipment	<u>(3,300)</u>	<u>(3,300)</u>	<u>(3,300)</u>	<u>(3,300)</u>	<u>(3,300)</u>
Net cash used in investing activities	<u>(5,230)</u>	<u>(5,619)</u>	<u>(5,638)</u>	<u>(5,637)</u>	<u>(5,924)</u>
Cash flows from financing activities:					
Payments on long-term debt:	<u>(871)</u>	<u>(924)</u>	<u>(1,061)</u>	<u>(1,177)</u>	<u>(1,227)</u>
Net cash used in financing activities	<u>(871)</u>	<u>(924)</u>	<u>(1,061)</u>	<u>(1,177)</u>	<u>(1,227)</u>
Net increase (decrease) in cash and cash equivalents	213	(63)	2	116	10
Cash and cash equivalents, beginning	<u>42</u>	<u>255</u>	<u>192</u>	<u>194</u>	<u>310</u>
Cash and cash equivalents, ending	<u>\$ 255</u>	<u>\$ 192</u>	<u>\$ 194</u>	<u>\$ 310</u>	<u>\$ 320</u>
Supplemental cash flow information:					
Cash payments for interest	<u>\$ 1,696</u>	<u>\$ 1,659</u>	<u>\$ 1,618</u>	<u>\$ 1,572</u>	<u>\$ 1,523</u>

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

1. BASIS OF PRESENTATION

The accompanying forecast presents, to the best knowledge and belief of the Management ("Management") of St. Joseph of the Pines, Inc. (the "Corporation"), the Corporation's expected statements of financial position, related statements of activities and changes in net assets, and cash flows as of and for each of the years in the five-year period ending June 30, 2029. Management's purpose in releasing these financial forecasts is for inclusion in the Corporation's annual Disclosure Statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the forecast. Even if the hypothetical assumptions below occur within the forecast period, the Corporation recognizes that there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The financial statements included in the forecast have been prepared in accordance with the guidance contained in the *Audit and Accounting Guide, Health Care Organizations*, published by the American Institute of Certified Public Accountants. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive.

2. BACKGROUND OF THE CORPORATION

The Corporation is a not-for-profit corporation that owns and operates two licensed continuing care retirement communities in Southern Pines, North Carolina (collectively referred to as "Existing Operations"). Belle Meade Retirement Resort ("Belle Meade") is a 100-acre campus with 218 independent living residences; 60 assisted living beds ("Coventry"); and a 176-bed licensed skilled nursing facility (the "Health Center"). The Pine Knoll campus ("Pine Knoll") is a 19-acre campus with 90 independent living residences. The Corporation was incorporated in 1948 and has been in continuous operation since that time. The Corporation's mission is to provide a variety of housing and health services to senior citizens in the community.

The Corporation's sole corporate member is Trinity Health ("Trinity"), a tax-exempt Catholic multi-institutional health system. The Corporation is a National Health Ministry ("NHM") of Trinity. The mission of Trinity is to be a community of persons committed to being a transforming, healing presence within the communities it serves. The financial statements of the Corporation are included with other RHM's in the consolidated financial statements of Trinity.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

3. RESIDENCY AND CARE AGREEMENTS

Under the terms of the Residency Agreement (the "Agreement"), the Corporation accepts as residents ("Resident" or "Residents") those persons at least 62 years of age at the time of occupancy (only 1 member of a couple must meet this requirement) who are able to care for themselves with limited or no assistance and are able to demonstrate the necessary financial resources to meet the Corporation's minimum fee requirements. As defined in the Agreement, a Resident is required to pay an initial entrance fee ("Entrance Fee"), and a monthly service fee ("Monthly Service Fee") on an on-going basis. Payment of these amounts entitles Residents to occupy and use the residence, common areas, amenities, programs, and services of the Corporation subject to the terms of the Agreement. In addition to the items included in the Monthly Service Fee, certain services are available to Residents for an additional charge. Upon termination of the Agreement, Residents are entitled to a refund, which is determined according to the applicable Entrance Fee amortization schedule described in the Agreement.

The Corporation offers multiple types of Entrance Fee options, ranging from non-refundable to 90 percent refundable. There are also multiple options for Monthly Service Fees, which are documented in each Agreement.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

Use of Estimates - The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates made by the Corporation relate primarily to the allowance for doubtful accounts, third-party payor settlements, deferred revenue from Entrance Fees and the obligation to provide future services. Actual results could differ from these estimates.

Cash and Cash Equivalents - All cash and highly liquid debt instruments purchased with a maturity of three months or less, other than those included in assets whose use is limited, are considered cash and cash equivalents. The carrying value of cash and cash equivalents approximates market value.

Investments and Investment Income - Investments in equity securities with readily determinable fair values are recorded at fair value and all investments in debt securities are measured at fair value. Investment income is reported as operating income unless the income or loss is restricted by donor or law. Management does not project any unrealized gains or losses on investments.

Inventories - Inventories are carried at the lower of cost (first-in, first-out method) or net realizable value.

Assets Limited as to Use - Assets limited as to use include amounts set aside for the statutory operating reserves and refundable deposits held in escrow. To determine the statutory operating reserves for Belle Meade and Pine Knoll, the Corporation has allocated the projected operating expenses of Coventry and Health Center based on resident days served at each location.

ST. JOSEPH OF THE PINES, INC.

Summary of Significant Forecast Assumptions and Accounting Policies

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Net Assets - Net assets without donor restrictions are those, which have no external restrictions. Net assets with donor restrictions are those for which use has been limited by donors to a specific time period or purpose or to be maintained in perpetuity.

Property and Equipment - Property and equipment purchased by the Corporation are stated at cost. Donated property and equipment are stated at the estimated fair value at the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets, generally 5 - 40 years.

Deferred Financing Costs and Original Issue Discount - Deferred financing costs and original issue discounts are being amortized using the effective interest method over the term of the related financing agreement.

Deferred Revenue from Entrance Fees - Upon termination (moving or death), Corporation Residents are entitled to a refund of a pro-rated portion of their Entrance Fees. Entrance Fees of 4 percent are earned by the Corporation upon advancement to Pine Knoll and Belle Meade. The refundable percentage is reduced monthly, according to the terms of the contract, until there is no refund due or the minimum refundable amount guaranteed under contract has been reached. Refundable and non-refundable fees are classified as deferred revenue from Entrance Fees. Entrance Fees are recognized as income over the estimated life expectancy of each Resident, or couple, adjusted on an annual basis.

Derivative Financial Instruments - Accordingly, the Corporation recognizes all derivative financial instruments in the accompanying forecasted balance sheets at fair value.

Refundable Deposits - Deposits for Belle Meade and Pine Knoll accommodations are deferred when received. A portion of the deposit is refundable if the Resident terminates the Residency Agreement. Upon occupancy of the unit, the deposit is amortized into income using the straight-line method over the estimated remaining life expectancy of the Resident, or couple, adjusted on an annual basis.

Advertising Costs - The cost of advertising is expensed as incurred.

Social Accountability Costs - The Corporation has a policy of providing health services to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Corporation does not expect payment from these patients, estimated charges for charity care are not included in net patient service revenue.

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Obligation to Provide Future Services - The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from Entrance Fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from Entrance Fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. No liability has been estimated during the forecast period because the present value of the estimated costs of future services and the use of facilities is less than deferred revenue from Entrance Fees.

Operating Indicators - The forecasted statements of activities and changes in net assets include revenue, gains or losses, and other support. Changes in net assets without donor restriction, which are excluded from operating income consistent with industry practice, include unrealized gains and losses on investments and unrestricted contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Net Patient Service Revenue - Third-party payors (Medicare, Medicaid, and commercial insurance payors) provide payments to providers at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is the estimated amount to be realized for services rendered, including estimated retroactive adjustments.

Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and adjusted in future periods upon final settlements. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that adequate provision has been made for adjustments that may result from reviews by third-party payors.

Resident Service Revenue - Resident service revenue represents the estimated net realizable amounts due from Residents for services rendered, including the portion of the deferred Entrance Fees earned in the current year. Amortization of deferred revenue from non-refundable Entrance Fees is included in Resident service revenue in the accompanying forecasted statements of operations and changes in net assets.

Contributions - Contributions are recorded as revenue and are considered to be available for unrestricted use, unless specifically restricted by the donor.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the forecasted statements of activities and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reflected as net assets without donor restrictions in the accompanying forecasted financial statements.

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

4. SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions (Continued) - The Corporation reports gifts of property and equipment (or other long-lived assets) as unrestricted 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. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes - The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, Management has assumed no income tax liability accruing to the Corporation.

5. ASSUMED INDEPENDENT LIVING UNIT UTILIZATION

Management assumes that the occupancy of independent living units will be in excess of 90% percent throughout the forecast period.

The assumed turnover for independent living units of the Corporation due to death, withdrawal or transfer to either the assisted living units or skilled nursing beds, and double occupancy of the independent living units has been estimated based on historic trends and is presented in the following table.

Projected Turnover Schedule - Independent Living Units	
<u>Year Ending June 30,</u>	<u>Existing ILU's</u>
2026	47
2027	48
2028	47
2029	47
2030	47

Management has assumed utilization of the Coventry and the Health Center to average 80 percent throughout the forecast period.

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

6. REVENUE

Resident Service Revenue - Resident service revenue is based upon charges for services provided to Residents of independent living units and the Health Center. Resident service revenue for independent living Residents is based upon the assumed occupancy and the Monthly Service Fees of the respective units. The Entrance Fees and associated Monthly Service Fees assumed to be charged to Residents of the independent living units are summarized in the following tables.

**Entrance and Monthly Service Fees - Belle Meade
Independent Living Units**

Unit Type	Number of Units	Approximate Square Footage	Standard Entrance Fees	Monthly Service Fees
Apartments:				
Avington	21	1,454	\$ 255,129	\$ 4,576
Bristol	3	800	149,255	3,237
Combination	6	2,323	388,066	6,213
Cotswold	55	1,366	229,837	4,494
Dorset I	11	1,518	259,060	4,582
Dorset II	21	1,620	274,522	4,843
Keswick	4	1,906	320,694	5,561
Somerset	26	962	172,614	3,605
Wellington	23	1,205	214,333	4,136
Cottages:				
Essex Cottage	9	1,973	375,783	5,919
Prescott Cottage	11	1,841	337,607	5,521
Sterling Cottage	8	2,322	438,105	6,477
Homes:				
Essex	4	1,913	375,783	5,919
Hampstead	8	1,799	353,114	5,646
Sterling	6	2,221	438,105	6,477
Windsor	2	1,632	320,975	5,304
Total/Weighted Average	218	1,506	\$ 267,381	\$ 4,760

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

6. REVENUE (Continued)

**Entrance and Monthly Service Fees - Pine Knoll
Independent Living Units**

<u>Unit Type</u>	<u>Number of Units</u>	<u>Approximate Square Footage</u>	<u>Standard Entrance Fees</u>	<u>Monthly Service Fees</u>
Villas at Pine Knoll:				
Apartments:				
Halsford	7	385	\$ 67,411	\$ 1,886
Lampford	18	573	96,393	2,252
Upton	15	720	120,907	2,560
Newland	8	836	135,112	2,838
Total/Weighted Average	48	635	106,280	2,393
Overlook at Pine Knoll:				
Apartments:				
Ashmore	8	1,295	205,792	3,973
Kingston	8	1,618	212,770	4,070
Scotsgrove	4	1,344	245,940	4,404
Cottages:				
Woodleigh	8	1,211	197,851	3,918
Bickleigh	10	1,322	240,285	4,048
Ashleigh	1	1,347	257,359	4,090
Kingsford	1	1,381	263,441	4,156
Dunsford	1	1,443	274,834	4,190
Fernhill	1	1,733	327,985	4,684
Total/Weighted Average	42	1,369	224,798	4,069
Total/Weighted Average	90	978	\$ 161,589	\$ 3,175

Health Center Revenue - Health Center fees are generated from services provided to Residents transferring from the independent living units as well as direct admissions from the local surrounding area. All Residents are assumed to pay the current charges at the prevailing market rates established by the Corporation except for any Healthcare Benefit that may be available. The Health Center provides services to private-pay, commercial insurance, Medicaid and Medicare Residents. Average per-diem charges are assumed to be \$390 in 2026, increasing 2.5-4.5 percent annually for 2027 through 2030.

Assisted Living - Coventry Residents are charged a base per diem fee for services provided. In addition to the base Monthly Service Fee, there are additional levels of care provided for an extra charge, which will be designed for Residents who require additional assistance with activities of daily living ("ADLs").

Earned Entrance Fees - Management has assumed that all of the existing Residents are enrolled under the standard option with a 3 percent annual increase.

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

6. REVENUE (Continued)

Other Income - Forecasted other income consists of revenue from additional Resident meals and snacks, guest meals, guest apartment rentals, barber and beauty fees, and other miscellaneous sources. Other income also includes revenue for ancillary services for nursing. These revenues are projected by Management to increase approximately 3 percent annually throughout the forecast period.

Contributions and Release of Temporary Restrictions - Contributions and bequests include endowment income and unrestricted gifts. Management assumes that total contributions and bequests in unrestricted contributions to net assets will increase approximately 3 percent annually throughout the forecast period.

7. OPERATING EXPENSES

Forecasted operating expenses are estimated by Management based upon the historical experience of the Corporation.

Staff salaries and wages are forecasted to comprise approximately 36-37 percent of operating expenses. Salaries and wages are based on prevailing local salary and wage rates of the Corporation and are assumed by Management to increase 3.5-4 percent annually throughout the forecast period.

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, and other miscellaneous expenses. The cost of these non-salary operating expenses is assumed by Management to increase 3-4.5 percent annually throughout the forecast period.

8. PROPERTY AND EQUIPMENT AND DEPRECIATION EXPENSE

Management estimates that the Corporation will incur Project costs and routine capital additions during the forecast period that will be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40 and 10 years, respectively. Project-related costs as well as routine capital additions during the forecast period are summarized in the table below.

Schedule of Property and Equipment
(In Thousands of Dollars)

At June 30,	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Beginning balance	\$ 145,653	\$ 148,953	\$ 152,253	\$ 155,553	\$ 158,853
Routine additions	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>
	148,953	152,253	155,553	158,853	162,153
Accumulated depreciation	<u>102,564</u>	<u>106,864</u>	<u>111,294</u>	<u>115,856</u>	<u>120,555</u>
Property and equipment, net	<u>\$ 46,389</u>	<u>\$ 45,389</u>	<u>\$ 44,259</u>	<u>\$ 42,997</u>	<u>\$ 41,598</u>

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

9. LONG-TERM DEBT

An unsecured promissory note was executed on December 16, 2013, whereby Trinity loaned \$52,345,000 to the Corporation. The Corporation used the proceeds to repay existing long-term debt. Monthly payments on the loan fluctuate throughout the projection period and range from \$34,851 and \$373,295, including interest at a rate of 4.10%. The debt has a scheduled maturity of March 2051.

The following table presents the assumed principal payments on the Bonds during the forecast period and thereafter.

Projected Principal Payments on Bonds, Net of Swap Agreement Impact
(In Thousands of Dollars)

Calendar Year Ending	
June 30,	
2026	\$ 871
2027	924
2028	1,061
2029	1,177
2030	1,227
Thereafter	36,575
	<u>\$ 41,835</u>

10. CURRENT ASSETS AND CURRENT LIABILITIES

Current assets and current liabilities (working capital) have been estimated based on industry standards and Management's historical experience as follows:

Working Capital - Days on Hand

Cash and related party receivable	40 -100 days operating expenses (H)
Accounts receivable	25 days operating revenues (I)
Prepaid expenses	3 days operating expenses (H)
Accounts payable and accrued expenses	20 days operating expenses (H)

Notes:

(H) Operating expenses exclude amortization, depreciation and interest expense.

(I) Operating revenues include independent living monthly fees and Health Center service fees.

ST. JOSEPH OF THE PINES, INC.**Summary of Significant Forecast Assumptions and Accounting Policies**

11. OPERATING RESERVE REQUIREMENT

North Carolina General Statute §58-64-33 requires that a Continuing Care Retirement Community (CCRC) maintain an operating reserve equal to 50 percent of the total operating costs in a given year, or 25 percent of such total operating costs if occupancy as of a certain date exceeds 90 percent of the independent living unit capacity (the "Operating Reserve Requirement"). This law provides security to residents that the community will be able to meet its contractual obligations to provide certain continuing care. The Corporation is forecasted to have sufficient cash and investment balances to comply with the Operating Reserve Requirement and expects to maintain an occupancy rate in excess of 90 percent at the Pine Knoll campus and the Belle Meade campus for the forecasted period.

SUPPLEMENTARY INFORMATION

ST. JOSEPH OF THE PINES, INC.**Forecasted Schedules of Operating Expenses by Location****For the Years Ending June 30, 2026, 2027, 2028, 2029, and 2030***(in thousands of dollars)*

	2026	2027	2028	2029	2030
Belle Meade:					
Health care	\$ 1,423	\$ 1,487	\$ 1,554	\$ 1,624	\$ 1,697
Dietary	3,346	3,496	3,654	3,818	3,990
Administration	906	922	929	933	937
Maintenance	1,516	1,584	1,647	1,713	1,782
Laundry (linen)	129	133	137	142	147
Housekeeping	560	578	598	618	640
Depreciation and amortization	2,441	2,514	2,591	2,667	2,748
Interest	913	894	871	847	820
Other operating	93	94	95	99	101
Total	<u>\$ 11,327</u>	<u>\$ 11,702</u>	<u>\$ 12,076</u>	<u>\$ 12,461</u>	<u>\$ 12,862</u>
Pine Knoll:					
Health care	\$ 379	\$ 396	\$ 414	\$ 433	\$ 452
Dietary	1,479	1,546	1,615	1,688	1,764
Administration	269	275	277	279	281
Maintenance	581	607	631	657	683
Laundry (linen)	22	23	24	24	25
Housekeeping	210	216	223	231	239
Depreciation and amortization	540	556	572	590	607
Interest	195	190	186	180	175
Other operating	37	38	39	39	40
Total	<u>\$ 3,712</u>	<u>\$ 3,847</u>	<u>\$ 3,981</u>	<u>\$ 4,121</u>	<u>\$ 4,266</u>
Non-resident clients:					
Health care	\$ 7,682	\$ 8,028	\$ 8,389	\$ 8,766	\$ 9,161
Dietary	2,177	2,275	2,377	2,484	2,596
Administration	4,924	5,115	5,296	5,485	5,680
Maintenance	3,127	3,268	3,399	3,535	3,676
Laundry (linen)	18	18	19	20	21
Housekeeping	1,148	1,182	1,224	1,267	1,311
Depreciation and amortization	1,194	1,230	1,267	1,305	1,344
Interest	588	575	561	545	528
Other operating	483	498	508	518	528
Total	<u>\$ 21,341</u>	<u>\$ 22,189</u>	<u>\$ 23,040</u>	<u>\$ 23,925</u>	<u>\$ 24,845</u>
Total expenses:					
Health care	\$ 9,484	\$ 9,911	\$ 10,357	\$ 10,823	\$ 11,310
Dietary	7,002	7,317	7,646	7,990	8,350
Administration	6,099	6,312	6,502	6,697	6,898
Maintenance	5,224	5,459	5,677	5,905	6,141
Laundry (linen)	169	174	180	186	193
Housekeeping	1,918	1,976	2,045	2,116	2,190
Depreciation and amortization	4,175	4,300	4,430	4,562	4,699
Interest	1,696	1,659	1,618	1,572	1,523
Other operating	613	630	642	656	669
Total	<u>\$ 36,380</u>	<u>\$ 37,738</u>	<u>\$ 39,097</u>	<u>\$ 40,507</u>	<u>\$ 41,973</u>



ST. JOSEPH of the PINES

FUTURE RESIDENT AGREEMENT

ST. JOSEPH OF THE PINES SOUTHERN PINES, NORTH CAROLINA

This *Future Resident* Agreement (“Agreement”) is made this _____ day of _____, 20_____ by and between St. Joseph of the Pines, and

 (“Future Resident”, “You” or “Your”).

BACKGROUND

The Corporation is a not-for-profit corporation that owns and operates two retirement communities on separate campuses in Southern Pines, North Carolina. A part of Trinity Health, the Corporation was established in 1948 and has been in continuous operation since that time. The mission of the Corporation is to provide senior living and health services. A brief description of the Corporation’s facilities is as follows:

Belle Meade Campus (“Belle Meade”) is located at 100 Waters Drive and consists of two-hundred twenty (220) independent living residential apartments in three story buildings, cottages, homes, and a community center with common areas and amenities.

The Pine Knoll Campus (“Pine Knoll”) is located at 590 Central Drive and is approximately two miles from Belle Meade and consists of ninety-one (91) independent living residential apartments, cottages, and a community center with common areas and amenities.

St. Joseph of the Pines Health Center (the “Health Center”) is located at 103 Gossman Drive and is licensed for 176 nursing beds and is adjacent to Belle Meade. The Health Center includes Rehabilitation.

Assisted Living

- **The Coventry** (the “Coventry”) is located at 105 Gossman Drive and is licensed as a fifty (50) unit Adult Care Home and is adjacent to Belle Meade.

(check the applicable boxes)

<input type="checkbox"/>	<input type="checkbox"/>
Belle Meade Community	Pine Knoll Community
<input type="checkbox"/> \$10,000 deposit for an apartment.	<input type="checkbox"/> \$10,000 deposit for an Overlook apartment or Cottage.
<input type="checkbox"/> \$50,000 deposit for a home or cottage.	<input type="checkbox"/> \$5,000 deposit for a Villa apartment.

You and St. Joseph of the Pines agree as follows:

1. **Priority.** Priority for the *Future Resident* selection of a residence at _____ is determined by the size of Residence preferred and date of this Agreement.
2. **Preference.** You shall specify the following preferences:
 - a. You prefer to occupy a _____ type of Residence.
3. **Future Resident Deposit.** You agree to pay a *Future Resident* Deposit based on the selected membership level above. The *Future Resident* Deposit is a non-interest-bearing deposit associated with this Agreement and will be credited towards the Entrance Fee due by you as outlined in the Residency Agreement.
4. **Notification.** St. Joseph of the Pines will notify you of the availability of the preferred size(s) of Residence specified by you. You may accept or reject the offer to reserve the Residence within Three (3) days from the date of notification.

If you accept the offer to reserve the Residence, you agree to execute a Residency Agreement and take Occupancy within ninety (90) days of the acceptance date, unless otherwise agreed to in writing by both parties.

If you turn down three offers, you will forfeit your position on the *Future Resident* list. You will be placed on the bottom of the list or you may cancel and receive a full refund of the *Future Resident* Deposit paid by You.
5. **Application Forms.** Upon execution of this Agreement, you will submit completed Application Forms for a preliminary approval. Upon acceptance of an offer, you will update the Application Forms as requested by St. Joseph of the Pines. Upon final approval, you will enter into the Residency Agreement.

6. **Termination and Refund.** You may terminate this Agreement within seven (7) days of execution by signing the attached Notice of Right to Rescind and delivering it to St. Joseph of the Pines. After the lapse of the seven (7) day rescission period, but prior to your acceptance, you may terminate this Agreement for any reason by providing a written notice to St. Joseph of the Pines. In either situation, a full refund of the *Future Resident* Deposit will be made to you within thirty (30) days of such written notification of termination.
7. **Privileges Under the Future Resident Membership.** In addition to the Priority established above, you shall have the following privileges with St. Joseph of the Pines as a Future Resident Member:
- a. **Culinary Services.** You have access to dine at either Belle Meade or Pine Knoll restaurants with prior reservations at established meal rates.
 - b. **Use of Commons Area and Amenities.** You may use the cultural/multi-purpose rooms, lounges, libraries, arts/crafts rooms, classrooms, indoor/outdoor recreational areas including the indoor pool, exercise rooms and other common areas and amenities.
 - c. **Participation in Planned Activities.** You may participate in planned social, recreational, educational, and cultural programs provided by Belle Meade and Pine Knoll with prior reservations provided space is available and at established rates, if any.
8. **Preliminary Agreement.** This *Future Resident* Agreement is preliminary to the execution of the Residency Agreement (or the Direct Admission Agreement). Upon payment of the Ten Percent (10%) Deposit of the Entrance Fee for the Residence and execution of the Residency Agreement, this Agreement shall terminate and will be superseded by the Residency Agreement.

St. Joseph of the Pines and you have executed this Agreement, and the *Future Resident* Deposit has been paid as of the day and year first written above.

Witness

Future Resident

Witness

Future Resident

THE CORPORATION: **St. Joseph of the Pines**

Signature

Title

Date



ST. JOSEPH of the PINES

NOTICE OF RIGHT TO RESCIND

Date rescission period begins _____, 20____. You may rescind and terminate your *Future Resident* Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into either of the two (2) continuing care communities before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your *Future Resident* Agreement within this seven (7) day period.

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

Kimberly Wessell, Sales & Marketing Director
St. Joseph of the Pines
590 Central Drive
Southern Pines, NC 28387

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

Pursuant to this notice, I hereby cancel my *Future Resident* Agreement.

Date: _____

PROSPECTIVE RESIDENT'S SIGNATURE

**RESIDENCY AGREEMENT
CONTINUING CARE RETIREMENT COMMUNITY
OF BELLE MEADE AND PINE KNOLL
SOUTHERN PINES, NORTH CAROLINA**

THIS RESIDENCY AGREEMENT (“Agreement”) is made this _____ day of _____, 20____ between SAINT JOSEPH OF THE PINES, INC. (the “Corporation”) and _____ (“You”, “Your”, “Yourself” or “Resident”).

BACKGROUND

The Corporation is a not-for-profit corporation that owns and operates retirement communities in Southern Pines, North Carolina. The Corporation was established in 1948 and has been in continuous operation since that time. The mission of the Corporation, a part of Trinity Health System, is to provide outstanding senior living and health services. As we do so, we will listen with special care to those who are least able to speak to their own needs. A brief description of the Corporation’s facilities is as follows:

Belle Meade Campus (“Belle Meade”) is located at 100 Waters Drive and consists of two-hundred twenty (220) independent living residential apartments in three story buildings, cottages, homes, and a community center with common areas and amenities.

The Pine Knoll Campus (“Pine Knoll”) began its operations in 1984 as St. Joseph of the Pines Villas. The 19-acre campus is located in Southern Pines, North Carolina at 590 Central Drive and is approximately two miles from Belle Meade.

- **The Overlook at Pine Knoll** (the “Overlook”) consists of twenty (20) independent living apartments in a renovation of the historic Pine Needles Resort Inn, four (4) cottage homes in a renovation of the historic Pine Needles Pro Shop, and eighteen (18) existing cottage homes.
- **The Villas at Pine Knoll** (the “Villas”) consists of forty-seven (47) independent living apartments in three wings connected to the community center with common areas and amenities.

St. Joseph of the Pines Health Center (the “Health Center”) is located at 103 Gossman Drive and is licensed for 176 nursing beds and is adjacent to Belle Meade. The Health Center includes Rehabilitation.

Assisted Living

- **The Coventry** (the “Coventry”) is located at 105 Gossman Drive and is licensed as a fifty (50) unit Adult Care Home and is adjacent to Belle Meade.

THE CORPORATION AND YOU HEREBY AGREE AS FOLLOWS:**I. RESIDENTIAL UNIT REQUIREMENTS AND PROCEDURES**

The residency requirements for occupying a residential unit ("Residential Unit") are non-discriminatory, and Belle Meade and Pine Knoll are open to both married and single men and women of all races, religions and national origin. Residency requirements and procedures are administered by management of the Corporation ("Management") as follows:

- A. **Age.** Admission is restricted to persons sixty-two (62) years of age or older; if the Resident is a couple, at least one member of the couple must be sixty-two (62) years of age at the time of Residency.
- B. **Application Forms.** To apply for residency at Belle Meade and Pine Knoll, You shall submit an application on forms furnished by the Corporation for approval by Management.
- C. **Health Requirements.** You must be in good health, able to move about independently, and capable of performing activities of daily living without assistance. Personal health disclosures are required and may need to be updated periodically. Residents eligible for Medicare/Medicaid must apply for and secure the maximum benefits available under Medicare Parts A and B and provide copies of policies and/or Medicare coverage upon admission or upon eligibility.
- D. **Financial Requirements.** You must possess adequate financial resources to meet present and future financial obligations of this agreement, as well as Your personal living expenses. Personal financial disclosures are required and may need to be updated periodically.
- E. **Representations.** You affirm that the representations made in the application forms and all supporting information are true and correct and may be relied upon by the Corporation as a basis for entering into this Agreement. Should such representations not be accurate, the Corporation reserves the right to decline admission, or to offer admission under alternative requirements and criteria.
- F. **Additional Disclosure.** The Corporation may require additional or updated personal information prior and subsequent to Residency.
- G. **Approval for Residency.** Upon receipt of completed application forms, Management will review the forms submitted by You for initial acceptance to Belle Meade and Pine Knoll. Based on entrance criteria and policies established by the Board of Trustees of the Corporation, Management will respond to the application for initial acceptance within approximately fifteen (15) business days of receipt of completed application forms.

II. RESIDENTIAL UNIT

- A. **Unit.** You have selected _____ Pine Knoll/ _____ Belle Meade Residence Number _____, a _____ type of Residence. You shall have the right to occupy, use and enjoy Your Residential Unit subject to the terms of this Agreement. The common areas and amenities provided are available for the use and enjoyment of all Residents.
- B. **Furnishings in the Residential Unit.** Each Residential Unit in Belle Meade will providewall-to-wall carpeting, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings. Each Pine Knoll Residential Unit in The Villas will provide wall-to-wall carpeting, refrigerator, mini-blinds, and other furnishings. Each Pine Knoll Residential Unit in the Overlook and the Cottages will provide wall-to-wall carpeting, refrigerator with icemaker, stove, oven, dishwasher, microwave, mini-blinds, washer and dryer, and other furnishings.
- C. **Options and Custom Features in the Residential Unit.** You may select options and custom features for the Residential Unit for an additional charge that is collected from You at the time of work commencement or Closing. Any such options and custom features selected and paid for by You will become part of the Residential Unit and the property of the Corporation. Some options and custom features will be submitted to the Options Committee for approval. If You are paying an Entrance Fee, Your Entrance Fee Refund, if applicable to You, may be decreased by the amount required to return the Residential Unit to its original condition should the Corporation deem that such customization chosen by You has rendered the Residential Unit less marketable. Alternatively, and especially if You do not pay an Entrance Fee but pay a Membership Fee, the Corporation may charge (with advance notice to You upon your selection of custom features) a non refundable “upfit fee” to You as a result of Your custom features, in the sole discretion of the Corporation. The upfit fee shall correlate to the anticipated cost of returning the Residential Unit to its original condition upon vacating of the Unit by You. Itemization of options and custom features ordered by You, as well as any “upfit fee,” as applicable, and the terms of payment for such options and custom features, are outlined in a Statement of Account.

III. COMMON AREAS AND AMENITIES

- A. **Common Area and Amenities.** The Corporation will provide common areas and amenities for the use and benefit of all residents. Common areas at Belle Meade include: three dining options, main lobby, a chapel, bank, hair salon, an activities room, an art room, a game room, a woodworking shop, croquet court, putting green, walking paths, fitness center, swimming pool, and tennis court. Common areas at Pine Knoll include: two dining options, a private dining room, main lobby, additional lobbies in the Villas residential wings, a chapel, hair salon,

an activities room, mail center, lounges, card and game room, fitness room, walking paths, greenhouse, an outdoor courtyard; and other common areas and amenities described in the Resident Handbook.

- B. Parking.** The Corporation will provide lighted parking areas for Your personal vehicle(s), including one surface parking space per Residential Unit and additional parking for guests. Covered parking, as available, will be an optional feature for apartment Residents at an additional cost.

IV. SERVICES AND PROGRAMS

After Your Closing Date, You shall receive the following services from the Corporation for as long as this Agreement is in effect:

- a. Discretionary Credits.** A Discretionary Credit allowance, as stated in the current Resident Handbook, is included for each Resident of an independent living Residential Unit. The Resident Handbook describes items available for purchase with Discretionary Credits; however, the Corporation reserves the right to change the Resident Handbook and thus the items capable of being purchased with Discretionary Credits is subject to change. Unused Discretionary Credits are non-transferable. The Discretionary Credit allowance is subject to change with thirty (30) days' notice. The cost of items purchased that exceed the monthly Discretionary Credit allowance will be billed to You on a monthly basis. Upon transfer to the Health Center or Assisted Living, the Discretionary Credit allowance will be suspended.
- b. Temporary Healthcare.** If you are in need of temporary care in the Health Center or in Assisted Living, it will be provided for no additional charge for fourteen (14) cumulative days of a stay in any calendar year in the Health Center or Assisted Living. Unless otherwise directed by You, the aforesaid fourteen (14) days shall commence following the conclusion of payment for such services by any insurance You may have, such as Medicare paid skilled nursing facility benefits. Decisions concerning temporary care in the Health Center or in Assisted Living are made after consultation between the Corporation's Health Evaluation Team, Your physician, You, and Your spouse (if any) or immediate family. During such period, You shall continue to pay Your Monthly Fee.
- c. Healthcare Benefit Option.** The Corporation offers Healthcare Benefit Options as set forth below. Extensive Benefit may be offered based on a required health evaluation and management approval.
- a) Extensive Benefit:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and Your Monthly Fee shall change such that You shall receive a fifty percent (50%) discount from the published per diem fee at the time You transfer to either Assisted Living or nursing care. Resident's short and long term skilled nursing needs are provided in the Health Center through the standard

accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability. The Extensive Benefit Fee is non-refundable.

- b) **Fee-for-service:** Upon determination by Management that Your stay in the Health Center or Assisted Living is permanent, You agree to vacate the Residential Unit, and Your Monthly Fee shall change such that You will pay the then current, published per diem fee for either Assisted Living or nursing care. Resident's short and long term skilled nursing needs are provided in the Health Center through the standard accommodation of a semi-private room. A private room may be provided for a surcharge and is based on availability.

You agree that the Corporation will have the right and ability to file for any health care reimbursement available to You on Your behalf.

- d. **Activities.** The Corporation will provide planned and scheduled social, recreational, spiritual, educational and cultural activities, arts and crafts classes, exercise, health and wellness programs, and other special activities. Some activities may require an additional charge and all participation is voluntary.
- e. **Maintenance and Repairs.** The Corporation will maintain and repair its own improvements, furnishings, appliances and equipment. You will be responsible for the cost of repairing damage to the property of the Corporation caused by You or any guests of Yours, ordinary wear and tear excepted.
- f. **Ad Valorem Taxes.** The Corporation is currently exempt from ad valorem taxes. Should the ad valorem tax obligations of the Corporation change, the Corporation may change the Monthly Fee accordingly.
- g. **Dining Services.** Dining will be available in a choice of dining venues. Subject to the terms of the Resident Handbook, Discretionary Credits may be used to pay for the cost of meals. You will be charged monthly for mealstaken that exceed the monthly Discretionary Credits amount.
- h. **Utilities.** The Corporation will furnish heating, air conditioning, electricity, basic cable service, internet services, water, sewer service, and trash removal. You are responsible for the charges related to long-distance telephone (outside the continental USA) and premium cable television service. *
- i. **Housekeeping Services.** The Corporation will provide housekeeping services once per every two weeks. The Corporation may require certain housekeeping activities to be conducted to preserve the Residential Unit in good condition. You may purchase additional housekeeping time. *
- j. **Grounds keeping.** The Corporation will furnish basic grounds keeping services including lawn, tree and shrubbery care. Depending on the availability of space, as determined by the Corporation, You may be permitted to plant and maintain certain areas designated for such purpose by Management. *

- k. **Transportation.** The Corporation will provide local transportation for residents on a regularly scheduled basis outlined in the Resident Handbook. An additional charge may be made for transportation for special, personal or private group trips.*
- l. **Safety.** The Corporation will provide emergency call devices and twenty-four (24) hour emergency call response. In addition, smoke detectors are located in each Residential Unit.*
- m. **Administrative Services.** The Corporation will provide personnel and administrative services to include those required to deliver services to residents, maintain and support required staff, comply with regulatory requirements, maintain the assets and liabilities of the Corporation, and generally conduct prudent business practices.*
- n. **Away Allowance.** When You are away from Belle Meade and Pine Knoll for fourteen (14) consecutive days or more, and have made arrangements in advance with Management, You will be credited with a current, published away allowance determined by Management beginning on the fifteenth (15) day.*

*these services and programs are applicable upon Your actual, physical occupancy of a Residential Unit.

V. FINANCIAL ARRANGEMENTS

A. **Residents who pay an Entrance Fee.** If You have elected to pay an Entrance Fee (either deferred or non-deferred), You agree to pay to the Corporation the Entrance Fee as a condition of becoming a Resident. Additionally, You agree as follows:

(1) **Refund Plans.** The Corporation offers three Entrance Fee Refund Plans, the Standard Plan, the Fifty Percent (50%) Refund Plan, and the Ninety Percent (90%) Refund Plan. The cost of any options or custom features added to the Residential Unit by You shall not be considered part of the Entrance Fee and will not be refunded to You unless specifically indicated in an Addendum to this Agreement. The Extensive Benefit Fee shall not be considered part of the Entrance Fee and will not be refunded to you. The Extensive Benefit Fee does not have a refund plan option.

(a) **Standard Refund Option:** If You have elected the Standard Refund Option, You will receive a refund in an amount equal to the Entrance Fee paid by You less two percent (2%) for each month after Your Closing Date for up to forty nine (49) months; and less an administrative charge of the greater of one thousand dollars (\$1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated, per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. No refund of the paid Entrance Fee shall be issued to You after forty nine (49) months from Your Closing Date. Any other unpaid fees to the Corporation shall reduce any refund.

(b) Fifty Percent (50%) Refund Option: If You have elected the fifty percent (50%) Refund Option, You shall receive a refund in an amount equal to fifty percent (50%) of the Entrance Fee paid by You less two percent (2%) of the Total Entrance Fee for each month after Your Closing Date for up to twenty four (24) months; and less an administrative charge of the greater of one thousand dollars (\$1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. Notwithstanding the foregoing, the Refund under this Option shall never be less than 50% of the Entrance Fee paid by You less the periodic charges specified in the Agreement. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of Closing Date (defined in Section VI (B)).

(c) Ninety Percent (90%) Refund Option: If You have elected the ninety percent (90%) Refund Option, You shall receive a refund in the amount equal to the ninety percent (90%) Entrance Fee paid by You less two percent (2%) of the Total Entrance Fee for each month after Your Closing Date for up to four (4) months and less an administrative charge of the greater of one thousand dollars (\$1000.00) or two percent (2%) of the Total Entrance Fee; and less the prorata (calculated per diem) Monthly Fee (i.e. periodic charges) specified in the Agreement. Notwithstanding the foregoing, the Refund under this Option shall never be less than 90% of the Entrance Fee paid by You less the periodic charges specified in the Agreement. Any other unpaid fees to the Corporation shall reduce any refund. This Option must be elected at time of closing or within ninety (90) days of Closing Date (defined in Section VI (B)).

(2) **Entrance Fee Term Sheet.** See Appendix 1 entitled **Entrance Fee Term Sheet**. By signing this Agreement, You have agreed with the choices and provisions of the Entrance Fee Term Sheet of Your Agreement.

(3) **Balance of the Entrance Fee.** If you are paying the Entrance Fee, then the balance of the Total Entrance Fee for the Residential Unit will be due and payable on the Closing Date. If You should find that you are unable to timely make the Entrance Fee payment under the terms of this Agreement, you should immediately contact the Corporation.

B. Residents who Pay a Membership Fee. If You have elected to pay a Membership Fee You agree to pay to the Corporation a Membership Fee as a condition of becoming a Resident. Additionally, You agree as follows:

(1) **Membership Fee.** Your Membership fee for your Residence is \$_____ and is due on Your Closing Date, as set forth below in Your Membership Fee Term Sheet set out in **Appendix 2**. The Membership Fee shall in no way be considered or interpreted to be a security deposit.

(2) **Membership Fee Term Sheet.** See Appendix 2 entitled **Membership Fee Term Sheet**. By signing this Agreement, You have agreed with the choices and provisions of the Membership Fee Term Sheet of Your Agreement.

- C. **Monthly Fee.** Upon Closing, You agree to pay the Corporation a monthly fee in the amount of \$_____per month for the first person intending to occupy the Residential Unit, plus an additional \$_____per month for the second person (if applicable) occupying the Residential Unit (collectively, the “Monthly Fee”) beginning _____(date). These fees are published with an effective date through_____(Month)_____(Year).
- D. **Ability to Pay after payment in full of Entrance Fee or Membership Fee.** After Your Closing Date and your payment in full of Your Entrance Fee or Membership Fee, as applicable, if You shall become insolvent or otherwise become unable to pay charges for residing in Belle Meade and Pine Knoll, due to no fault of your own, the Corporation shall attempt to find alternative means to secure payment of the Monthly Fee and other charges. The Corporation makes no guarantee or promise that it will be able to find an alternative source of payment, only that it will make an attempt. If the Corporation cannot secure other sources of financing to cover Your expense, the Corporation shall begin accruing its charges with repayment thereof, to whatever extent possible, to be made from You and Your estate. You agree to cooperate with the Corporation in filing applications with agencies that may assume responsibility for payment of charges that You are unable to pay. The Corporation has the right to adjust Your Residential Unit size and location if You are unable to pay, or obtain payment of the Monthly Fee and any other charges owed to the Corporation for services provided to You. If, in the judgment of the Corporation, You fully cooperate with the Corporation, then You shall continue to be entitled to the minimum privileges and benefits enjoyed by residents of Belle Meade and Pine Knoll, although such privileges and benefits may be less than those enjoyed by you before your ability to pay was compromised.
- E. **Membership Fee v. Entrance Fee.** Your decision to pay either a Membership Fee or Entrance Fee is personal and is driven by Your personal economic factors and economic considerations. For an understanding of the differences between payment of an Entrance Fee versus payment of a Membership Fee, See Appendix 3.
- F. **Adjustments in the Monthly Fee.** The Corporation reserves the right to increase the Monthly Fee and anticipates an adjustment of the Monthly Fee on an annual basis. At least a sixty (60) day notice will be given to You before any adjustments in the Monthly Fee take effect.
- G. **Double Residency.** If more than one person occupies or intends to occupy the Residential Unit, they shall both be equally and fully responsible for the payment of all fees required under this Agreement.

VI. DATE OF AVAILABILITY, CLOSING DATE, and RESIDENCY

A. **Date of Availability.** Many times, the Residential Unit or an interim Residential Unit is ready for Your immediate occupancy. Therefore, in such instances of immediate availability, the

Date of Availability is simultaneous with the date of your execution of this Agreement. If the Residential Unit or an interim Residential Unit is not ready for immediate occupancy, however, the Corporation will keep You apprised on a regular basis of the schedule for availability of the Residential Unit or comparable interim Residential Unit. The Corporation retains the right to extend the Date of Availability to account for delays in the preparation of the Residential Unit for Residency.

B. Closing Date. If You are paying a Membership Fee or an Entrance Fee, You will choose a Closing Date at which time You will pay the balance of the Entrance Fee or Membership Fee (as applicable) and the Monthly Fee as stipulated in V. C above. If You do not choose a Closing Date within a timely manner of the Date of Availability, the Corporation may offer the Residential Unit to another prospective resident, unless other arrangements are agreed to in writing between You and the Corporation.

C. Residency. Residency begins on Your Closing Date. Upon Residency, The Corporation shall be obligated to provide You with the services and amenities outlined in this Agreement. Residency continues so long as you comply with the terms of this Agreement; and so long as You pay Your Monthly Fee and additional expenses.

VII. ACCESS TO HEALTH CARE SERVICES THROUGH THE CORPORATION

The Health Center is owned and operated by the Corporation and provides accommodations for the Residents of the Corporation as well as patients from the community and is licensed for 176 nursing beds. It is located on at 103 Gossman Drive and is adjacent to Belle Meade.

Residents of the Corporation have priority access to the Health Center and the Coventry before non-residents. In the event You require care that is within the limits of the health care services available at the Health Center or the Coventry, but no facilities (beds) are available in which to provide such care, the Corporation may provide Home Care services until a facility is available or transfer You to a comparable off-site medical facility of Management's selection where You would receive the same level of benefit. You would return to the Health Center or Assisted Living at the earliest possible opportunity.

- A. Assisted Living.** The Corporation will make available Assisted Living in its or an affiliates licensed facilities to provide assistance with daily living activities as may be deemed necessary by Management and/or the Medical Director. Services may include bathing, dressing, administration of medication, three (3) meals per day, housekeeping, personal laundry service, transportation and activities.
- B. Skilled Nursing.** The Corporation will make available routine nursing care in the Health Center or an affiliates licensed facilities as may be deemed necessary by Management and/or the Medical Director. Services shall include three (3) meals per day, housekeeping, personal laundry service, assistance with daily living activities and nursing services as ordered by the appropriate physician. High-acuity nursing or specialty nursing services may not be provided at the Health Center upon determination by Management that the needs of the Resident cannot be met.
- C. Rehabilitative Services.** The Corporation will provide occupational, physical,

speech and other rehabilitative therapeutic services, as approved by Management. Services requiring an additional fee will be described in Resident Handbook.

- D. **Staffing.** The Health Center is staffed by licensed and certified nursing staff twenty-four (24) hours per day.
- E. **Licensure.** The Corporation will provide care to Residents in keeping with respective North Carolina licensure requirements and limitations.
- F. **Wellness Services.** The Corporation provides Wellness Services in the form of activities, fitness instruction, therapies, education, and many scheduled events.
- G. **Medical Director.** The overall coordination and supervision of health care services by the Corporation will be provided by a Medical Director who will be a licensed physician selected by the Corporation.
- H. **Physician and Hospital Services.** You are responsible for the cost of all physician and hospital services. You are free to choose Your personal physicians.
- I. **Outside Service Providers.** Should You choose to engage the services of an outside party, unaffiliated with the Corporation, for additional personal services delivered at Belle Meade and Pine Knoll, You agree to abide by all current Belle Meade and Pine Knoll policies and procedures for the use of such Service Providers to include security screening, proper identification and disclosure. You also indemnify and hold harmless the Corporation for any actions of such Service Providers.
- J. **Decisions Regarding Admissions and Transfer.** The Corporation will involve Resident and Resident's family and/or representatives to the extent practical in decisions regarding admissions, the transfer of Resident to appropriate venues of care, and all decisions regarding the safety and wellbeing of all residents living at Belle Meade and Pine Knoll. The role of Resident's family and/or representatives is advisory in nature. The Corporation shall have the final decision in all such matters, and such decisions shall be binding.
- K. **Illness Away From The Corporation.** You agree to assume financial responsibility for hospital, medical and nursing care during any illness or accident occurring while away from Belle Meade and Pine Knoll and to see that, upon Your return, full medical information is supplied to Management for Your medical records.
- L. **Transfer to the Health Center or Assisted Living.** You agree that Management has the authority to determine when You should be transferred from one level of care to another. Such determination shall be based on the professional opinion of Management, and shall be made only after consultation to the extent practical with You, a representative of Your family, and Your physician.
- M. **Transfer Appeal Process.** You have the right to appeal the Management's

decision to transfer You to the Corporation's Health Center or Assisted Living Residence. Your appeal should be in writing, should state Your reasons for disagreement with the transfer, and should be delivered to the Management no later than ten (10) days after the date of your written notification of the decision to transfer as aforesaid. Upon receipt of Your written appeal, the Health Evaluation Team and the Medical Director will review Your written appeal, and submit a recommendation to the Chief Executive Officer of the Corporation who shall review the same with the Board of Trustees Executive Committee of the Corporation. The decision of the Chief Executive Officer and the Board of Trustees Executive Committee shall be final as to the matter of Your transfer. The final decision shall be delivered to you in writing, and if the appeal is denied and transfer is determined, then You shall have thirty (30) days to transition to the Health Center or Assisted Living Residence as determined.

- N. **Transfer to Hospital or Other Facility.** If it is determined by Management that You need care beyond that which can be provided by the Corporation, You may be transferred to a hospital or institution equipped to give such care. Such care, and transportation to receive such care, will be Your responsibility. Such transfer will be made only after consultation to the extent possible with You, or Your representative and Your physician.
- O. **Surrender of Residential Unit.** If a determination is made by Management that any transfer is likely to be permanent in nature, You agree to vacate and waive your right to use the Residential Unit upon such transfer. If Management subsequently determines that You can resume Residency in a Residential Unit comparable to that occupied by You prior to such transfer, You shall have a priority to such Residential Unit as soon as it becomes available.

VIII. TRANSFERS OR CHANGES IN RESIDENTIAL UNIT

- A. **Voluntary Transfer Between Residential Units.** Upon approval by Management, You may transfer from one Residential Unit to another. There may be a fee charged for such a transfer.
1. **Transfer to a Residential Unit with a Higher Entrance Fee or Membership Fee, as applicable.** Should You elect to transfer to a Residential Unit with a current Entrance Fee in excess of the listed price for Your current Residential Unit or a current Membership Fee that is higher than the Membership Fee paid by You, as applicable, You will pay the Corporation an additional Entrance Fee or Membership Fee as applicable, equal to the difference between the then current Entrance Fee or Membership Fee as applicable, for Your Residential Unit and the new Residential Unit. You will also pay the then current Monthly Fee associated with the new Residential Unit.
 2. **Transfer to a Residential Unit with a Lesser Entrance Fee or Membership Fee as applicable.** Should You elect to transfer to a

Residential Unit with a current Entrance Fee less than the listed price of Your current Residential Unit or a current Membership Fee that is lower than the Membership Fee paid by You, as applicable, there is no refund on any portion of Your Entrance Fee or Membership Fee as applicable. You will also pay the then current Monthly Fee associated with the new Residential Unit.

IX. TERMS OF RESIDENCY

- A. **Your Rights.** In accordance with this Agreement, You have the right to occupy, use, and enjoy the Residential Unit, common areas, amenities, programs and services of the Corporation during Residency. This Agreement does not transfer or grant to You any interest in the real or personal property owned by the Corporation other than the rights and privileges as described in this Agreement.
- B. **Policies and Procedures.** You will abide by the Corporation's policies and procedures and such amendments, modifications and changes of the policies and procedures as may hereafter be adopted by the Corporation. Such policies and procedures and current charges for services not included in the Monthly Fee will be printed in the Resident Handbook, which will be updated by the Corporation on a regular basis.
- C. **Monthly Statements.** The Corporation will furnish You with a monthly statement showing the total amount of Monthly Fees and other charges owed by You which are due and payable by the tenth (10th) day of each month. The Corporation may charge interest at a rate of one and one-half percent (1½%) per month on any unpaid balance owed by You twenty (20) days after the due date. Resident shall be responsible for the payment of all actual attorneys' fees and costs incurred relative to the collection of any amounts past due in excess of ninety (90) days.
- D. **Changes in the Residential Unit, Services and Fees.** The Corporation has the right to change the Residential Unit, the services offered and the fees charged. The Residential Unit may not be used in any manner in violation of any zoning ordinances or other governmental law or regulation. The Corporation may modify the Residential Unit at any time to conform to the requirements of any zoning regulation, building code or other laws or regulations.
- E. **Visitors.** Except for short-term visitors (no more than 2 weeks) or guests in accordance with the Corporation's policy, no person other than You may reside in the Residential Unit without the approval of Management.
- F. **Residency by Two Residents.** In the event that two Residents occupy a Residential Unit and one Resident terminates this Agreement, this Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residential Unit and pay the First Person Monthly Fee. Should the remaining or surviving Resident wish to move to another Residential Unit, the current policies of the Corporation governing said transfer will prevail. Refunds will not be paid until both Residents have terminated this

Agreement, and all other terms and requirements regarding refunds under this Agreement have been met.

- G. Marriage During Residency.** If You marry a person who is also a Resident, You may occupy either Residential Unit and shall surrender the Residential Unit not to be occupied by You. You will pay the current Monthly Fee for double Residency associated with the occupied Residential Unit.

In the event that You marry a person who is not a resident of Belle Meade and Pine Knoll, the spouse may become a resident if such spouse meets all the current requirements for admission to Belle Meade and Pine Knoll, enters into a current version of the Agreement with the Corporation, and pays an appropriate Entrance Fee or Membership Fee, as applicable and as agreed to by Management. You and Your Spouse shall pay the Monthly Fee for double Residency associated with the Residential Unit occupied by You.

- H. Loss or Damage of Property.** The Corporation shall not be responsible for the loss or damage of any property belonging to You due to theft, disappearance, fire or any other cause. You will carry insurance protection to cover personal loss. The Corporation shall insure all property within all Residential Units and common areas belonging to the Corporation.

- I. Insurance and Assignments.** Before the Date of Residency and during Residency, You shall apply for, secure, and maintain coverage under Medicare Parts A and B and an additional hospital or medical insurance benefit program which supplements Medicare or other comparable insurance approved by Management. You shall provide the Corporation with evidence of such coverage, and You shall pay all premiums. To operate a vehicle, Resident shall maintain automobile liability insurance to cover liability and medical expenses arising from injury to the Resident or others.

You shall authorize, as necessary, any provider of hospital, medical, and health services to receive reimbursement under any and all reimbursement programs available to You.

If You become entitled to medical care and/or reimbursement from governmental agencies or insurance policies, You shall make application for such care and benefits, actively maintain such benefits, and You shall assign all insurance proceeds receivable to the Corporation to the extent necessary to reimburse the Corporation for all health care expenditures made by the Corporation on Your behalf.

- J. Right of Entry.** You hereby authorize employees or agents of the Corporation to enter the Residential Unit for the purposes of housekeeping, repairs, maintenance, inspection, fire drills, and in the event of an emergency.

- K. Rights to Property/Subordination.** The rights and privileges granted to You by this Agreement do not include any right, title or interest in any part of the personal property, land, buildings and improvements owned or administered by the

Corporation. Your rights are primarily for services, with a contractual right of Residency. Nothing contained in this Agreement shall be construed to create the relationship of landlord and tenant between the Corporation and You.

- L. **Residents' Association.** Residents may organize an Association and committees, which will be open to all Residents. Such organizations may elect representatives, officers, and other positions to engage in concerted activities set forth by the formed Association.
- M. **The Operation of Vehicles.** The Corporation shall have an interest in the matter of Residents' on-going capabilities in the operation of automobiles and electric or motorized carts. The current policies and procedures for the use of automobiles and motorized carts are outlined in the Resident Handbook.
- N. **Smoking.** Smoking is prohibited within and upon the entirety of the Corporation's facilities, campus, and all Residential Units.
- O. **Pets.** The Corporation allows Residents to have certain pets. The Residential Units in which pets are permissible are at the discretion of Management. An additional fee will be applied to residents who have pets.
- P. **Guest Privileges.** Short Term Guests may stay with You in the Residence at no additional charge other than for meals, etc., but such stays shall be limited to Fourteen (14) consecutive days. The maximum number of guests allowed will be at the discretion of Management. A daily charge will be billed to You for each guest remaining beyond Fourteen (14) days. You are responsible for paying all applicable guest charges.
- X. **Termination.**
 - A. **Your Termination or Your Death more than Thirty Days after the execution of this Agreement and AFTER Your physical Occupancy of a Residential Unit.** At any time more than thirty days after Your execution of this Agreement and AFTER your physical occupancy of a Residential Unit, You may terminate this Agreement by giving the Corporation thirty (30) days written notice of such termination. Additionally, and only in accordance with Item X, C herein, this Agreement may be terminated by the Corporation at such time. In such instances the following governs refunds:
 1. If You paid an **Entrance Fee**, the terms of Refund of the Entrance Fee are stipulated in Article V and the remittance of the same is governed by Article X, D.
 2. If You paid a **Membership Fee**, then in the event of voluntary termination more than 30 days after execution of this Agreement and after Your physical occupancy of a unit, then no part of the Membership Fee is paid or refunded to You in any event.

Notwithstanding the foregoing, if a Second Person is part of this Agreement, then this Agreement shall terminate only upon termination by the You and the Second Person or upon the death of You and the Second Person of this Agreement.

B. Your Termination for reasons other than death or illness, incapacity, or injury at a time that is more than Thirty Days after the execution of this Agreement and BEFORE Your physical Occupancy of a Residential Unit. At any time more than thirty days after Your execution of this Agreement and BEFORE your physical occupancy of a Residential Unit, You may terminate this Agreement by giving the Corporation thirty (30) days written notice of such termination. Additionally, in accordance with Item X, C herein, this Agreement may be terminated at such time. In such instances the following governs refunds:

1. If the reason for termination of the agreement more than thirty days after Your execution of this Agreement and BEFORE your physical occupancy of a Residential Unit, is due to your death, illness, incapacity or injury, such that You cannot occupy a Residential Unit pursuant to the provisions of this Agreement, then Article XI applies.
2. If You or the Corporation terminates this Agreement more than thirty days after your execution of this Agreement and before physical occupancy by you, for any reasons **other than** your death, illness, incapacity or injury as aforesaid, then the following applies:
 - a. If You paid a **Membership Fee**, then the Corporation shall refund the entire Membership Fee, less a non-refundable charge of one thousand dollars (\$1000.00) less any other charges owed to the Corporation. Such refund shall occur within thirty (30) days of receipt of written notice.
 - b. If you paid an **Entrance Fee**, then the Corporation shall refund the Entrance Fee in accordance with the provisions of Article V and actually transmit the refund to You or Your legal representative in accordance with item X, D hereinbelow.
 - c. Additionally, if you paid a **Deposit**, the Deposit, less a non refundable charge of \$1000.00 shall be refunded to you. Such refund shall occur within thirty (30) days of receipt of written notice.

Notwithstanding the foregoing, if a Second Person if part of this Agreement, then this Agreement shall terminate only upon termination by You and the Second Person or upon the death of You and the Second Person of this Agreement.

C. Termination by the Corporation. The Corporation may terminate this Agreement upon a determination of just cause and delivery of at least thirty (30) days' Notice or such notice as is reasonable under the circumstances to You. Just cause may include, among other reasons, a material misrepresentation or omission made by You in Your application forms for admission; subject to the "ability to pay" provision set forth herein, Your failure to make payment to the Corporation of any fees and charges due the Corporation; Your failure to abide by the rules and regulations adopted by the Corporation; the breach of any

of the terms and conditions of this Agreement; or a good faith determination in writing by the Medical Director that You are a danger to Yourself or others. In situations where You are a danger to Yourself or others, only such notice as is reasonably practicable under the circumstances will be provided to You, and termination may be effective immediately. The refund of the Entrance Fee paid or Membership Fee, as applicable, and Deposit shall be determined in the manner described herein, depending on the number of days that has expired since You signed this Agreement, the refund option You selected (if you paid an Entrance Fee), and whether you have actually physically occupied a Residential Unit.

D. Payment of Refunds of Entrance Fee. Notwithstanding the foregoing, Entrance Fee Refunds, if applicable to You, are payable upon Your vacating and waiving of your right to use the Corporation's facilities and/or Your Residential Unit, Your move from the facilities of the Corporation and/or death, and the termination of this Agreement, but no later than the Corporation has received a replacement Entrance Fee for Your Residential Unit from a new resident. In cases of double Residency, the permanent transfer from the Corporation and/or death of one Resident will not terminate this Agreement as to the remaining Resident. Refunds shall not be paid until both Residents have vacated the Corporation and a replacement Entrance Fee for the Residential Unit has been received. All refunds shall be paid less any costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit; and within sixty (60) days of the receipt by the Corporation of a replacement Entrance Fee for Your Residential Unit. The Corporation may remove personal articles deemed by Management to have been abandoned by Resident.

XI. RESCISSION, CANCELLATION AND REFUND PROVISIONS WITHIN THIRTY DAYS OF YOUR EXECUTION OF THIS AGREEMENT.

A. RESCISSION AND CANCELLATION.

1. You may rescind the Agreement within 30 days following the later of the execution of the Agreement or the receipt of a disclosure statement of the Corporation. You are not required to move into the Residential Unit before the expiration of the 30-day period.
2. If You die before physically occupying a unit in the facility, or if, on account of illness, injury, or incapacity, before physically occupying a unit in the facility, You are precluded from ever physically occupying a Residential Unit under the terms of the Agreement for continuing care, this Agreement is automatically canceled.
3. For rescinded or canceled Agreements under this section, You or Your legal representative shall receive a refund of the Deposit and Entrance Fee paid or Membership Fee paid to the Corporation, as applicable, less (i) periodic charges specified in this Agreement and applicable only to the period a Residential Unit was actually occupied by You; (ii) those nonstandard costs specifically incurred by the Corporation at Your request and described in the Agreement (i.e. including but not

limited to costs required to return the Residential Unit to its original condition (normal wear and tear excepted); plus any costs owed by You to the Corporation; plus any costs required to remove and dispose of or store personal belongings left in the Residential Unit); (iii) nonrefundable fee of \$250 which is a processing fee of the Deposit; and (iv) a reasonable service charge not to exceed the greater of one thousand dollars (\$ 1,000) or two percent (2%) of the Entrance Fee paid or Membership Fee, as applicable. The remittance of the refund of the Entrance Fee to You or Your legal representative is subject to the provisions of Article X, item D. The remittance of the balance of the Deposit and Membership Fee to You or Your legal representative shall occur within thirty (30) days of receipt of written notice. Finally, the Monthly Service Charges paid by You, are not refundable in such event because they were payment for services accessible and available to You.

XII. FINANCIAL ASSISTANCE

Through charitable donations, the Corporation has established the Resident Assistance Fund, the income of which will be used to assist Residents who would otherwise not be able to live at Belle Meade and Pine Knoll. The income from such Resident Assistance Fund may be used for the purpose of providing financial assistance in accordance with the provisions of Section V (D) above. The Corporation manages the fund and may make contributions to the fund at the discretion of the Finance Committee and the Board of Trustees. Other benefactors, such as residents, members of the community, and others may contribute to the Resident Assistance Fund. The Corporation retains the right to offer this financial assistance at its sole discretion.

XIII. ORGANIZATION

The Corporation is affiliated with the Roman Catholic Church. The sole member of the Corporation is Trinity Health System, a Michigan nonprofit corporation ("THS"). Although a Board of Trustees governs the Corporation, THS maintains a high level of control over the Corporation through the exercise of certain powers reserved to it such as adoption or approval of the Corporation's mission, strategic plan, operating plans and budgets, approval of significant financial transactions and the appointment and removal of the Trustees. Neither the Roman Catholic Church nor THS is responsible for the Corporation's general financial or contractual obligations.

XIV. GENERAL

- A. Assignment.** Your rights and privileges under this Agreement to the Residential Unit, common areas, amenities, services and programs of the Corporation are personal to You and may not be transferred or assigned. Resident consents to the collateral, or other, assignment by the Corporation of its right, title and interest in the Agreement.
- B. Management of The Corporation.** The absolute rights of management are reserved by the Corporation, its Board of Trustees, and its administration as

delegated by said Board of Trustees. The Corporation reserves the right to accept or reject any person for residency based on qualifying criteria. Residents do not have the right to determine admission, terms of admission, or terms of Residency for any other applicant or resident.

- C. **Entire Agreement.** This Agreement and its Addenda constitutes the entire agreement between the Corporation and You. The Corporation shall not be liable or bound in any manner by any statements, representations, or promises made by any person representing or assuming to represent the Corporation, unless such statements, representations, or promises are set forth in this Agreement or an Addendum to this Agreement.
- D. **Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of the Corporation and Your heirs, executors, administrators, and assigns.
- E. **Power of Attorney. Will and Health Care Power of Attorney.** You agree to execute a general power of attorney designating a competent person as attorney-in-fact, advance directives, and a Will prior to acceptance for admission. You shall provide Management with copies of Power of Attorney, any Living Will and Health Care Power of Attorney, as well as the location of any Will, prior to Residency and any subsequent revisions, as necessary.
- F. **Transfer of Property.** You agree not to make any gift or other transfer of property for less than equal consideration for the purpose of evading Your obligations under this Agreement, or if such gift or transfer would render You unable to meet Your obligations to the Corporation. Voluntary insolvency to the detriment of the Corporation and other Belle Meade and Pine Knoll residents will be considered cause for termination of this Agreement per Section X(C) hereof.
- G. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.
- H. **Third Party Injuries and Claims.** You shall promptly notify the Corporation when You are injured as a result of the fault or negligence of a third party or parties. In the event that the Corporation provides care for any such injuries incurred by You as can be furnished by its employees and facilities, You hereby assign to the Corporation any compensation that You may recover from such third party or parties to the extent necessary to reimburse the Corporation for the cost of such care furnished by the Corporation. You or Your legal representative shall have the duty to pursue diligently any and all proper claims for compensation due from a third party or parties for injury to You and to cooperate with the Corporation in collecting such compensation and reimbursing the Corporation for the cost of all such care provided to You.

- I. **Severability and Forbearance.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law. No act of forbearance or failure to insist upon prompt performance of any of the terms of this Agreement by the Corporation shall be construed as a waiver of rights granted to the Corporation, or limit the Corporations' ability to enforce all the provisions of this Agreement.
- J. **No Waiver of Rights.** No act, agreement or statement of Resident, or of an individual purchasing care for a Resident under any agreement to furnish care to Resident, shall constitute a valid waiver of any provision intended for the benefit or protection of Resident or the individual purchasing care for Resident.
- K. **Casualty Loss.** In the event the Residential Unit occupied by You or the building in which the Residential Unit is located, is destroyed or so damaged by fire or other casualty so as to render the Residential Unit or the building generally unfit for Residency, the Corporation will endeavor in good faith to rebuild and replace the Residential Unit and/or building with substantially similar accommodations. In the unlikely event that the Corporation determines that rebuilding threatens the financial viability of the Corporation so as to preclude replacement of the Residential Unit or building, then the Corporation will strive to develop an alternative restoration plan in which it will exercise its best efforts to locate, identify or provide, if financially feasible as determined by the Corporation, reasonable alternative accommodations for any resident affected by such a catastrophic loss. In the event You are unable to occupy the Residential Unit for any period of time during any reasonably necessary period of restoration of the Residential Unit, the Monthly Fee shall be reduced proportionately, unless a vacant Residential Unit is available for temporary Residency by You. The Corporation 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 Residential Unit or building, or the interruption in use of the Residential Unit, or the termination of this Agreement by reason of the destruction of the Residential Unit or building.
- L. **Notice Provisions.** Any notices, consents, or other communications to The Corporation hereunder (collectively "notices") shall be in writing and addressed as follows:

President/CEO
Saint Joseph of The Pines, Inc.
100 Gossman Drive, Suite B
Southern Pines, North Carolina 28387

- M. **Acknowledgement of Receipt of Disclosure Statement.** You acknowledge receipt of Saint Joseph of The Pines' Disclosure Statement, Resident Handbook and Notice of Privacy Practices and Policies.

IN WITNESS HEREOF, The Corporation has executed this Agreement and You have read, understand, and have executed this Agreement, and You have paid the Ten Percent (10%) Deposit for the Residential Unit as of the day and year above written.

Witness

Resident Signature

Witness

Resident Signature

THE CORPORATION

Signature

Title

Date

Appendix 1 – Entrance Fee Termsheet for Resident (Name):

Entrance Fee Refund Option Selected by You:

Residential Unit Selected:

Entrance Fee (based on Unit selected):

Total Entrance Fee**(based on Refund Option and Unit Selected)**

Health Care Benefit Option:

Non-refundable Extensive Benefit Fee (if applicable):

**Ten Percent (10%) Deposit Due of Total Entrance Fee
plus Extensive Benefit Fee (if applicable):**

Less Deposit (if applicable):

Net Deposit Due:

Total Balance Due:

Resident signature

date

Resident signature

date

Appendix 2 – Membership Fee Termsheet for Resident (Name):

You have agreed to pay a Membership Fee of: _____

Residential Unit Selected: _____

Second Person Membership Fee (if applicable): _____

Healthcare Benefit Option: _____

Non-refundable Extensive Benefit Fee (if applicable): _____

Total Membership Fee: _____

Ten Percent (10%) Deposit Due: _____

Less Deposit (if applicable): _____

Total Balance Due: _____

Resident signature

date

Resident signature

date

Appendix 3: Understanding the major differences between payment of a Membership Fee versus payment of an Entrance Fee.***Important Items of the Residency Agreement that are identical for both Entrance Fee and Membership Fee Residents:*****Identical...**

- Health requirements for approval for residency in independent living unit.
- Access to Belle Meade and Pine Knoll common areas and amenities.
- Discretionary Credits.
- Temporary Health Care for 14 days in calendar year.
- Away allowance treatment
- Ability to use Belle Meade and Pine Knoll common areas and amenities prior to and after your actual physical occupancy of a unit.
- Priority access to the continuum of care offered by St. Joseph of the Pines, Inc.
- Ability to Cancel the Agreement within thirty (30) days of the date you sign the Residency Agreement. In such event, you are entitled to a full refund of your Membership Fee or Entrance Fee less certain charges itemized in the Agreement.
- Refund of your Deposit, if paid, upon termination of the Agreement, less a \$1000.00 non refundable charge.
- May choose between Extensive Benefit or Fee for Service Health Care Benefit Option.

The differences between choosing to pay an Entrance Fee and choosing to pay a Membership Fee are economic in nature.***Important Items of the Residency Agreement that are Only applicable to Entrance Fee Residents:*****Entrance Fee Residents Only...**

- Have options to select Refund Plans (You may elect a plan that would insure some refund of the entrance fee under the then existing conditions of the refund plans offered).
- Have options regarding deferred Entrance Fee payment (You may pay the entire Entrance Fee immediately or you may defer the payment of the Entrance Fee (or a portion of it) for the earlier of the date you physically occupy a residential unit or one year from your Closing Date.
- Generally, pay a higher fee (i.e. entrance fee) to acquire residency and pay a lesser monthly service fee.
- Upon termination **after** thirty days of the date of execution of the Agreement, You are entitled to a refund of the Entrance Fee consistent with the refund plan you selected less certain charges itemized in the Agreement.

Continue to next page...

Important Items of the Residency Agreement that are Only applicable to Membership Fee Residents:

Membership Fee Residents Only...

- Have no options regarding Refund Plans.
- Generally, pay a lower fee (i.e. membership fee) to acquire residency and pay a higher monthly service fee.
- Upon termination (including your death) **after** thirty days of the date of execution of the Agreement, and **After** occupancy of the Unit, You do not get a refund of the Membership Fee paid.
- Upon termination (other than death) **after** thirty days of the date of execution of the Agreement, and **before** occupancy of the Unit, You get a refund of the Membership Fee less a \$1000.00 non refundable charge and less certain charges itemized in the Agreement.
- Upon your death, **after** thirty days of the date of execution of the Agreement and **before** occupancy of the Unit, you get a full refund of the Membership Fee less certain charges identified in the Agreement.



NOTICE OF PRIVACY PRACTICES

Effective Date: April 14, 2003
Revised: June 1, 2024

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

We are required by the Health Insurance Portability and Accountability Act of 1996, and the Health Information Technology for Economic and Clinical Health Act (found in Title XIII of the American Recovery and Reinvestment Act of 2009) (collectively referred to as "HIPAA"), as amended from time to time, to maintain the privacy of individually identifiable patient health information (this information is "protected health information" and is referred to herein as "PHI"). We are also required to provide patients with a Notice of Privacy Practices regarding PHI. We will only use or disclose your PHI as permitted or required by applicable state and federal law. This Notice applies to your PHI under our control including the medical records generated by us.

We understand that your health information is highly personal, and we are committed to safeguarding your privacy. Please read this Notice of Privacy Practices thoroughly. It describes how we will use and disclose your PHI.

This Notice applies to the delivery of health care by our hospital and its medical staff in the main hospital, outpatient departments and clinics. This Notice also applies to the utilization review and quality assessment activities of Trinity Health and our hospital as a member of Trinity Health, a Catholic health care system with facilities located in multiple states throughout the United States.

I. Permitted Use or Disclosure

- A. Treatment:** Our Ministry will use and disclose your PHI to provide, coordinate, or manage your health care and related services to carry out treatment functions. The following are examples of how we will use and/or disclose your PHI:
- i. To your attending physician, consulting physician(s), and other health care providers who have a legitimate need for such information in your care and treatment.
 - ii. To coordinate your treatment (e.g., appointment scheduling) with us and other health care providers such as name, address, employment, insurance carrier, etc.
 - iii. To contact you as a reminder that you have an appointment for treatment or medical care at our facilities.
 - iv. To provide you with information about treatment alternatives or other health-related benefits or services.
 - v. If you are an inmate of a correctional institution or under the custody of a law enforcement officer, we will disclose your PHI to the correctional institution or law enforcement official.

B. Payment: Our Ministry will use and disclose PHI about you for payment purposes. The following are examples of how we will use and/or disclose your PHI:

- i. To an insurance company, third party payer, third party administrator, health plan or other health care provider (or their duly authorized representatives) for payment purposes such as determining coverage, eligibility, pre-approval / authorization for treatment, billing, claims management, reimbursement audits, etc.
- ii. To collection agencies and other third parties engaged in obtaining payment for care.

C. Health Care Operations: Our Ministry will use and disclose your PHI for health care operations purposes. The following are examples of how we will use and/or disclose your PHI:

- i. For case management, quality assurance, utilization, accounting, auditing, discharge planning, population health activities relating to improving health or reducing health care costs, education, accreditation, licensing, and credentialing activities.
- ii. To consultants, accountants, auditors, attorneys, transcription companies, information technology and cloud storage providers, etc.

D. Other Uses and Disclosures: As part of treatment, payment, and health care operations our Ministry may also use your PHI for the following purposes:

- i. Fundraising and Marketing Activities: we will use and may also disclose some of your PHI, including to a related foundation, for certain fundraising and marketing activities. For example, we may use or disclose your demographic information, your treatment dates of service, treating physician information, department of service and outcomes information and may ask you for a monetary donation. Any fundraising and marketing communication sent to you will let you know how you can exercise your right to opt-out of receiving similar communications in the future.
- ii. Medical Research: We will use and disclose your PHI in a permitted manner to medical researchers who request it for approved medical research projects. Researchers are required to safeguard all PHI they receive.
- iii. Information and Health Promotion Activities We will use and disclose some of your PHI for certain health promotion activities. For example, your name and address will be used to send you general newsletter or specific information based on your own health concerns.

E. More Stringent State and Federal Laws:

The State law of North Carolina is more stringent than HIPAA in several areas. Certain federal laws also are more stringent than HIPAA. Our Ministry will continue to abide by these more stringent state and federal laws.

- i. **More Stringent Federal Laws:** The federal laws include applicable internet privacy laws, such as the Children's Online Privacy Protection Act and the federal laws and regulations governing the confidentiality of health information regarding alcohol and substance abuse treatment.
- ii. **More Stringent State Laws:** State law is more stringent when the individual is entitled to greater access to records than under HIPAA. State law also is more restrictive when the records are more protected from disclosure by state law than under HIPAA. In cases where Our Health Ministry provides treatment to a patient

who resides in a neighboring state, we will abide by the more stringent applicable state law.

- F. Health Information Exchange:** Our Ministry shares your health records electronically or otherwise with Health Information Exchanges ("HIEs") that exchange health records with other HIEs. Our Ministry also uses data exchange technology (such as direct messaging services, health information services provider ("HISP"), and provider portals) with its Electronic Health Record ("EHR") to share your health records for permitted purposes including continuity of care and treatment. HIEs and data exchange technology enable the sharing of your health records to improve the quality of health care services provided to you (e.g., avoiding unnecessary duplicate testing). The shared health records will include, if applicable, sensitive diagnoses such as HIV/AIDS, sexually transmitted diseases, genetic information, mental health, and alcohol/substance abuse, etc. HIEs and data exchange technology providers function as our business associate and, in acting on our behalf, they will transmit, maintain and store your PHI for treatment, payment and health care operations and other permitted purposes. HIEs and data exchange technologies are required to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality and integrity of your medical information. Applicable law may provide you rights to restrict, opt-in, or opt-out of HIE(s). For more information please contact our Health Ministry's Privacy Officer at 833-718-1043, or you can email us at privacyofficer@trinity-health.org.

II. Permitted Use or Disclosure with an Opportunity for You to Agree or Object

- A. Family/Friends:** Our Ministry will disclose PHI about you to a friend or family member who is involved in or paying for your medical care. You have a right to request that your PHI not be shared with some or all your family or friends. In addition, our Health Ministry will disclose PHI about you to an agency assisting in disaster relief efforts so that your family can be notified about your condition, status, and location.
- B. Health Ministry –Directory:** Our Ministry may include certain information about you in a directory when you are a hospital patient. This information will include your name, location in our Ministry, your general condition (e.g., fair, stable, critical, etc.) and your religious affiliation. The directory information, except your religious affiliation, will be disclosed to people who ask for you by name. You have the right to request that your name not be included in our Health Ministry's directory. If you request to opt-out of the directory, we cannot inform visitors of your presence, location, or general condition.
- C. Spiritual Care:** Directory information, including your religious affiliation, will be given to a member of the clergy, even if they do not ask for you by name. Spiritual care providers are members of the health care team and may be consulted upon regarding your care. You have the right to request that your name not be given to any member of the clergy.
- D. Media Reports:** Our Ministry will release facility directory information to the media (excluding religious affiliation) if the media requests information about you using your name. Note that you may decline to be included in the directory.

III. Use or Disclosure Requiring Your Authorization

- A. **Marketing:** Subject to certain limited exceptions, your written authorization is required in cases where our Ministry receives any direct or indirect financial remuneration in exchange for making the communication to you which encourages you to purchase a product or service or for a disclosure to a third party who wants to market their products or services to you.
- B. **Research:** Our Ministry will obtain your written authorization to use or disclose your PHI for research purposes when required by HIPAA or clinical research laws and regulations.
- C. **Psychotherapy Notes:** Most uses and disclosures of psychotherapy notes require your written authorization.
- D. **Sale of PHI:** Subject to certain limited exceptions, disclosures that constitute a sale of PHI require your written authorization.
- E. **Other Uses and Disclosures:** Any other uses or disclosures of PHI that are not described in this Notice of Privacy Practices may require your written authorization (if not otherwise permitted by HIPAA). Written authorizations will let you know why we are using your PHI. You have the right to revoke an authorization at any time.

IV. **Use or Disclosure Permitted or Required by Public Policy or Law without your Authorization**

- A. **Law Enforcement Purposes:** Our Ministry may disclose your PHI for law enforcement purposes as permitted by law, such as identifying a criminal suspect or a missing person or providing information about a crime victim or criminal conduct affecting you.
- B. **Required by Law:** Our Health Ministry will disclose PHI about you when required by federal, state, or local law. Examples include disclosures in response to a court order / subpoena, mandatory state reporting (e.g., gunshot wounds, victims of child abuse or neglect), government investigations, or information necessary to comply with other laws such as workers' compensation or similar laws. Our Ministry will report drug diversion and information related to fraudulent prescription activity to law enforcement and regulatory agencies.
- C. **Public Health Oversight or Safety:** Our Ministry will use and disclose PHI to avert a serious threat to the health and safety of a person or the public. Examples include disclosures of PHI to state investigators regarding quality of care or to public health agencies regarding immunizations, communicable diseases, etc. Our Health Ministry will use and disclose PHI for activities related to the quality, safety or effectiveness of FDA regulated products or activities, including collecting and reporting adverse events, tracking, and facilitating in product recalls, etc.
- D. **Coroners, Medical Examiners, Funeral Directors:** Our Ministry will disclose your PHI to a coroner or medical examiner. For example, this will be necessary to identify a deceased person or to determine a cause of death. Our Ministry may also disclose your medical information to funeral directors as necessary to carry out their duties.

- E. **Organ Procurement:** Our Ministry will disclose PHI to an organ procurement organization or entity for organ, eye, or tissue donation purposes.
- F. **Specialized Government Functions:** Our Ministry will disclose your PHI regarding government functions such as military, national security and intelligence activities. Our Health Ministry will use or disclose PHI to the Department of Veterans Affairs to determine whether you are eligible for certain benefits.
- G. **Immunizations:** Our Ministry will disclose proof of immunization to a school where the state or other similar law requires it prior to admitting a student.

V. Your Health Information Rights

You have the following individual rights concerning your PHI:

- A. **Right to Inspect and Copy:** Subject to certain limited exceptions, you have the right to access your PHI and to inspect and copy your PHI as long as we maintain the data.

If our Ministry denies your request for access to your PHI, we will notify you in writing with the reason for the denial. For example, you do not have the right to psychotherapy notes or to inspect the information which is subject to law prohibiting access. You may have the right to have this decision reviewed.

You also have the right to request your PHI in electronic format in cases where our Health Ministry utilizes electronic health records. You may also access information via patient portal if made available by our Health Ministry.

You will be charged a reasonable copying fee in accordance with applicable federal or state law.

For your convenience, some of your PHI will be accessible in a patient portal. Access to additional PHI is obtained through an access request.

- B. **Right to Amend:** You have the right to amend your PHI for as long our Health Ministry maintains the data. You must make your request for amendment of your PHI in writing to privacyofficer@trinity-health.org or, to our system privacy officer at 20555 Victor Parkway Livonia MI 48152 including your reason to support the requested amendment.

However, our Ministry will deny your request for amendment if:

- i. Our Ministry did not create the information;
- ii. The information is not part of the designated record set;
- iii. The information would not be available for your inspection (due to its condition or nature); or
- iv. The information is accurate and complete.

If your request for changes in your PHI is denied, the Privacy Officer will notify you in writing with the reason for the denial. The Privacy Officer will also inform you of your right to submit a written statement disagreeing with the denial. You may ask that our Ministry include your request for amendment and the denial any time that our Health Ministry subsequently discloses the information that you wanted changed. Our Ministry

may prepare a rebuttal to your statement of disagreement and will provide you with a copy of that rebuttal.

C. Right to an Accounting: You have a right to receive an accounting of the disclosures of your PHI that our Ministry has made, except for the following disclosures:

- i. To carry out treatment, payment, or health care operations;
- ii. To you;
- iii. To persons involved in your care;
- iv. For national security or intelligence purposes; or
- v. To correctional institutions or law enforcement officials.

You must make your request for an accounting of disclosures of your PHI in writing to our Ministry to privacyofficer@trinity-health.org or, to our system privacy officer at 20555 Victor Parkway Livonia MI 48152

You must include the time period of the accounting, which may not be longer than 6 years. Once during in any 12-month period, our Ministry will provide you with an accounting of the disclosures of your PHI at no charge. Any additional requests for an accounting within that time period will be subject to a reasonable fee for preparing the accounting.

D. Right to Request Restrictions: You have the right to request restrictions on certain uses and disclosures of your PHI to carry out treatment, payment or health care operations functions or to prohibit such disclosure. However, our Ministry will consider your request but is not required to agree to the requested restrictions.

E. Right to Request Restrictions to a Health Plan: You have the right to request a restriction on disclosure of your PHI to a health plan (for purposes of payment or health care operations) in cases where you paid out of pocket, in full, for the items received or services rendered. Such requests will be honored.

F. Right to Confidential Communications: You have the right to receive confidential communications of your PHI by alternative means or at alternative locations. For example, you may request that our Ministry only contact you at work or by mail. If you have provided your email, our Ministry may contact you via that email unless you request an alternate means of contact.

G. Right to Receive a Copy of this Notice: You have the right to receive a paper copy of this Notice of Privacy Practices, upon request.

VI. Breach of Unsecured PHI

If a breach of unsecured PHI affecting you occurs, our Ministry is required to notify you of the breach. Such notice may be provided by our business associate on our behalf.

VII. Sharing and Joint Use of Your Health Information

Members of Trinity Health, our Ministry and medical staff use your PHI for treatment, payment and/or for the health care operations permitted by HIPAA with respect to our mutual patients. In the course of providing care to you and in furtherance of our Ministry's mission to improve the health of the community, we will share your PHI with other organizations and providers who have agreed to abide by the terms described below:

- A. Medical Staff.** The medical staff and our Ministry participate together in an organized health care arrangement to deliver health care to you at our Ministry. Both our Ministry and its medical staff have agreed to abide by the terms of this Notice with respect to PHI created or received as part of delivery of health care to you in our Health Ministry. Our Ministry and our medical staff will access and use PHI to fulfill our charitable mission, including assessing and improving the quality of care.
- B. Membership in Trinity Health.** Our Ministry and other members of Trinity Health participate together in an organized health care arrangement for utilization review, quality assessment, and related activities. As a part of Trinity Health, a national Catholic health care system, our Health Ministry and other hospitals, nursing homes, and health care providers in Trinity Health share your PHI for utilization review, quality assessment, and related activities of Trinity Health, the parent company, and its members. All members of Trinity Health have agreed to abide by the terms of this Notice with respect to PHI created or received as part of utilization review and quality assessment activities.

Please go to Trinity Health's websites for a listing of member organizations at <http://www.trinity-health.org/>. Or, alternatively, you can call our Privacy Officer to request the same at 833-718-1043, or you can email us at privacyofficer@trinity-health.org.

- C. Business Associates** Our Ministry will share your PHI with business associates and their subcontractors contracted to perform business functions on our behalf, including Trinity Health which performs certain business functions for our Ministry.
- D. Your Health Care Providers and Care Coordinators** You receive care from our Ministry delivered in an integrated care setting, where patients are seen by several different providers and in several care settings as part of continuity of care and coordinated care delivery. Our Ministry shares your PHI with other health care providers and care coordinators who work together to provide treatment, obtain payment, and conduct health care operations. Your PHI is shared electronically in multiple ways with providers involved in the delivery of care and care coordination. Your PHI may be shared via a direct connection to the electronic health record system of other providers. Your PHI may be shared in a health information exchange or via technology that enables downstream providers and care coordinators to obtain your information. Your PHI may be shared via secure transmission to other providers' inboxes.

- VIII. Changes to this Notice.** Our Ministry will abide by the terms of the Notice currently in effect. We reserve the right to make material changes to the terms of its Notice and to make the new Notice provisions effective for all PHI that it maintains. Our Health Ministry will distribute / provide you with a revised Notice at your first visit following the revision of the Notice in cases where it makes a material change in the Notice. You can also ask for a current copy of the Notice at any time. Current copies are posted on the Ministry's webpage.

Complaints. If you believe your privacy rights have been violated, you may file a complaint with our Privacy Officer or with the Secretary of the Department of Health and Human Services. All complaints must be submitted in writing directly to

privacyofficer@trinity-health.org or to our system privacy officer at 20555 Victor Parkway Livonia MI 48152

IX. *You will not be retaliated against for filing any complaint.*

Privacy Official – Questions / Concerns / Additional Information. If you have any questions, concerns, or want further information regarding the issues covered by this Notice of Privacy Practice or seek additional information regarding our Health Ministry's privacy policies and procedures, please contact our privacy officer at 833-718-1043, or you can email us at privacyofficer@trinity-health.org.

State of North Carolina

Department of Insurance

Continuing Care Retirement Community License

License Number:

29-03

Effective:

May 28, 2013 (revised August 30, 2024)

This license is issued to:

St. Joseph of the Pines, Inc. (Provider)

to offer and provide continuing care, as defined by GS §58-64 at

Bell Meade and Pine Knoll (Facility)

located at:

100 Waters Road

590 Central Drive

103 and 105 Gossman Drive

Southern Pines, North Carolina, Moore County

This license is issued subject to the statutes of North Carolina, is not transferable and shall remain in effect until revoked by the Commissioner of Insurance.

Witness by my hand and official seal,



A handwritten signature in dark ink, reading "Mike Causey".

Mike Causey, Commissioner of Insurance